



**CITY OF FORT LAUDERDALE
City Commission Agenda Memo
REGULAR MEETING**

#19-0609

TO: Honorable Mayor & Members of the
Fort Lauderdale City Commission

FROM: Chris Lagerbloom, ICMA-CM, City Manager

DATE: July 9, 2019

TITLE: Resolution Approving an Amended Job Creation Schedule for Project
Sandy, a Florida Qualified Target Industry Business (QTI) - **(Commission
District 3)**

Recommendation

It is recommended that the City Commission adopt a resolution approving an amended job creation schedule for Project Sandy, a Florida Qualified Target Industry (QTI) pursuant to Section 288.106, Florida Statutes, and providing funds are available as local financial support through the QTI program.

Background

Project Sandy has revised their QTI application. This revision includes a change to their job creation schedule and a reduction in the number of manufacturing jobs being created. If this revision is approved, Project Sandy would begin its hiring expansion in 2020, with 2021 as the first year they would be eligible for a QTI incentive payment.

On December 18, 2018, the Fort Lauderdale City Commission approved the City's 20% local match for the Project Sandy QTI incentive award. The project and its QTI incentive award were described in Commission Agenda Memo 18-1315 (attached as Exhibit 1) and are restated below. Based on the original project application job creation and the number of manufacturing jobs within those new jobs, Project Sandy qualified for the Qualified Target Industry Tax Refund Program, with a High Impact Performance Incentive (HIPI) bonus, which would have resulted in an incentive of \$5,000 per new job created – a total incentive not to exceed \$100,000 and a City local match not to exceed \$20,000. This HIPI incentive included a \$2,000 per new job bonus in addition to the \$3,000 per new job QTI standard incentive for a total of \$5,000. Therefore, this Resolution will also reduce the incentive per each job created to the base incentive of \$3,000. This original application and our approved local match were not submitted for a QTI contract.

Project Sandy is the expansion of an international market leader in the design and manufacturing of marine equipment, including special applications for passenger and merchant ships, navy/military ships, and offshore and mega/giga-yachts. The company currently has an office on the US east coast and is planning to expand their US operation by establishing a permanent US headquarters in Fort Lauderdale.

By establishing Fort Lauderdale as their Corporate Headquarters, Project Sandy represents an opportunity to secure the expansion of an international marine equipment manufacturing operation that will aid the City of Fort Lauderdale to remain competitive in both domestic and international markets. The direct economic impact created by the 20 high-skill/high-wage jobs with an average wage of \$55,990 (115% of the private sector average wage in Broward County) over the next three (3) years will create a chain reaction of direct and indirect spending that will greatly benefit our local, regional and state economies. Based on the revised application of the project, Project Sandy qualifies for \$3,000 per net new job created. Project Sandy is a joint effort between the State of Florida, the Greater Fort Lauderdale Alliance, and the City of Fort Lauderdale. The total QTI incentive award will not exceed \$60,000, of which the State of Florida would provide 80%, not to exceed \$48,000, and the City of Fort Lauderdale would provide 20%, not to exceed \$12,000. The award will be paid annually, in amounts not to exceed the values depicted in the revised funding analysis attached as Exhibit 2. The City's share of the QTI award in the first year (FY2020/21) is estimated to be \$1,500.00.

Highlights of the incentive award:

- Project Sandy will create a minimum of 20 high-skill/high-wage jobs with an average wage of \$55,990 (115% of the private sector average wage in Broward County).
- Secures a conservatively estimated capital investment of \$9.85 million for initial property purchase, build out and the purchase of office equipment and furniture.
- Ensures the project would not be lost to a competitor state or country, namely the Seattle area.
- Demonstrates that the City of Fort Lauderdale and the State of Florida are committed to facilitating employment opportunities within new and existing industries.
- Project Sandy will further enhance the City of Fort Lauderdale's reputation as a desirable destination for Headquarter locations for manufacturing.

Resource Impact

There is no budgetary impact for this Fiscal Year associated with this action. Funding for Fiscal Year 2021/22 through Fiscal Year 2026/27 is subject to approval and appropriation of the annual operating budget.

Strategic Connections

This item is a *Press Play Fort Lauderdale Strategic Plan 2018* initiative, included within the Business Development Cylinder of Excellence, specifically advancing:

- Goal 7: Be a well-positioned City within the global economic and tourism markets of the South Florida region, leveraging our airports, port, and rail connections.
- Objective 1: Define, cultivate, and attract targeted and emerging industries.
- Strategic Initiative 3: Work with partners to implement a City Economic Development Strategy that will include an Economic Development Profile Report, Entrepreneurial Development and Empowerment Strategy, and a Targeted Industry Growth Strategy

This item advances the *Fast Forward Fort Lauderdale 2035 Vision Plan*: We are Prosperous.

Attachments

Exhibit 1 – Commission Agenda Memo 18-1315

Exhibit 2 – Revised Funding Analysis

Exhibit 3 – Resolution

Prepared by: Michael Chen, Economic & Business Development Manager, Department of Sustainable Development

Department Director: Anthony Greg Fajardo, Sustainable Development