

MEMORANDUM

Substitute
Agenda Item No. 3(B)(1)

TO: Honorable Chairman Esteban L. Bovo, Jr.
and Members, Board of County Commissioners

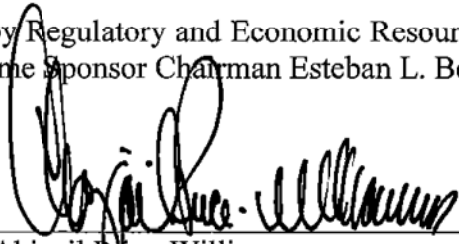
DATE: April 10, 2018

FROM: Abigail Price-Williams
County Attorney

SUBJECT: Resolution approving Confidential Project Chestnut as a Qualified Target Industry Business pursuant to section 288.106, Florida Statutes; recommending to the State of Florida an extension of the job creation schedule from three to four years; confirming that the commitments of local financial support necessary for Confidential Project Chestnut exists; and providing that local support of up to \$170,000.00 from general revenue funds will be available as local participation in the State of Florida Qualified Target Industry Tax Refund Program for Fiscal Years 2019-20 through 2026-27 inclusive, or over a period as determined by the State of Florida in its approval of Confidential Project Chestnut

This item differs from the original item as stated in the County Mayor's memorandum.

The accompanying resolution was prepared by Regulatory and Economic Resources Department and placed on the agenda at the request of Prime Sponsor Chairman Esteban L. Bovo, Jr.



Abigail Price-Williams
County Attorney

APW/cp

Memorandum



Date: April 10, 2018

To: Honorable Chairman Esteban L. Bovo, Jr.
and Members, Board of County Commissioners

From: Carlos A. Gimenez
Mayor 

Subject: Resolution Approving Qualified Target Industry Tax Refund for Confidential Project Chestnut

This item was amended at the request of The Beacon Council and this substitute item differs from the original in that: 1) the job creation schedule decreased from five (5) to four (4) years; 2) the payout schedule decreased from eight (8) to seven (7) years; 3) the general fund revenues decreased from \$217,687 to \$201,751; 4) the return on investment (ROI) decreased from \$47,687 to \$31,754; 5) the cumulative wages decreased from \$82,048,689 to \$78,335,775; 6) the cost-benefit ratio changed from 1:1.28 to 1:1.19; 7) the annual average wage changed from Miami-Dade County to the State of Florida; 8) the capital investment schedule changed from 2017-2019 to 2018-2019; 9) the job creation completion year changed from 2022 to 2021; 10) the amount of the yearly payout increased from \$21,250 to approximately \$24,286 and; 11) the application date changed from September 27, 2017 to January 31, 2018.

Recommendation

The Beacon Council, on behalf of Confidential Project Chestnut has submitted an application for economic development incentives from the State of Florida (State) and Miami-Dade County that requires approval from the Board of County Commissioners (Board). It is recommended that the Board authorize Confidential Project Chestnut to be recognized by the State as a Qualified Target Industry (QTI) business and entitled to the financial benefits afforded under the QTI Tax Refund Program. It's also recommended that the Board make available \$170,000 in matching funds from Countywide General Fund revenues. It is further recommended that the Board approve the job creation schedule over four years instead of three years as required to participate in the QTI Tax Refund Program.

Scope

Confidential Project Chestnut is a national banking association seeking to expand its headquarters in Miami-Dade County. The proposed permanent location for this project is confidential at this time, but is located in Commission District 13, which is represented by Chairman Esteban L. Bovo, Jr. When this project is fully operational, it will create 170 new full-time equivalent jobs, as defined in Section 288.106, Florida Statutes, while retaining 1,293 jobs statewide.

Fiscal Impact / Funding Source

Confidential Project Chestnut has applied for a total of \$850,000 in QTI Tax Refund Program incentives, of which 80 percent (\$680,000) would be provided by the State and 20 percent (\$170,000) is the local match to be provided by Miami-Dade County. If the accompanying resolution is approved by the Board, Miami-Dade County is committed to provide up to \$170,000 in matching funds from Countywide General Fund revenues to be paid over a seven-year period beginning in FY 2019-20. Based on the projected capital investment of \$14,400,000 in new real property, the project will generate \$201,751 (over a seven-year period) in Countywide General Fund ad valorem revenues, which results in a net positive fiscal impact of \$31,751 to the County. However, creating a net positive fiscal impact to the County's Countywide General Fund revenues is not a condition of the award.

Additionally, based on the job creation of 170 new jobs with an average salary of \$56,785, this project will generate \$78,335,775 in direct and indirect wages over the seven-year period the project is eligible for the award. This project qualifies for the high-impact job bonus of an additional \$2,000 per new job. Therefore, the incentive is based on an award of \$5,000 per new job.

The County's 20 percent local match is required when the State determines that the 170 new jobs have been created and have met the average salary threshold required in the State's QTI Tax Refund Program, according to the schedule set forth in the attached application. The disbursement schedule and the anticipated dates for job creation are subject to change at the discretion of the Florida Department of Economic Opportunity.

Track Record/Monitor

QTI funds awarded for job creation are provided on a matching basis upon the State invoicing Miami-Dade County for its 20 percent of the financial commitment for jobs created and verified by the State. The incentive amount is determined by the new jobs created and their annual salary. The State is responsible for verifying compliance with the terms of the award. Miami-Dade County's matching funds are distributed only if the applicant creates the 170 new jobs indicated in the accompanying QTI Tax Refund Program application and complies with all other conditions of the incentive program, including the 20 percent local residency requirement for new hires, pursuant to Resolution No. R-1175-16.

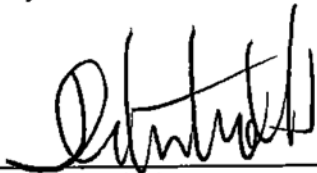
County staff requires access to the company's real estate and tangible personal property filings during the incentive period to monitor the fiscal impact to the Countywide General Fund from the QTI Tax Refund Program.

Background

Confidential Project Chestnut is expanding its national headquarters in Miami-Dade County to provide a full range of banking services to individual and corporate customers nationwide, primarily serving small and medium sized businesses. This project will lease and renovate its current facility to add additional square feet to its headquarters facility (North American Industry Classification System Code #551114). The company plans to commence construction during FY 2017-18.

Confidential Project Chestnut would employ 170 new workers, paying an average annualized salary of \$56,785, which is at least 115 percent of the average annual wage in the State of Florida. Employee benefits associated with each newly created job will be \$19,500. The value of employee benefits is not a requirement of the tax refund agreement with the State or the County's local match. Per the attached application, Enterprise Florida supports the job creation schedule over a four-year period instead of the required three years. Therefore, it is recommended that the Board approves the Job Creation Schedule which is supported by Enterprise Florida.

Project details are summarized in the attached chart.



Jack Osterholt
Deputy Mayor

Confidential Project Chestnut	
APPLICANT:	Project Chestnut
HEADQUARTERS LOCATION:	Confidential
PROPOSED LOCATION IN MIAMI-DADE COUNTY:	District 13
OTHER LOCATIONS UNDER CONSIDERATION:	New York
DATE OF QTI/TJIF APPLICATIONS:	January 31, 2018
OVERALL BUSINESS ACTIVITY/MISSION:	Banking
PROPOSED LOCAL BUSINESS ACTIVITY:	Renovation and buildout
PROPOSED CAPITAL INVESTMENT:	\$14,400,000 (Not a condition of the award)
TARGETED QUALIFIED INDUSTRY:	National Headquarters
LOCATION IN DESIGNATED PRIORITY AREA?	No
NEW BUSINESS OR EXPANDING BUSINESS:	Expanding
TOTAL NUMBER OF DIRECT JOBS TO BE CREATED/RETAINED:	170/1,293 (Statewide)
EFFORT IN HIRING RESIDENTS IN LOCAL AREA:	unknown
ANNUALIZED AVERAGE WAGES FOR NEW JOBS:	\$56,785
ANNUAL EMPLOYEE BENEFIT PACKAGE:	\$19,500 (Not a condition of incentive award)
NUMBER OF INDIRECT JOBS TO BE CREATED:	68
NUMBER OF YEARS TO CREATE NEW JOBS:	4
MAXIMUM TAX REFUND PER DIRECT JOBS:	\$5,000
MAXIMUM INCENTIVE AWARD APPLIED FOR:	\$850,000
PROJECTED INCREMENTAL COUNTY TAX REVENUE:	\$201,751
COUNTY'S MAXIMUM 20% QUALIFIED TARGET INDUSTRY AWARD:	\$170,000
STATE'S MAXIMUM 80% QUALIFIED TARGET INDUSTRY AWARD CONTRIBUTION:	\$680,000
TYPE OF FUNDS REQUESTED IN APPLICATION:	Countywide General Fund Revenues
COMMENTS: summary sheet prepared by RER from information and data provided by the Beacon Council.	




MEMORANDUM

(Revised)

TO: Honorable Chairman Esteban L. Bovo, Jr.
and Members, Board of County Commissioners

DATE: April 10, 2018

FROM:


Abigail Price-Williams
County Attorney

Substitute

SUBJECT: Agenda Item No. 3(B)(1)

Please note any items checked.

- ☐ "3-Day Rule" for committees applicable if raised
- ☐ 6 weeks required between first reading and public hearing
- ☐ 4 weeks notification to municipal officials required prior to public hearing
- ☐ Decreases revenues or increases expenditures without balancing budget
- ☐ Budget required
- ☐ Statement of fiscal impact required
- ☐ Statement of social equity required
- ☐ Ordinance creating a new board requires detailed County Mayor's report for public hearing
- ☒ No committee review
- ☐ Applicable legislation requires more than a majority vote (i.e., 2/3's ____, 3/5's ____, unanimous ____) to approve
- ☐ Current information regarding funding source, index code and available balance, and available capacity (if debt is contemplated) required

Approved _____ Mayor
Veto _____
Override _____

Substitute
Agenda Item No. 3(B)(1)
4-10-18

RESOLUTION NO. _____

RESOLUTION APPROVING CONFIDENTIAL PROJECT CHESTNUT AS A QUALIFIED TARGET INDUSTRY BUSINESS PURSUANT TO SECTION 288.106, FLORIDA STATUTES; RECOMMENDING TO THE STATE OF FLORIDA AN EXTENSION OF THE JOB CREATION SCHEDULE FROM THREE TO FOUR YEARS; CONFIRMING THAT THE COMMITMENTS OF LOCAL FINANCIAL SUPPORT NECESSARY FOR CONFIDENTIAL PROJECT CHESTNUT EXISTS; AND PROVIDING THAT LOCAL SUPPORT OF UP TO \$170,000.00 FROM GENERAL REVENUE FUNDS WILL BE AVAILABLE AS LOCAL PARTICIPATION IN THE STATE OF FLORIDA QUALIFIED TARGET INDUSTRY TAX REFUND PROGRAM FOR FISCAL YEARS 2019-20 THROUGH 2025-26 INCLUSIVE, OR OVER A PERIOD AS DETERMINED BY THE STATE OF FLORIDA IN ITS APPROVAL OF CONFIDENTIAL PROJECT CHESTNUT

WHEREAS, this board desires to accomplish the purposes outlined in the accompanying memorandum, Economic Impact Overview and General Project Overview, copies of which are incorporated herein by reference; and

WHEREAS, the Beacon Council has submitted an application for economic development incentives from the State of Florida ("State") and Miami-Dade County on behalf of Confidential Project Chestnut to be recognized by the State as a Qualified Target Industry business and entitled to the financial benefits afforded under the Qualified Target Industry Tax Refund Program ("QTI"); and

WHEREAS, Confidential Project Chestnut commits to create 170 full-time equivalent jobs, as defined in Section 288.106, Florida Statutes, in Miami-Dade County by December 31, ~~[[2022]]~~ >> 2021<<¹ with an average salary of \$56,785.00, which is at least 115 percent of ~~[[Miami-Dade County's]]~~ >> State of Florida's<< average wage; and

WHEREAS, Confidential Project Chestnut has requested an extension to create the 170 new jobs over a ~~[[five-year]]~~ >> four-year<< period instead of the required three-year period; and

WHEREAS, the extension is supported by Enterprise Florida and this Board also wishes to support such extension; and

WHEREAS, the County approved Resolution No. R-1175-16 requiring 20 percent of the jobs created on a project to be residents of Miami-Dade County as a condition of the Board adopting this resolution; and

WHEREAS, Confidential Project Chestnut has executed the Qualified Target Industry Local Jobs Commitment agreeing that 20 percent of its new hires are local residents of the County; and

WHEREAS, the tax refunds provided under the Florida Qualified Target Industry Tax Refund Program to Confidential Project Chestnut may be prorated by the State of Florida pursuant to the terms of the General Project Overview in the event that Confidential Project Chestnut creates fewer than 170 full-time equivalent jobs; and

WHEREAS, the County wishes to monitor the economic and fiscal impacts of the Qualified Target Industry Tax Refund Program in Miami-Dade County,

¹ The differences between the substitute and the original item are indicated as follows: words stricken through and/or ~~[[double bracketed]]~~ shall be deleted, words underscored and/or >> double arrowed<< constitute the amendment proposed.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that:

Section 1. This Board approves Confidential Project Chestnut as a Qualified Target Industry (“QTI”) business pursuant to Section 288.106, Florida Statutes, which created the Qualified Target Industry Tax Refund Program (“QTI Program”).

Section 2. The necessary commitment of local financial support for Confidential Project Chestnut as required under the Section 288.106, Florida Statutes, exists in an amount not to exceed \$170,000.00 from Miami-Dade County’s County-wide general funds and this local financial support will be available in the following increments:

Fiscal Year – 2019-20	[[\$21,250.00]] >> \$24,285.71 <<
Fiscal Year – 2020-21	[[\$21,250.00]] >> \$24,285.71 <<
Fiscal Year – 2021-22	[[\$21,250.00]] >> \$24,285.71 <<
Fiscal Year – 2022-23	[[\$21,250.00]] >> \$24,285.71 <<
Fiscal Year – 2023-24	[[\$21,250.00]] >> \$24,285.71 <<
Fiscal Year – 2024-25	[[\$21,250.00]] >> \$24,285.71 <<
Fiscal Year – 2025-26	[[\$21,250.00]] >> \$24,285.74 <<
[[Fiscal Year – 2026-27 \$21,250.00]]	\$170,000.00

or payable over a time period and at annual amounts as determined by the State of Florida in the approval of Confidential Project Chestnut’s application, as long as the \$170,000.00 is not exceeded with the provision that any tax abatement granted to Confidential Project Chestnut under Section 196.1995, Florida Statutes, reduces any QTI tax refund by the amount of any such abatement granted, in compliance with Section 2.88.106(6)(d), Florida Statutes; and the County’s funds will be paid to the Florida Economic Development Trust with the stipulation that these funds are intended to represent the “local financial support” required by Section 2088.106, Florida Statutes, for Confidential Project Chestnut in compliance with the QTI Program.

The necessary commitment of the local financial support shall be contingent upon Confidential Project Chestnut maintaining the jobs during the life of the incentive, demonstrating that 20 percent of new hires are local residents of the County, ensuring that its hiring practices aspire to be consistent with and reflect the diversity of the Miami-Dade County community, and providing the County with access to tax information and documents necessary to monitor economic and fiscal impacts of the designation of Confidential Project Chestnut as a QTI business.

The anticipated dates for the job creation and disbursement of the incentive awards are subject to change at the discretion of the Florida Department of Economic Opportunity. However, the County's 20 percent local match will not exceed \$170,000.00.

Section 3. This Board approves the Job Creation Schedule over a ~~[[five-year]]~~
>> four-year << period instead of the required three-year period.

The foregoing resolution was offered by Commissioner ,
who moved its adoption. The motion was seconded by Commissioner
and upon being put to a vote, the vote was as follows:

Esteban L. Bovo, Jr., Chairman	
Audrey M. Edmonson, Vice Chairwoman	
Bruno A. Barreiro	Daniella Levine Cava
Jose "Pepc" Diaz	Sally A. Heyman
Barbara J. Jordan	Joe A. Martinez
Jean Monestime	Dennis C. Moss
Rebeca Sosa	Sen. Javier D. Souto
Xavier L. Suarez	

The Chairperson thereupon declared the resolution duly passed and adopted this 10th day of April, 2018. This resolution shall become effective upon the earlier of (1) 10 days after the date of its adoption unless vetoed by the County Mayor, and if vetoed, shall become effective only upon an override by this Board, or (2) approval by the County Mayor of this Resolution and the filing of this approval with the Clerk of the Board.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By: _____
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency.

