



AGENDA REPORT
July 10, 2018

Resolution: Consider an Ad Valorem Tax Abatement - Project Rainbow

SUBJECT:

Resolution to consider an Ad Valorem Tax Abatement for Project Rainbow

FISCAL IMPACT:

Fiscal Impact FY2018-2019 – No fiscal impact until company builds and moves into facility.

Fiscal Impact FY2019-2020 – 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.)

DEPT/OFFICE:

Agenda Coordinator

REQUESTED ACTION:

The Economic Development Commission requests the Board of County Commissioners adopt an Economic Development Ad Valorem Exemption Resolution qualifying Project Rainbow as an eligible business under the County's Tax Abatement program and authorize a public hearing to consider adopting an exemption ordinance.

SUMMARY EXPLANATION and BACKGROUND:

This resolution requests that the Brevard County Property Appraiser conduct the required analysis and provide the Board with a report as required by Section 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 Rainbow is a leading manufacturer of products used in medical settings. The company provides design and manufacturing services both inside and outside the state of Florida.

Project Rainbow is considering constructing a 20,000 SF build-to-suit facility in Palm Bay, FL. The company plans to create 30 new jobs over 3 years with an average wage of \$46,000 and invest approximately \$5,100,000 in new capital expenditures. The proposed job creation timeline for the project is as follows:

of New Jobs Date jobs will be created

	10	Year 1
	10	Year 2
	10	Year 3
Total	30	

ATTACHMENTS:

- Description**
- ▣ **Resolution**
- ▣ **Proj Rainbow AVT Pkg**



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

July 11, 2018

M E M O R A N D U M

TO: Frank Abbate, County Manager

RE: Item F.34., Resolution for Ad Valorem Tax Abatement – Project Rainbow

The Board of County Commissioners, in regular session on July 10, 2018, adopted Resolution No. 18-091, qualifying Project Rainbow as an eligible business under the County's Tax Abatement Program; and authorized a public hearing to consider adopting an exemption ordinance. Enclosed are two fully-executed Resolutions for your action.

Your continued cooperation is greatly appreciated.

Sincerely yours,

BOARD OF COUNTY COMMISSIONERS
SCOTT ELLIS, CLERK

Tammy Rowe

Tammy Rowe, Deputy Clerk

/ds

Encls. (2)

cc: Finance
Budget

RESOLUTION 2018- 91

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 Rainbow** has requested that the Brevard County Commissioners exempt ad valorem taxes for its construction and tangible personal property at **Parcel ID #29-37-09-MY-3042-6 Legal Description: Plat Book/Page: 0030/0060 Port Malabar Unit 56 Lot 6 Blk 3042, Palm Bay FL; and**

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

DONE, ORDERED AND ADOPTED in Regular Session this 10th day of July, 2018.

ATTEST:



Scott Ellis, Clerk

BOARD OF COUNTY COMMISSIONERS
OF BREVARD COUNTY, FLORIDA

By: 

Rita Pritchett, Chairman

As approved by the Board on

JUL 10 2018



Date: June 25, 2018

To: Frank Abbate
County Manager

From: Gregory Weiner, CEcD
Senior Director, Business Development

Re: Company Considering Expansion in Brevard County

The Economic Development Commission of Florida's Space Coast is managing a business expansion project for Project Rainbow, a leading manufacturer of products used in medical settings. The company provides design and manufacturing services both inside and outside the state of Florida.

They are considering construction of a 20,000 SF build-to-suit building in Palm Bay, FL. The company plans to create 30 new jobs over 3 years with an average wage of \$46,000 and invest approximately \$5,100,000 in new capital expenditures. The proposed job creation timeline for the project is as follows:

# of New Jobs	Date jobs will be created
10	Year 1
10	Year 2
10	Year 3
TOTAL	30

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
- 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.

Meeting Date
July 10, 2018



AGENDA	
Section	CONSENT
Item No.	

AGENDA REPORT
BREVARD COUNTY BOARD OF COUNTY COMMISSIONERS

SUBJECT:	RESOLUTION TO CONSIDER AN AD VALOREM TAX ABATEMENT – PROJECT RAINBOW
DEPT/OFFICE:	ECONOMIC DEVELOPMENT COMMISSION/COUNTY MANAGER'S OFFICE

Requested Action:

The Economic Development Commission requests the Board of County Commissioners adopt an Economic Development Ad Valorem Exemption Resolution qualifying Project Rainbow 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 Rainbow is a leading manufacturer of products used in medical settings. The company provides design and manufacturing services both inside and outside the state of Florida.

Project Rainbow is considering constructing a 20,000 SF build-to-suit facility in Palm Bay, FL. The company plans to create 30 new jobs over 3 years with an average wage of \$46,000 and invest approximately \$5,100,000 in new capital expenditures. The proposed job creation timeline for the project is as follows:

# of New Jobs	Date jobs will be created
10	Year 1
10	Year 2
10	Year 3

TOTAL 30

Fiscal Impact FY2018-2019 – No fiscal impact until company builds and moves into facility.

Fiscal Impact FY2019-2020 – 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: Frank.Abbate@brevardfl.gov, 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, John Denninghoff	Department Director / Extension
Frank Abbate	Assistant County Manager, Jim Liesenfelt	

SUPPLEMENTAL APPLICATION

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

APPLICANT NAME: Project Rainbow

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 business 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. Proposed Property Address (legal description & street address):
Parcel ID #29-37-09-MY-3042-6 Legal Description: Plat Book/Page: 0030/0060 Port Malabar Unit 56 Lot 6 Blk 3042

3. Property Owner Name: MriGlobal
Address: 425 Volker Blvd. Kansas City MO 64110
Telephone No. () _____ FAX No. () _____
4. Authorized Agent: _____
Address: _____
Telephone Number: () _____ Fax No. () _____
5. Type of industry or business: Design and Manufacturing Services
6. NAICS Code(s) 541990
7. Brief description of product and expansion plans (The applicant is to provide an executive summary of its business plan):

Project Rainbow is a leading manufacturer of products used in medical settings. The company provides design and manufacturing services both inside and outside the state of Florida.

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):

Project Year	Number of net new full-time equivalent Brevard County jobs created in the business unit
I	10
II	10
III	10
Total	30

8. As of the date of this application, what is your total current Brevard County Employment? 28
9. Expected number of new employees who will reside in Brevard County: 30
10. Percentage of existing employees who have resided in the County for more than two years: 50%
11. Anticipated average wage of employees (excluding employee benefits, but including overtime): \$46,000
12. Estimated new capital investment as a result of expansion or relocation of business:
Estimated new construction value: \$3,000,000
Estimated new personal property value: \$2,100,000
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, storm water, industrial wastewater; provide a brief narrative statement of the company's environmental impacts): Standard water, sewer and storm water

14. Anticipated volume of business or production (estimated gross revenue): Estimated volume of business in excess of \$3M

15. Would the relocation or expansion occur without the exemption: Yes No

16. Estimated source of supplies (local or otherwise):

Estimated % source of supplies County: 0%
Estimated % source of supplies Florida: 20%
Estimated % source of supplies out-of-state: 80%

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

Name of area: _____

18. Do you desire exemption as a "Relocation" [], "Expansion of Existing Business Function" [X] or as an "Expansion of New Business Function" []

SIGNATURES:

I hereby confirm the information provided by Project Rainbow 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 Rainbow 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 Rainbow will provide the CareerSource Brevard its job openings to be posted on www.employflorida.com and agrees to consider for employment candidates referred by Brevard Workforce.

DATE: _____

SIGNED: _____

SIGNED: _____

(Applicant)

2425 Pineapple Ave #108 Melbourne, FL 32935

(Preparer's Address)

TITLE: _____

321-663-3546

(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)

11. Sales factor for the facility requesting exemption:

Total sales in Florida from this facility - one (1) location only \$1,200,000 divided by
Total sales everywhere from this facility - one (1) location only \$3,000,000 = 40%

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 28

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: [Signature]
(Preparer)

SIGNED: _____
(Taxpayer)

2425 Pineapple Ave #108 Melbourne, FL 32935
(Preparer's Address)

TITLE: _____

321-663-3546
(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

Project Rainbow Ad Valorem Tax Abatement Executive Summary

Project Rainbow is a Midwest based corporation with four locations across the United States including locations in Florida. The company currently employs 76 people across all locations.

Project Rainbow is a leading manufacturer of products used in medical settings. The company provides design and manufacturing services both inside and outside the state of Florida. All of our products are made in the United States with zero outsourcing.

Companywide growth necessitates the expansion of our manufacturing capabilities. The expansion is agnostic with respect to place and is driven by internal cost analysis.

If the project goes forward in Palm Bay Project Rainbow would build a 20,000 sq. ft facility. The expansion would support an increase in workforce of near 100% from 28 to 58 employees within 3 years from completion of the building. Estimated cost to complete the build-to-suit would be approximately \$3,000,000 and an additional approximately \$2,100,000 in new equipment.

Project Rainbow has determined the manufacturing would most likely take place in either Florida or at the Midwest HQ location. Given that product shipping costs are an incidental part of the final product price our location decision is driven by a variety of variable cost factors, including property taxes. The Ad Valorem Tax Abatement program considerably strengthens the Florida business case for the company.

AD VALOREM TAX ABATEMENT

Job Creation Distribution Worksheet

JOB TITLE / DESCRIPTION	NUMBER OF JOBS	WAGE	ANTICIPATED HIRE TIMELINE (YEARS 1-3)
Manufacturing Technicians	7	\$46,000	Year 1
Cad	3	\$70,000	Year 1
Manufacturing Technicians	6	\$46,000	Year 2
Cad	4	\$70,000	Year 2
Manufacturing Technicians	5	\$46,000	Year 3
Cad	5	\$70,000	Year 3

Project Rainbow

Brevard County, FL

06/25/18

Overview:

New Job Commitment:	30	Capital Investment:	\$5,100,000
Average Annual Wage:	\$46,000		

Economic impact from job creation:

<u>Jobs</u>	<u>Net New Wage</u>	<u>Contribution to GDP</u>
30 (Direct)	\$1,380,000 (Direct)	\$1,203,573 (Direct)
20 (Indirect)	\$770,292 (Indirect)	\$1,171,258 (Indirect)
12 (Induced)	\$456,540 (Induced)	\$821,284 (Induced)
62 TOTAL	\$2,606,831 TOTAL	\$3,196,115 TOTAL

- For every employment position created by Project Rainbow approximately 1.06 additional jobs will be developed to support the operation of the facility.
- For every payroll dollar paid to Project Rainbow approximately \$0.89 will be generated for consumer spending.

County Tax Impact

Years 1-10	Annual Taxes on Construction	
Projected Tax Assessed	\$	31,660.80
Potential Abatement (at 100%)	\$	12,952.32
Net New Revenue to County	\$	18,708.48
	Annual Taxes on Personal Property	
Projected Tax Assessed	\$	22,162.56
Potential Abatement (at 100%)	\$	9,066.62
Net New Revenue to County	\$	13,095.94
Total New Revenue to County	\$	31,804.42

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

Tax Millage Code – 34U0 NAICS – 541990 IMPLAN Sector – 460

Analysis based on information supplied by Project Rainbow - June 2018

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.

RESOLUTION 2018-___

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

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DONE, ORDERED AND ADOPTED in Regular Session this 10th day of July, 2018.

ATTEST:

BOARD OF COUNTY COMMISSIONERS
OF BREVARD COUNTY, FLORIDA

Scott Ellis, Clerk

By: _____
Rita Pritchett, Chairman

As approved by the Board on _____