

ST. PETERSBURG CITY COUNCIL
Meeting of June 4, 2009

TO: The Honorable Jeff Danner, Chair, and Members of City Council

SUBJECT: A resolution recommending that Project A9031245830 (“Project”), a management services headquarters company, be approved as a Qualified Target Industry Business pursuant to Section 288.106, Florida Statutes; finding that the commitments of local financial support necessary for the Project exist; committing \$85,000 as the City’s share of the local financial support for the Project under the Tax Refund Program for Qualified Target Industry Businesses to be paid to the Florida Economic Development Trust Fund, subject to appropriation and conditioned on the Project meeting statutory requirements; authorizing the Mayor, or his designee, to execute all documents necessary to effectuate this resolution; and providing an effective date.

EXPLANATION: The Qualified Target Industry (“QTI”) Tax Refund Program (“Program”) is an incentive program administered through the State of Florida that allows Florida communities to encourage quality job growth in targeted high value-added businesses. The program provides tax refunds per new job created by new or expanding businesses in targeted industries or a corporate headquarters. The amount of the tax refund per job is cumulative as follows: \$3,000 per new job created above 115% of the average Pinellas County wage; \$1,000 per new job above 150% of the average wage; \$2,000 per new job above 200% of the average wage; \$3,000 per new job in an Enterprise Zone; and a bonus of \$2,500 per job if located in a state designated Brownfield for a maximum potential of \$10,500 per job created. The business must submit an application to the State of Florida and demonstrate that the tax refund is necessary for it to locate or expand in the community. The governing board of the municipality in which the applicant will be located must provide a resolution recommending approval of the project as a QTI Project and stating that the commitments of local financial support necessary for the target industry business exist.

This Project has filed a QTI Program application with the State of Florida, Pinellas County, and the City of St. Petersburg, and has requested confidentiality under Florida Statute 288.075. The Project is a new business entity formed by a group of principals with extensive business experience. The new company is engaged in management services and seeks to make downtown St. Petersburg its international corporate headquarters. The Project will create 100 full time positions, over a three year period, with an annual average salary of \$45,000 per year, in addition to an estimated benefit package of \$6,000 per job. When all jobs are created, this will represent an annual payroll of \$4.5 million dollars.

The tax refund requested by the Project is based on a Program award of \$8,500 per job for the 100 new jobs, or a total award of \$850,000. The \$8,500 per job refund is based on \$3,000 per job created above 115% of the average wage, plus \$3,000 per job created within the City’s Enterprise Zone, and \$2,500 per job created within the city’s Brownfield area. The QTI Program requires a local match of 20% of the total award, or \$170,000. The City would be responsible for providing 50% of the local match or a maximum of \$85,000. Pinellas County is willing to accept financial responsibility for the other 50% of the required local match (\$85,000) and passed a Resolution of support on May 19, 2009.

The QTI tax refund amount is *reimbursed* to the business by the State of Florida, only after the company has documented the required job creation and state tax payments made. If the Project does not generate sufficient tax revenues or falls short of its employment creation requirements, the refund will be reduced and the City’s share will also be reduced on a pro rata basis.

It is estimated that the City's \$85,000 investment would be returned by year six of the payout schedule through increased non ad valorem revenues, including utility taxes and franchise fees as shown on the table below. It should be noted that the following payout schedule is a conservative estimate in that it assumes that the new company will occupy existing office space, and that there will be no increase in property taxes resulting therefrom.

6 Year City Payout/Revenue Schedule				
Year	Annual Payouts	Annual Non Ad Valorem Tax Revenue	Cumulative Payouts	Cumulative Revenue
2010	\$5,313	\$4,011	\$5,313	\$4,011
2011	\$10,625	\$5,194	\$15,938	\$9,205
2012	\$21,250	\$22,217	\$37,188	\$31,422
2013	\$21,250	\$22,217	\$58,438	\$53,639
2014	\$15,938	\$22,217	\$74,376	\$75,856
2015	\$10,624	\$22,217	\$85,000	\$98,073
6 Year Total =	\$85,000	\$98,073	\$85,000	\$98,073

Source: Economic Development Department

In addition to direct revenue benefits of the Project, indirect benefits would also be realized, including projected capital investment of \$3.7 million, absorption of existing vacant office space, and additional spending in services and retail trade. Pinellas County's Economic Impact Analysis shows that the direct and indirect earnings impact of the creation of 100 new jobs in St. Petersburg's downtown is \$7.674 million annually. Thus, if approved, the City's \$85,000 tax refund, which will be recovered over six years, will leverage over \$7 million annually in new earnings, resulting from the projected 100 new jobs that will be created.

RECOMMENDATION: Administration recommends that City Council adopt the attached resolution recommending that Project A9031245830 (Project") a management services headquarters company, be approved as a Qualified Target Industry Business pursuant to Section 288.106, Florida Statutes; finding that the commitments of local financial support necessary for the Project exist; committing \$85,000 as the City's share of the local financial support for the Project under the Tax Refund Program for Qualified Target Industry Businesses to be paid to the Florida Economic Development Trust Fund, subject to appropriation and conditioned on the Project meeting statutory requirements; authorizing the Mayor, or his designee, to execute all documents necessary to effectuate this resolution; and providing an effective date.

COST/FUNDING/ASSESSMENT INFORMATION: Funding for this item will be required beginning in State FY 2010. Funding will be provided subject to annual appropriation and conditioned on the Project meeting statutory requirements.

ATTACHMENTS: Resolution

APPROVALS: Administrative:

R. M. [Signature] 5-21-09 *09*

 Budget: *[Signature]*

 Legal: *[Signature]*

RESOLUTION NO. 2009 - _____

A RESOLUTION RECOMMENDING THAT PROJECT A9031245830 ("PROJECT"), A MANAGEMENT SERVICES HEADQUARTERS COMPANY BE APPROVED AS A QUALIFIED TARGET INDUSTRY BUSINESS PURSUANT TO SECTION 288.106, FLORIDA STATUTES; FINDING THAT THE COMMITMENTS OF LOCAL FINANCIAL SUPPORT NECESSARY FOR THE PROJECT EXIST; COMMITTING \$85,000 AS THE CITY'S SHARE OF THE LOCAL FINANCIAL SUPPORT FOR THE PROJECT UNDER THE TAX REFUND PROGRAM FOR QUALIFIED TARGET INDUSTRY BUSINESSES TO BE PAID TO THE FLORIDA ECONOMIC DEVELOPMENT TRUST FUND, SUBJECT TO APPROPRIATION AND CONDITIONED ON THE PROJECT MEETING STATUTORY REQUIREMENTS; AUTHORIZING THE MAYOR, OR HIS DESIGNEE, TO EXECUTE ALL DOCUMENTS NECESSARY TO EFFECTUATE THIS RESOLUTION; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Project A9031245830 ("Project"), a management services headquarters company is a target industry business, as defined in Section 288.106, Florida Statutes; and

WHEREAS, the Project will benefit the City of St. Petersburg by creating 100 new jobs that pay at least 115% of the average annual wage for Pinellas County, and cause an estimated capital investment of \$ 3.7 million; and

WHEREAS, the Project has applied to the State of Florida's Qualified Target Industry Tax Refund Program ("Program") for a tax refund of \$850,000 to complete this plan; and

WHEREAS, under the Program the local community must provide 20% of the funding for the tax refund; and

WHEREAS, Pinellas County is willing to accept financial responsibility for 50% of the local funds required.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of St. Petersburg, Florida, that this Council hereby recommends that Project A9031245830, a management services headquarters company, be approved as a Qualified Target Industry Business pursuant to Section 288.106 of the Florida Statutes; and

BE IT FURTHER RESOLVED, that this City Council finds that the commitments of local financial support necessary for Project A9031245830 exist and commits \$85,000 as the City share of the Local Financial Support for Project A9031245830 beginning in State FY 2010, under the Tax Refund Program for Qualified Target Industry Businesses, to be paid to the Florida Economic Development Trust Fund, subject to annual appropriations, and conditioned on Project A9031245830 meeting all statutory requirements; and

BE IT FURTHER RESOLVED, that the obligations of the City as to any funding required pursuant to this Resolution, shall be limited to an obligation in any given year to budget, appropriate and pay from legally available funds, after monies for essential City services have been budgeted and appropriated, sufficient monies for the funding that is required during that year; and


BE IT FURTHER RESOLVED, that notwithstanding the foregoing, the City shall not be prohibited from pledging any legally available non-ad valorem revenues for any obligations heretofore or hereafter incurred, which pledge shall be prior and superior to any obligation of the City pursuant to this Resolution; and

BE IT FURTHER RESOLVED, that the Mayor, or his designee, is authorized to execute all documents necessary to effectuate this resolution.

This Resolution shall become effective immediately upon its adoption.

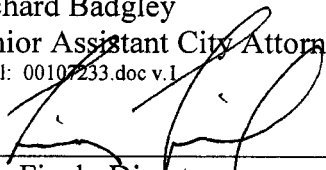
Approvals:

Legal:



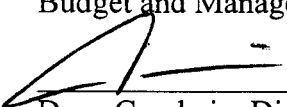
Richard Badgley
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Budget:



Tim Finch, Director
Budget and Management

Administration:



Dave Goodwin, Director
Economic Development