



Legislation Text

File #: ID#18-4975, Version: 1

SUBJECT/RECOMMENDATION:

Endorse the application for Project Armor and commit the City of Clearwater to provide local financial support (Local Match) not to exceed \$25,000, which is ten percent of the eligible tax refund, upon certification by State of Florida Department of Economic Opportunity and adopt Resolution 18-02.

SUMMARY:

The Florida Legislature created Florida Statute, Section s.288.106 to encourage the growth of Florida's high-wage, value-added employment. This program is commonly known as the Qualified Target Industry Tax Refund Program (QTI Program). This law authorizes Enterprise Florida, Inc. to accept, review and recommend applications for consideration by State of Florida Department of Economic Opportunity (DEO) for tax refunds to qualified target industry businesses. Pursuant to Florida Statute, Sections s.288.075 and s.288.106, the applicant requests certain information, including the name of the company, remain confidential until such time as is required under statute or desired by the applicant. Project Armor is the alias name of the applicant company.

This Resolution provides a commitment of the city to support the QTI Program which provides a performance-based incentive. The incentive is negotiated in advance of Project Armor commitment to expand its operations in the City of Clearwater. It does not guarantee payment until such time as the terms of the contract made between DEO and Project Armor are met, subject to limitations described below.

QTI Program Description

The QTI Program works as an inducement to encourage companies to locate or expand in Florida. In accordance with the QTI Program eligibility criteria, no commitment to expand in Florida has been made at this time. The incentive may not exceed that which is requested in the application.

As required by the QTI Program, the Project Armor expansion will increase the Company's employment in Florida by greater than ten percent (10%) and, as evidenced by staff's economic impact analysis the proposed new jobs will make a significant economic contribution to the area economy.

Description of Project

Project Armor is seeking State, County and City inducement to expand operations and to create additional jobs in the City of Clearwater. The Company projects to add 50 jobs over three years beginning in 2019. Project Armor job creation schedule is as follows:

Phase	New Jobs	Date by which jobs will be created
1	20	12/31/2019
2	20	12/31/2020

3 10 12/31/2021
Total 50

Below are the types of jobs expected to be created by this Corporate Headquarters:

Business Unit Activities	NAICS Code(s)	Project Function	Annualized Wage (\$)
Corporate, Finance, Accounting	541219	60%	\$62,500
IT and Computer Engineering Services	541512	20%	\$70,000
Power and Communication Line Construction	237130	20%	\$80,000
Mgt			
Average Wage		100%	\$67,500

Average wages of all new jobs created by Project Armor is to be no less than \$53,298, which is 115% of the Statewide Annual Average Wage for the year ended December 31, 2016.

QTI Program Request & Local Match Commitment

The requested tax refund is to be paid to the applicant each state fiscal year (July 1- June 30) for a period of six years. If approved by DEO, Pinellas County and the City of Clearwater, the applicant will receive a refund for each new job created in the City of Clearwater. The QTI Program allows for a refund of eligible taxes paid that will equal a maximum of \$3,000 per new job created and \$2,000 for the DEO High Impact Sector Bonus. Eighty percent of this award is provided by the State of Florida, with a Local Match of ten percent from the City of Clearwater and ten percent from Pinellas County. Therefore, the maximum Local City of Clearwater Match award per new job created is \$500 for a total Local Match of \$25,000.

Payment Schedule

Disbursement of the twenty-five percent Local Match is paid out over a six-year period for each phase in which the jobs are created. The schedule is as follows:

PHASE	# JOBS	ELIGIBLE AWARD	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
YR1	20	\$10,000	2,500	2,500	2,500	2,500		
YR2	20	\$10,000		2,500	2,500	2,500	2,500	
YR3	10	\$5,000			1,250	1,250	1,250	1,250
TOTAL		25,000	2,500	5,000	6,250	6,250	3,750	1,250

The payment schedule is subject to the applicant continuing to meet all eligibility criteria which is verified each year by the DEO, the City of Clearwater and Pinellas County. Upon verification, the DEO requests the Local Match disbursement check from the City up to the maximum yearly allowed amount. The DEO then provides the disbursement to the applicant.

Conditions of Limitation & Termination

During the term of the agreement, the Local Match may be lowered under the following conditions:

- If in any year the applicant does not achieve the job creation schedule but achieves at least eighty percent of the required new jobs, the company will receive a pro-rated refund less five percent penalty of the schedule award amount for that year.
- If the total of the eligible taxes paid by the company is less than the maximum eligible refund amount awarded, the Local Match will be reduced on a pro-rated basis. The refunded amount will not exceed the amount of eligible taxes paid by the company.

The Local Match may be eliminated under the following conditions:

- If job creation falls below 80% of the required jobs, the company will not receive a refund and will be terminated from the program.
- If the average wage falls below \$53,298, the company will not receive a refund and will be terminated from the program.

APPROPRIATION CODE AND AMOUNT:

For fiscal year 2019/20, funds are available in special program 181-99846, Economic Development - QTI. Future year funding will be allocated during the City's annual budget process.

USE OF RESERVE FUNDS:

N/A