



AGENDA REPORT
April 23, 2019

Resolution to consider an Ad Valorem Tax Abatement - BK Technologies, Inc.

SUBJECT:

Resolution to consider an Ad Valorem Tax Abatement - BK Technologies, Inc.

FISCAL IMPACT:

FY 2019-2020 - No fiscal impact until company purchases equipment

FY 2020-2021 - 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:

County Manager

REQUESTED ACTION:

The Economic Development Commission requests the Board of County Commissioners adopt an Economic Development Ad Valorem Tax Exemption Resolution qualifying BK Technologies, Inc. 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(9) Florida Statutes; 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.

BK Technologies, Inc. is a leading manufacturer of Wireless communications products. The company provides design and manufacturing services both inside and outside the state of Florida.

BK Technologies, Inc. is considering additional equipment purchases as well as additional employment for their location in West Melbourne, FL. The company plans to create 35 new jobs over 2 years with an average wage of \$73,500 and invest approximately \$3,000,000 in new capital expenditures. The proposed job creation time line for the project is as follows:

	# of New Jobs	Date Jobs will be created
	17	Year 1 (2020)
	18	Year 2 (2021)
Total	35	

EDC Contact: Greg Weiner: GWeiner@SpaceCoastEDC.org, 321-638-2000

Staff Contact: Frank Abbate: frank.abbate@brevardfl.gov, 321-633-2001

ATTACHMENTS:

Description

- ▢ **application pkg**
- ▢ **Resolution**



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

April 24, 2019

M E M O R A N D U M

TO: Frank Abbate, County Manager

RE: Item F.21., Resolution to Consider Ad Valorem Tax Abatement for BK Technologies, Inc.

The Board of County Commissioners, in regular session on April 23, 2019, adopted Resolution No. 19-070, qualifying BK Technologies, Inc. as an eligible business under the County's Tax Abatement Program; and authorized a public hearing to consider adopting an ordinance. Enclosed is a fully-executed Resolution.

Your continued cooperation is always appreciated.

Sincerely,

BOARD OF COUNTY COMMISSIONERS
SCOTT ELLIS, CLERK

Tammy Rowe

Tammy Rowe, Deputy Clerk

Encl. (1)

cc: Finance
Budget

RESOLUTION 2019- 070

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, **Project BK Technologies, Inc.** has requested that the Brevard County Commissioners exempt ad valorem taxes for its construction and tangible personal property at **7100 Technology Drive. West Melbourne FL**; and

WHEREAS, **Project BK Technologies, Inc.** meets the requirements of Section 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 Section 196.1995(9) 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 BK Technologies, Inc.** from select County ad valorem taxes.

DONE, ORDERED AND ADOPTED in Regular Session this 23rd day of April, 2019.

ATTEST:



Scott Ellis, Clerk

BOARD OF COUNTY COMMISSIONERS
OF BREVARD COUNTY, FLORIDA

By: 

Kristine Ishardi, Chair

As approved by the Board on 4/23/19

Date: April 12, 2019

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 BK Technologies, Inc., a leading manufacturer of communications equipment. The company provides design and manufacturing services both inside and outside the state of Florida.

They are considering additional equipment purchases as well as additional employment for their location in West Melbourne, FL. The company plans to create 35 new jobs over 2 years with an average wage of \$73,500 and invest approximately \$3,000,000 in new capital expenditures. The proposed job creation timeline for the project is as follows:

# of New Jobs	Date jobs will be created
17	Year 1
18	Year 2
TOTAL	35

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

Enclosed please find the following:

- Executive summary
- Completed AVT application
- Economic impact analysis
- Resolution – AVT
- Resolution - QTI
- 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
April 23, 2019



AGENDA	
Section	CONSENT
Item No.	

AGENDA REPORT
BREVARD COUNTY BOARD OF COUNTY COMMISSIONERS

SUBJECT:	RESOLUTION TO CONSIDER AN AD VALOREM TAX ABATEMENT – PROJECT BK TECHNOLOGIES, INC.
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 Tax Exemption Resolution qualifying Project BK Technologies, Inc. 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(9) 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 BK Technologies, Inc is a leading manufacturer of wireless communications products. The company provides design and manufacturing services both inside and outside the state of Florida.

Project BK Technologies, Inc. is considering additional equipment purchases as well as additional employment for their location in West Melbourne, FL. The company plans to create 35 new jobs over 2 years with an average wage of \$73,500 and invest approximately \$3,000,000 in new capital expenditures. The proposed job creation timeline for the project is as follows:

# of New Jobs	Date jobs will be created
17	Year 1
18	Year 2

TOTAL 35

Fiscal Impact FY2019-2020 – No fiscal impact until company purchases equipment.

Fiscal Impact FY2020-2021 – 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	<input type="checkbox"/>	No	<input type="checkbox"/>	PR	<input type="checkbox"/>
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: BK Technologies, Inc.

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): 7100 Technology Dr, West Melbourne, FL 32904
3. Property Owner Name: B&M Property Holdings, LLC
Address: 1800 Penn Street, Suite 11, Melbourne, FL 32901
Telephone No.: n/a FAX No.: n/a
4. Authorized Agent: Adam Rathbun, The Ullian Realty Corporation
Address: 1800 Penn Street, Suite 11, Melbourne, FL 32901
Telephone No.: n/a FAX No.: n/a
5. Type of industry or business: Radio and Television Broadcasting and Wireless Communications Equipment Manufacturing
6. NAICS Code(s): 334220
7. Brief description of product and expansion plans (The applicant is to provide an executive summary of its business plan):
BK Technologies, Inc. designs, manufactures, and markets wireless communications products. BK Technologies plans to expand headcount by 35 employees in the next three years. This expansion includes adds to Assembly, Testers, Inspectors, R&D, and Engineering personnel.
8. 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 (2020)	17
II (2021)	18
III (2022)	0
Total	35
9. As of the date of this application, what is your total current Brevard County Employment? 100
10. Expected number of new employees who will reside in Brevard County: 35
11. Percentage of existing employees who have resided in the County for more than two years: 87
12. Anticipated average wage of employees (excluding employee benefits, but including overtime): \$35.34
13. Estimated new capital investment as a result of expansion or relocation of business:
Estimated new construction value: \$0
Estimated new personal property value: \$3,000,000
14. 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):
n/a
15. Anticipated volume of business or production (estimated gross revenue): \$50 million 2018 revenue and 25% anticipated growth in productivity
16. Would the relocation or expansion occur without the exemption: Yes [] No [X]
17. Estimated source of supplies (local or otherwise):
Estimated % source of supplies County: 0%
Estimated % source of supplies Florida: 3%
Estimated % source of supplies out-of-state: 97%
18. Business is/will be located in a community redevelopment area: Yes [] No [X]

Name of area: n/a

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

SIGNATURES:

I hereby confirm the information provided by BK Technologies, Inc. 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 BK Technologies, Inc. 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 BK Technologies, Inc. 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: 4/8/19

SIGNED: [Signature]

8 Wright Street, Westport, CT 06880
860-874-6464

/ Sean Polley

SIGNED: [Signature]

William Kelly, CFO, BK Technologies, Inc.

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: BK Technologies, Inc.
Mailing address: 7100 Technology Dr, West Melbourne, FL 32904
2. Name of person in charge of business: William Kelly, CFO & Randy Willis, COO
Telephone No.: 321-237-1493 FAX No.: n/a
3. Location of business (legal description and street address) of property for which this report is filed:
7100 Technology Dr, West Melbourne, FL 32904
4. Date business opened at this facility: 2000 at current site (early 1980s to 2000 across street)
5. a. Description of the improvements to real property for which this exemption is requested:
None. The \$3.0 million in listed investment is in personal property.
- b. Date of commencement of construction of improvements: n/a
6. a. Description of the tangible personal property for which this exemption is requested and date when property was purchased:

Class or Item	Age	Date of Purchase	Original Cost	Taxpayer's Estimate of Condition			Taxpayer's Estimate of Fair Market Value		APPRAISER USE ONLY
<u>Miscellaneous manufacturing equipment to be purchased</u>			<u>\$3.0mm Est.</u>						

- b. Average value of inventory on hand: \$11 million
- 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: BK Technologies, Inc. designs, manufactures, and markets wireless communications products. BK Technologies plans to expand headcount by 35 employees in the next three years. This expansion includes adds to Assembly, Testers, Inspectors, R&D, and Engineering personnel.
9. Trade level (check as many as apply):
Wholesale [] Manufacturing [X] Professional [X] Service [] Office [X] Other []
10. a. Number of full time employees employed in Florida: 100
- b. If an expansion of an existing business:
 - (1) Net increase in employment: 35 new jobs during project period
 - (2) Increase in productive output resulting from this expansion: 20-25%

11. Sales factor for the facility requesting exemption:

Total sales in Florida from this facility - one (1) location only \$3.5 million divided by Total sales everywhere from this facility - one (1) location only \$50 million = 7%

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: 4/8/19

SIGNED: [Signature]
William Kelly, CFO, BK Technologies, Inc.

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

Project BK Technologies, Inc. Ad Valorem Tax Abatement Executive Summary

BK Technologies, Inc. designs, manufactures, and markets wireless communications products in the United States and internationally. The company offers two-way land mobile radios, repeaters, base stations, and related components and subsystems. Its BK Technologies and BK Radio branded products include land-mobile radio equipment for professional radio users primarily in government, public safety, and military applications, as well as P-25 digital products; and RELM branded products provide two-way communications for commercial and industrial concerns, such as hotels, construction firms, schools, and transportation services.

The company is headquartered in West Melbourne, Florida, where it has maintained operations since the 1980s. Currently 100 employees are based in West Melbourne. BK Technologies also operates a facility in Lawrence, Kansas, which is also under consideration for this project as well.

BK Technologies plans to expand headcount by 35 employees and invest \$3.0 million in equipment during the project period. This expansion includes adds to Assembly, Testers, Inspectors, R&D, and Engineering personnel.

AD VALOREM TAX ABATEMENT

Job Creation Distribution Worksheet

JOB TITLE / DESCRIPTION	NUMBER OF JOBS	WAGE	ANTICIPATED HIRE TIMELINE (YEARS 1-3)
R&D Engineer	12	\$50.94	Year 1
Engineer	9	\$45.03	Year 2
Assembly (NGR)	2	\$13.25	Year 2
Production (Assembler, Tester, Inspector)	12	\$13.25	5 in Year 1 7 in Year 2

*Year 1 is CY ending 12/31/20

*Year 2 is CY ending 12/31/21

ECONOMIC IMPACT ANALYSIS

Project BK Technologies, Inc.

Brevard County, FL 04/08/19

Overview:

New Job Commitment:	35	Capital Investment:	\$3,000,000
Average Annual Wage:	\$73,500		

Economic impact from job creation:

Jobs	Net New Wage	Contribution to GDP
35 (Direct)	\$2,572,500 (Direct)	\$3,966,394 (Direct)
15 (Indirect)	\$824,099 (Indirect)	\$1,250,848 (Indirect)
17 (Induced)	\$667,118 (Induced)	\$1,237,934 (Induced)
67 TOTAL	\$4,063,717 TOTAL	\$6,455,176 TOTAL

- For every employment position created by PROJECT BK Technologies, Inc. approximately .9113 additional jobs will be developed to support the operation of the facility.
- For every payroll dollar paid to PROJECT BK Technologies, Inc. approximately \$.5797 will be generated for consumer spending.

County Tax Impact

Years 1-10	Annual Taxes on Construction	
Projected Tax Assessed	\$	-
Potential Abatement (at 100%)	\$	-
Net New Revenue to County	\$	-
	Annual Taxes on Personal Property	
Projected Tax Assessed	\$	24,186.24
Potential Abatement (at 100%)	\$	7,272.00
Net New Revenue to County	\$	16,914.24
Total New Revenue to County	\$	16,914.24

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

Tax Millage Code – 52V0	NAICS – 334220	IMPLAN Sector – 305
-------------------------	----------------	---------------------

Analysis based on information supplied by Project BK Technologies, Inc. -April 2019

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.

**QUALIFIED TARGET INDUSTRY TAX REFUND PROGRAM
WITH AD VALOREM TAX ABATEMENT**

RESOLUTION NUMBER _____

A RESOLUTION BY THE GOVERNING BOARD OF BREVARD COUNTY, FLORIDA, RECOMMENDING PROJECT BK TECHNOLOGIES, INC., BE APPROVED AS A QUALIFIED TARGET INDUSTRY BUSINESS PURSUANT TO s.288.106, FLORIDA STATUTES; PROVIDING FOR LOCAL FINANCIAL SUPPORT IN THE FORM OF AD VALOREM TAX ABATEMENT; PROVIDING FOR AN EFFECTIVE DATE.

BE IT RESOLVED BY THE GOVERNING BOARD OF *BREVARD COUNTY, FLORIDA*, as follows:

WHEREAS, the business under consideration is a qualified manufacturing business, specifically, ***PROJECT BK TECHNOLOGIES, INC.***; and

WHEREAS, ***PROJECT BK TECHNOLOGIES, INC.*** is located/or intends to locate at **7100 Technology Drive, West Melbourne FL**; and

WHEREAS, ***PROJECT BK TECHNOLOGIES, INC.*** plans to make additional equipment purchases for their location in West Melbourne, FL. The company plans to create 35 new jobs over 2 years with an average wage of \$73,500 and invest approximately \$3,000,000 in new capital expenditures; and

WHEREAS, ***PROJECT BK TECHNOLOGIES, INC.*** has been identified as a Target Industry Business; and

WHEREAS, ***BREVARD COUNTY*** hereby acknowledges that local financial support of 20% of the total tax refund is required under the provisions of s.288.106, Florida Statutes, governing the State's Qualified Target Industry Tax Refund Program;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF *BREVARD COUNTY, FLORIDA*, that the Board hereby recommends ***PROJECT BK TECHNOLOGIES, INC.*** be approved as a Qualified Target Industry Business pursuant to s.288.106, Florida Statutes.

BE IT FURTHER RESOLVED that the necessary local financial support for the Qualified Target Industry Tax Refund Program exists in the amount of \$35,000 which equals 20% of the total tax refund requested, and will be provided in the form of ad valorem tax abatement granted to ***PROJECT BK TECHNOLOGIES, INC.*** pursuant to s.196.1995, Florida Statutes.

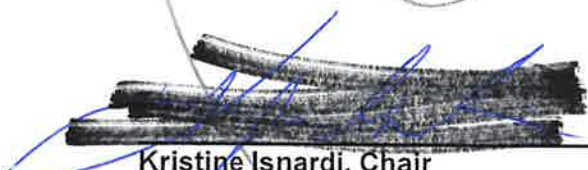
FZIC
2/2
CIB

This resolution shall take effect immediately upon its adoption.

**DULY ADOPTED BY THE GOVERNING BOARD OF BREVARD COUNTY,
FLORIDA, this 7th day of May, 2019.**

ATTEST:

**BOARD OF COUNTY COMMISSIONERS OF
BREVARD COUNTY, FLORIDA**



Kristine Isnardi, Chair



Scott Ellis, Clerk

STAMP AND SIGNATURE OF NOTARY