



Meeting Date
July 7, 2015

AGENDA	
Section	Public Hearing
Item No.	IV. B

AGENDA REPORT
BREVARD COUNTY BOARD OF COUNTY COMMISSIONERS

SUBJECT:	Economic Development Tax Exemption Ordinance Project Landmark (Lockheed Martin)
DEPT/OFFICE:	County Manager's Office

Requested Action:
It is requested that the Board of County Commissioners consider adopting an Economic Development Ad Valorem Exemption Ordinance for Project Landmark (Lockheed Martin).

Summary Explanation & Background:

Project Landmark (Lockheed Martin) is a global security company considering modifications and improvements of a facility for aerospace manufacturing at 1515 Chaffee Drive, Spaceport Park, Titusville, Florida. The company plans to create up to 300 new jobs with an average wage of \$89,000 and invest up to \$80,000,000 in new capital expenditures.

Project Landmark (Lockheed Martin) meets the eligibility criteria as defined by Florida Statutes under Chapter 196.012(16) (a) 1. As a business expanding in Brevard County.

“A business or organization establishing 10 or more new jobs to employ 10 or more full-time employees in this state, paying an average wage for such new jobs that is above the average wage in the area, which principally engages in any one or more of the following operations: manufacturers, processes, compounds, fabricates or produces for sale items of tangible personal property at a fixed location and which comprises an industrial or manufacturing plant”.

The EDC has made a recommendation that Project Landmark (Lockheed Martin) be provided an abatement of 90% for nine years.

The Property Appraiser has conducted an analysis of the tax abatement application and estimates At 90% the amount of the annual tax abatement will be approximately \$ 387,489.34.

Fiscal Impact: 2015-2016 No fiscal impact until company moves into and builds out facility
Fiscal Impact: 2016-2017 Fiscal Impact will be the amount of ad valorem taxes exempted.

Clerk to the Board instruction:

Exhibits Attached: Ordinance, Notice of Public Hearing, EDC Economic Impact Analysis, EDC Recommendation, Tax Abatement Application, Property Appraiser's Report.

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



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 IV.B., Ordinance Adopting Economic Development Ad Valorem Exemption for Project Landmark (Lockheed Martin)

The Board of County Commissioners, in regular session on July 7, 2015, adopted Ordinance No. 15-17, Economic Development Ad Valorem Exemption for Project Landmark (Lockheed Martin). Enclosed is a certified copy of the Ordinance.

Your continued cooperation is greatly appreciated.

Sincerely yours,

BOARD OF COUNTY COMMISSIONERS
SCOTT ELLIS, CLERK

Tammy Etheridge

Tammy Etheridge, Deputy Clerk

Encl. (1)

cc: Finance
Budget

AN ORDINANCE GRANTING AN ECONOMIC DEVELOPMENT AD VALOREM EXEMPTION TO PROJECT LANDMARK (LOCKHEED MARTIN); 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 LANDMARK (LOCKHEED MARTIN); PROVIDING AN EFFECTIVE DATE.

WHEREAS, economic development and the creation of jobs are a priority of the Brevard County Board of County Commissioners; and

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

WHEREAS, Project Landmark (Lockheed Martin), has requested that the Board of County Commissioners exempt ad valorem taxes for its expanding facility and tangible personal property at 1515 Chaffee Drive, Spaceport Commerce Park, Titusville, Fl.

WHEREAS, the Economic Development Commission of Florida's Space Coast has recommended approval of the exemption for Project Landmark (Lockheed Martin), and

WHEREAS, the Property Appraiser has provided the Board of County Commissioners with its report as required by Chapter 196.1995(8) F.S.; and

WHEREAS, it has been determined that Project Landmark (Lockheed Martin), meets the requirements of Chapter 196.012 F.S., an expanding business in Brevard County; and

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

Section 1. Chapter 102 entitled "Taxation"; Article IV entitled "Ad Valorem Property Taxation", of the Code of Ordinances of Brevard County, Florida shall be amended to include the following:

- (a) An Economic Development Ad Valorem Tax Exemption is hereby granted to Project Landmark (Lockheed Martin), Spaceport Park, Titusville, Fl., for its new construction and tangible personal property.
- (b) The total amount of revenue available to the County from ad valorem tax sources for the current fiscal year is \$194,413,375.05; \$177,015.69 is lost to the County for the current fiscal year by virtue of exemptions currently in effect from previous years.
- (c) The tax exemption hereby granted shall be for a term of nine (9) years commencing with the first year the expanded facility and tangible personal property are added to the assessment roll, and lasting nine (9) years thereafter, for ninety percent (90%) of County ad valorem taxes.
- (d) In accordance with the findings of the Board of County Commissioners and the Property Appraiser, the property hereby exempted from ad valorem tax exemption meets the definition of an expansion of an existing business, as defined by Chapter 196.012, Florida Statutes.

- (e) Project Landmark (Lockheed Martin) shall submit to the County Manager at the beginning of each year an annual report providing evidence of continued compliance with the definition of an expansion of an existing business for each of the nine (9) years during which Project Landmark (Lockheed Martin) is eligible to receive ad valorem tax exemption. If the annual report is not received, or if the annual report indicates Project Landmark (Lockheed Martin)., no longer meets the criteria of Chapter 196.012 F.S., the County Manager shall make a report to the Board of County Commissioners for consideration of revocation of this Ordinance granting the tax exemption.
- (f) If the county manager or designee receives written notice that the company qualifying for an ad valorem tax abatement under the authority of this ordinance has decided not to undertake or complete the new business activity or expansion of an existing business activity, including construction or equipment purchases, giving rise to an ad valorem tax exemption granted under this section, the exemption granted shall be void, shall not take effect and shall not be implemented. If such a notice is received, the foregoing provision shall be self-executing and no further action of the Board of County Commissioners will be required to void the granted exemption. Upon the County's receipt of any such notice, the county manager or designee shall forward the notice to the Property Appraiser along with a copy of this subsection of the ordinance.
- (g) If the Board of County Commissioners revokes this Ordinance, it shall be a requirement of the company to reimburse those County ad valorem taxes abated in favor of Project Landmark (Lockheed Martin) for that period of time that it was determined that Project Landmark (Lockheed Martin) no longer met the criteria of Chapter 196.012 F.S.

Section 2. Severability - If any provision of this Ordinance is held to be illegal or invalid, the other provisions shall remain in full force and effect.

Section 3. Effective Date - This Ordinance shall become effective immediately upon filing as provided by law. A certified copy of the Ordinance shall be filed with the Office of the Secretary of State, State of Florida within ten days of enactment.


DONE, ORDERED AND ADOPTED in Regular Session this 7th 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 7/7/2015



FLORIDA DEPARTMENT *of* STATE

RICK SCOTT
Governor

KEN DETZNER
Secretary of State

July 10, 2015

Honorable Scott Ellis
Clerk
Board of County Commissioners
Brevard County
Post Office Box 999
Titusville, Florida 32781-0999

Attention: Ms. Ashley Folsom, Recording Secretary

Dear Mr. Ellis:

Pursuant to the provisions of Section 125.66, Florida Statutes, this will acknowledge receipt of your corrected electronic copy of Brevard County Ordinance No. 2015-17, which was filed in this office on July 10, 2015.

Sincerely,

Ernest L. Reddick
Program Administrator

ELR/lb

Lockheed Martin Ad Valorem Tax Abatement Executive Summary

Headquartered in Bethesda, MD, Lockheed Martin is a global security company that employs about 112,000 people worldwide and is principally engaged in the research, design, development, manufacture, integration and sustainment of advanced technology systems, products and services. Lockheed Martin's operating units are organized into five broad business areas: Aeronautics, Information Systems and Global Solutions, Missiles and Fire Control, Mission Systems and Training, and Space Systems Company.

This project would enhance Lockheed Martin's ability to design, build, integrate and test commercial and government aerospace components and systems more affordably and with reduced cycle time due to a beneficial rate structure and colocation of skills and processes.

The incentives offered by the state and local community will be used to build an approvable business case to potentially locate operations within Brevard County and reduce the cost of operations. Reduced cost will make this operation more cost competitive, significantly increasing the likelihood of additional sales, additional job growth, and additional investment in the Project.

We are eagerly anticipating the Commission's assistance with our expansion efforts through the approval of Lockheed Martin for the Ad Valorem Tax Abatement Program.

SUPPLEMENTAL APPLICATION

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

APPLICANT NAME: Lockheed Martin 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: Lockheed Martin Corporation
Address: 1515 Chaffee Drive, Titusville, FL 32780
Telephone No. (303) 977-3000 FAX No. ()
3. Author, or Agent: Tom Malke
Address: 1111 Lockheed Martin Way, Sunnyvale, CA 94089
Telephone Number: (408)742-4321 Fax No. ()
4. Type of industry or business: Aerospace and defense
5. Brief description of product and expansion plans (The applicant is to provide an executive summary of its business plan):
This project would enhance Lockheed Martin's ability to design, build, integrate and test commercial and government aerospace components and systems more affordably and with reduced cycle time due to a beneficial rate structure and colocation of skills and processes.
The incentives offered by the state and local community will be used to build an approvable business case to potentially locate operations within Brevard County and reduce the cost of operations. Reduced cost will make this operation more cost competitive, significantly increasing the likelihood of additional sales, additional job growth, and additional investment in the Project.
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): 50
7. Percent Increase in overall employment: 1% of total Brevard County employment
8. Expected number of new employees who will reside in Brevard County: Estimated 100%
9. Percentage of existing employees who have resided in the County for more than two years: Estimated 90%
10. Anticipated average wage of employees: \$89,000
11. Anticipated average annual payroll: \$4,450,000
12. Anticipated new capital investment as a result of expansion or relocation of business:
New construction value: \$52M
New personal property value: \$28M
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). None expected.
14. Anticipated volume of business or production: TBD
15. The relocation or expansion would not occur without the exemption: Yes [] No [X] The exemption will lower overhead costs, make the facility more cost competitive and provide the opportunity for employment growth.
16. Source of supplies (local or otherwise):
% source of supplies County: Unknown
% source of supplies Florida: Estimated 80%
% source of supplies out-of-state: Estimated 20%
17. Business is/will be located in a community redevelopment area: Yes [] No [X]

Name of area: _____

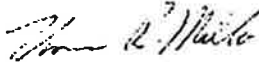
SIGNATURES:

Lockheed Martin Corporation hereby confirms the information provided by Lockheed Martin 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. Lockheed Martin Corporation further confirms to the best of its knowledge and belief that Lockheed Martin is not in violation of any federal, state or local law, or regulation governing environmental matters that would affect Lockheed Martin's ability to perform the Project. Lockheed Martin Corporation hereby acknowledges and agrees upon approval of the Economic Development Ad Valorem Tax Abatement Ordinance by the Brevard County Board of County Commissioners that Lockheed Martin 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: May 17, 2015

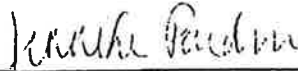
Lockheed Martin Corporation (Applicant)

By:



**Thomas R. Malko
Vice President, Assembly Test & Launch Operations
Lockheed Martin Space Systems Company**

Signed:



**Jennifer L. Paedon (Preparer)
1111 Lockheed Martin Way, Sunnyvale, CA 94089
(Preparer's Address)
(408) 742-2148**

ECONOMIC DEVELOPMENT COMMISSION (EDC) USE ONLY

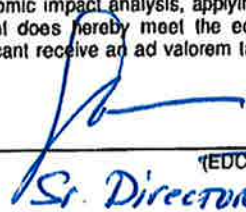
EDC Economic Impact Analysis:

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 90% percent of its eligible taxes and for a period of 9 years.

DATE: 6-9-15

SIGNED: _____


**(EDC President)
Sr. Director, Business Dev.**

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: Lockheed Martin Corporation
 Mailing address: 1111 Lockheed Martin Way, Sunnyvale, CA 94089
2. Name of person in charge of business: Tom Malko
 Telephone No.: (408) 742-4321 FAX No.: ()
3. Location of business (legal description and street address) of property for which this report is filed:
1515 Chaffee Drive, Titusville, FL 32780
4. Date business opened at this facility: 2017
5. a. Description of the improvements to real property for which this exemption is requested:
Expansion of facility footprint and facility renovations to create additional capabilities
 b. Date of commencement of construction of improvements: 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	of	Value		
	Machinery & equipment	N e w		\$28M	N e w		\$28M		

- 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: Lockheed Martin is a global security and aerospace company that employs approximately 112,000 people worldwide and is principally engaged in the research, design, development, manufacture, integration and sustainment of advanced technology systems, products and services. This project would enhance Lockheed Martin's ability to design, build, integrate and test commercial and government aerospace components and systems more affordably and with reduced cycle time due to a beneficial rate structure and collocation of skills and processes.
9. Trade level (check as many as apply):
Wholesale [] Manufacturing [X] Professional [] Service [] Office [] Other []
10. a. Number of full time employees employed in Florida: Approximately 11,972
- (DR 418) b. If an expansion of an existing business:
- (1) Net increase in employment 50 or _____ %
- (2) Increase in productive output resulting from this expansion TBD %
11. Sales factor for the facility requesting exemption: Unknown at this time
- Total sales in Florida from this facility - one (1) location only _____ divided by
Total sales everywhere from this facility - one (1) location only _____ = _____
12. For office space owned and used by a corporation newly domiciled in Florida: N/A
- 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.

Lockheed Martin Corporation hereby requests the adoption of an ordinance granting an exemption from ad valorem taxation on the above property pursuant to Section 196.1995, Florida Statutes. Lockheed Martin Corporation agrees 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. Lockheed Martin Corporation hereby certifies that the information and valuation stated above is true, correct, and complete to the best of its 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: May 17, 2015


Lockheed Martin Corporation (Taxpayer)

By:



Thomas R. Maiko
Vice President, Assembly Test & Launch Operations
Lockheed Martin Space Systems Company

Signed:


Jennifer L. Paedon (Preparer)
1111 Lockheed Martin Way, Sunnyvale, CA 94089
(Preparer's Address)
(408) 742-2148

PROPERTY APPRAISER'S USE ONLY

- I. Total revenue available to the County or municipality for the current fiscal year from ad valorem tax sources: 194,413,375.05
- II. Revenue lost to the County or municipality for the current fiscal year by virtue of exemptions previously granted under this section: 177,015.69
- 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: 430,543.72

IV. Estimate of the taxable value lost to the County or municipality if the exemption applied for were granted:
Improvements to real property 44,200,000 Personal Property 25,200,000

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: dependent upon the number of years granted by the BOCC.

DATE: 6-8-15

SIGNED: [Signature]
(Property Appraiser)

RETURN TO BE FILED NOT LATER THAN MARCH 1



ECONOMIC DEVELOPMENT COMMISSION
OF FLORIDA'S SPACE COAST

Economic Impact Analysis
Project Landmark
Brevard County
05/15/15

Overview:			
New Job Commitment:	50	Capital Investment:	\$80,000,000
Average Annual Wage:	\$89,000		

Economic impact from job creation:

<u>Jobs</u>	<u>Net New Wage</u>	<u>Contribution to GDP</u>
50 (Direct)	\$4,450,000 (Direct)	\$7,935,798 (Direct)
15 (Indirect)	\$1,177,971 (Indirect)	\$1,536,038 (Indirect)
31 (Induced)	\$1,093,045 (Induced)	\$2,038,587 (Induced)
95 TOTAL	\$6,721,016 TOTAL	\$11,510,423 TOTAL

- For every employment position created by Project Landmark approximately 0.90 additional jobs will be developed to support the operation of the facility.
- For every payroll dollar paid to Project Landmark approximately \$0.51 will be generated for consumer spending.

County Tax Impact

Years 1-10	Annual Taxes on Construction	
Projected Tax Assessed	\$	616,096.00
Potential Abatement	\$	258,078.08
Net New Revenue to County	\$	358,017.92
	Annual Taxes on Personal Property	
Projected Tax Assessed	\$	331,744.00
Potential Abatement	\$	138,965.12
Net New Revenue to County	\$	192,778.88
Total New Revenue to County	\$	550,796.80

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

Tax Millage Code – 14A0 NAICS – 336414 IMPLAN Sector – 360

Analysis based on information supplied by Project Landmark – May 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.

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the Board of County Commissioners of Brevard County, Florida, on July 7, 2015 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 LANDMARK (LOCKHEED MARTIN); SPECIFYING THE ITEMS EXEMPTED; PROVIDING THE EXPIRATION DATE OF THE EXEMPTION; FINDING THAT THE BUSINESS MEETS THE REQUIREMENTS OF CHAPTER 196.012 F.S.; PROVIDING FOR PROOF OF ELIGIBILITY FOR EXEMPTION; PROVIDING FOR AN ANNUAL REPORT BY PROJECT LANDMARK (LOCKHEED MARTIN); 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