

Meeting Date
7/07/15



AGENDA	
Section	Consent
Item No.	II D 8 / Revision

AGENDA REPORT
BREVARD COUNTY BOARD OF COUNTY COMMISSIONERS

SUBJECT:	RESOLUTION TO CONSIDER AN AD VALOREM TAX ABATEMENT – PROJECT ERCHONIA CORPORATION
DEPT/OFFICE:	ADMINISTRATIVE SERVICES GROUP/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 Erchonia 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

Erchonia Corporation is a medical laser device manufacturer considering building a 20,000 SF manufacturing facility on Digital Light Drive in Melbourne, FL: Parcel ID 27.36.23.77.000B.00-00031.00 Legal Description: Plat Book/Page: 0047/0073 North Drive Industrial Plaza, Phase One a Replat of Track B BLK B PB 43 PG 28 Lot 31 BLK B. The company plans to create ~~39~~ 35 new full time jobs with an average wage of \$62,000 and invest \$5,300,000 in new capital expenditures.

Fiscal Impact: FY2015-2016 – No Fiscal impact until company builds and moves into 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 No PR

County Manager		Department Director / Extension
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Stockton Whitten	
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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

July 8, 2015

MEMORANDUM

TO: Stockton Whitten, County Manager

RE: Item II.D.8., Resolution for Ad Valorem Tax Abatement for Erchonia Corporation

The Board of County Commissioners, in regular session on July 7, 2015, adopted Resolution No. 15-096, for Ad Valorem Tax exemption for the Economic Development Commission qualifying Erchonia Corporation 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.

Your continued cooperation is always appreciated.

Sincerely,

BOARD OF COUNTY COMMISSIONERS
SCOTT ELLIS, CLERK

Tammy Etheridge, Deputy Clerk

/af

Encl. (1)

RESOLUTION 2015-096

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, Erchonia Corporation has requested that the Brevard County Commissioners exempt ad valorem taxes for its new construction and tangible personal property at Digital Light Drive in Melbourne, FL: Parcel ID 27.36.23.77.000B.00-00031.00 Legal Description: Plat Book/Page: 0047/0073 North Drive Industrial Plaza, Phase One a Replat of Track B BLK B PB 43 PG 28 Lot 31 BLK B; and

WHEREAS, Erchonia 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 Erchonia Corporation from select County ad valorem taxes.

DONE, ORDERED AND ADOPTED in Regular Session this 7 day of July, 2015.

ATTEST:



Scott Ellis, Clerk

BOARD OF COUNTY COMMISSIONERS
OF BREVARD COUNTY, FLORIDA

By: 

Robin Fisher, Chairman

As approved by the Board on 07-07-15



Ad Valorem Tax Abatement
Project Erchonia Corporation
Application Package

Date: June 4, 2015

To: Stockton Whitten
County Manager

From: Jennifer Hashagen
Manager, Business Retention & Expansion

Re: Company Considering Locating in Brevard County

The Economic Development Commission of Florida's Space Coast is managing a business recruitment project for Erchonia Corporation. Erchonia Corporation is a qualified target industry sector business as defined by F.S. 288.106. This project will involve the construction of a facility to be used for the design and manufacture of medical laser devices. The site being considered is located at Digital Light Drive in Melbourne, FL: Parcel ID 27.36.23.77.000B.00-00031.00 Legal Description: Plat Book/Page: 0047/0073 North Drive Industrial Plaza, Phase One a Replat of Track B BLK B PB 43 PG 28 Lot 31 BLK B.

Erchonia Corporation plans to create 39 new full time jobs with an average wage of approximately \$62,000 and invest approximately \$5,300,000 in new capital investments.

The EDC is seeking to leverage the Brevard County Ad Valorem Tax Abatement program to help the client offset the cost of building a new facility and machinery.

Enclosed please find the following:

- Executive Summary
- Completed AVT application
- Completed AVT supplemental application
- Economic impact analysis
- Resolution – AVT
- Draft Board Report

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.



ERCHONIA®

Laser Healthcare™

Erchonia Corporation Ad Valorem Tax Abatement Executive Summary

Erchonia Corporation was founded in 1996 as a small family business in Denver, Colorado with just three employees, and even though we've grown into an international enterprise with 50 employees, we still operate under the founding principles that guided us to our present success. Our commitment to the legitimate advancement of Low Level Laser Therapy (3LT®) through scientific and clinical research has transformed Erchonia into a world leader in the field of LLLT technology. The integrity, diligence, quality and commitment of our company are evident in the rigorous process we follow in order to take a research hypothesis from concept to viable, agency-approved product and treatment method. To ensure a steadfast adherence to our unique all-encompassing approach, our company serves as manufacturer, marketer, developer, promoter, creator and user of all our products.

As manufacturer, we manage to maintain our quality production standards by operating as an 85% self-reliant company. This means we are involved in almost every facet of our products' creation, performing research, development, fabrication of components and assembly of finished goods all in-house. As marketers, we hold on to the highest customer-service standards possible, providing multi-media training and meeting all of our client's requests with creativity and purpose. By overseeing the development of our specialized products every step of the way, we've cultivated a unique market niche and are determined to maintain our status as leader and trend-setter in the field of Low Level Laser Therapy.

In 2014 the Senior Management Team of Erchonia decided to explore the idea of relocating the facility to an eastern U.S. location with a desirable business and personal climate for growth. Brevard County was considered out of a pool of other potential sites; including Raleigh, Charlotte, Nashville, Birmingham and Jacksonville, due to its skilled labor pool, high technology vendors, central location, desirable quality of living and of course, great weather.

Erchonia Corporation is considering a 20,000 sq. ft. facility on Digital Light Dr. in Melbourne with a cost of approximately \$3,300,000. In addition Erchonia would be relocating 49 employees, along with family, adding 80+ new residents to Brevard County.

Erchonia Corporation
2021 Commerce Drive
McKinney, TX 75069
214-544-2227
214-544-2228 Fax
888-242-0571 Toll Free
www.erschonia.com





ERCHONIA®

Laser Healthcare™

The Ad Valorem Tax Abatement program would be of great benefit to our growth and expansion efforts by allowing our company to better leverage its capital to increase efficiency and raise competitiveness which will in turn give us the ability to add to our Brevard County and Florida client base.

We expect Erchonia Corporation to continue on its current growth curve with our Melbourne facility. Current projections are for annual sales to be \$12,000,000-\$15,000,000. Our current and future growth will continue to provide a positive and lasting impact on the Space Coast economy. We are eagerly anticipating the Commission's assistance with our relocation efforts through the approval of Erchonia Corporation for the Ad Valorem Tax Abatement Program.

Erchonia Corporation
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McKinney, TX 75069
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SUPPLEMENTAL APPLICATION

BREVARD COUNTY ECONOMIC DEVELOPMENT
AD VALOREM TAX EXEMPTION PROGRAM

APPLICANT NAME: Erchonia 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: Erchonia Corporation
Address: Parcel Id 27.36.23.77.000B.00-00031.00 Legal Description: Plat Book/Page: 0047/0073 North Drive Industrial Plaza, Phase One a Replat of Track B BLK B PB 43 PG 28 Lot 31 BLK B.
Telephone No. (214) 544-2227 FAX No. (214) 544-2228
3. Authorized Agent: Mark Shanks
Address: 2021 Commerce Dr., McKinney, TX 75069
Telephone Number: (214) 544-2227 Fax No. (214) 544-2228
4. Type of industry or business: Manufacturing-Medical
5. Brief description of product and expansion plans (The applicant is to provide an executive summary of its business plan):
Medical Lasers for healthcare and aesthetic applications. Possible relocation to Brevard County
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): 39 (Full Time)
7. Percent Increase in overall employment: TBD
8. Expected number of new employees who will reside in Brevard County: 35 (Full Time)
9. Percentage of existing employees who have resided in the County for more than two years: 0
10. Anticipated average wage of employees: \$62,000
11. Anticipated average annual payroll: \$2,600,000 (Including part time)
12. Anticipated new capital investment as a result of expansion or relocation of business:
New construction value: \$3,300,000
New personal property value: \$2,000,000
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): other than what is required for normal waste removal; none.
14. Anticipated volume of business or production: \$12 to \$15M annual revenue
15. The relocation or expansion would not occur without the exemption: Yes [] No [X]
16. Source of supplies (local or otherwise):
% source of supplies County: TBD

% source of supplies Florida: TBD
% source of supplies out-of-state: TBD

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

Name of area: City of Melbourne _____

SIGNATURES:

I hereby confirm the information provided by Erchonia Corporation 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 Erchonia Corporation 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 Erchonia Corporation 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: 5/29/15
SIGNED: Shark/Sharks
TITLE: CFO (Applicant)

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: Erchonia Coporation
 Mailing address: 2021Commerce Dr. McKinney, TX 75069
2. Name of person in charge of business: Mark Shanks
 Telephone No.: (214) 544-2227 FAX No.: (214) 544-2228
3. Location of business (legal description and street address) of property for which this report is filed:
Same as above
4. Date business opened at this facility: 2006
5. a. Description of the improvements to real property for which this exemption is requested:
New Facility
- b. Date of commencement of construction of improvements: Q4-2015
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	of	of		
	Manufacturing Equipment and tools	9yrs	2006	\$450,000		G		\$250,000	
	Transportation Equipment	5yrs	2001	\$161,000		G		\$80,000	
	Furniture and Fixtures	7yrs	2007	\$203,000		G		\$100,000	
	Computer Equipment	2 yrs	2013	\$264,000		G		\$200,000	

- b. Average value of inventory on hand: 2014 = \$1,100,000
- 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" []

8. Describe the type or nature of your business: Manufacture of Medical Lasers

9. Trade level (check as many as apply):
Wholesale Manufacturing Professional Service Office Other

10. a. Number of full time employees employed in Florida: 35 upon relocation.

(DR 418) b. If an expansion of an existing business:
(1) Net increase in employment _____ or _____ %
(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 \$700,000 divided by
Total sales everywhere from this facility - one (1) location only \$12 - \$15M

12. For office space owned and used by a corporation newly domiciled in Florida: Not yet incorporated
a. Date of incorporation in Florida _____
b. Number of full-time employees at this location _____

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: 5/29/15

SIGNED: Mark Shander
(Taxpayer)

TITLE: CEO

Signed: _____
(Preparer)

(Preparer's Address)

(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



Job Title / Description	Number of Jobs	Wage	Anticipated Hire Timeline (by year)
Owners/Management	4	\$153,941	2016
Engineering	3	\$96,627	2016
Supervisor	2	\$60,731	2016
Technician	7	\$44,730	2016
Sales	10	\$65,911	2016
Regulatory/Compliance	3	\$63,641	2016
Administration	10	\$33,813	2016
Administration/Support Part Time	10	\$12,447	2016

Erchonia Corporation

Brevard County

06/04/15

Overview:

New Job Commitment:	39	Capital Investment:	\$5,300,000
Average Annual Wage:	\$62,000		

Economic impact from job creation:

<u>Jobs</u>	<u>Net New Wage</u>	<u>Contribution to GDP</u>
39 (Direct)	\$2,418,000 (Direct)	\$4,622,540 (Direct)
22 (Indirect)	\$1,112,340 (Indirect)	\$1,972,763 (Indirect)
19 (Induced)	\$685,990 (Induced)	\$1,279,316 (Induced)
80 TOTAL	\$4,216,330 TOTAL	\$7,874,619 TOTAL

- For every employment position created by Erchonia Corporation approximately 1.05 additional jobs will be developed to support the operation of the facility.
- For every payroll dollar paid to Erchonia Corporation approximately \$0.74 will be generated for consumer spending.

County Tax Impact

Years I-10

	Annual Taxes on Construction	
Projected Tax Assessed	\$	37,047.91
Potential Abatement	\$	14,973.29
Net New Revenue to County	\$	22,074.62
	Annual Taxes on Personal Property	
Projected Tax Assessed	\$	22,453.28
Potential Abatement	\$	9,074.72
Net New Revenue to County	\$	13,378.56
Total New Revenue to County	\$	35,453.18

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

Tax Millage Code – 53K0 NAICS – 334510 IMPLAN Sector – 314

Analysis based on information supplied by Erchonia Corporation - 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.