



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

#19-0707

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

FROM: Chris Lagerbloom, ICMA-CM, City Manager

DATE: August 20, 2019

TITLE: Resolution Approving an Amended Job Creation Schedule for KEMET Corporation (Project Ace), a Florida Qualified Target Industry Business –
(Commission District 2)

Recommendation

It is recommended that the City Commission adopt a resolution approving an amended job creation schedule for KEMET Corporation, 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

KEMET Corporation (Project Ace) has sent a letter, dated June 27, 2019, to the Florida Department of Economic Opportunity requesting to delay the date of the job creation schedule of its original QTI contract for an additional year. This would change the date of the original request from FY2019/20 to FY2020/21. Since the local match was comprised of 10% from the City of Fort Lauderdale and 10% from Broward County, this change requires approval from both the City Commission and the County Commission. The Broward economic development office is preparing an amendment for the Broward Commission. If KEMET Corporation's request is granted, it would begin hiring expansion in FY2019, with FY2020 as the first year KEMET Corporation would be eligible for a QTI incentive payment.

On May 16, 2017, the City Commission approved the City's 10% local match for the KEMET Corporation (Project Ace) QTI incentive award. The project and QTI incentive award were described in Commission Agenda Memo 17-0572 (Exhibit 1), approved under Resolution 17-101 (Exhibit 2), and are restated below. Based on the project application and the City's and County's approval of the local match, the Florida Department of Economic Opportunity (DEO) approved KEMET Corporation for the Qualified Target Industry Tax Refund Program. In the original application, KEMET Corporation committed to start its hiring expansion in 2018, with their first year of benefits beginning in FY2019/20.

KEMET Corporation is a supplier of electronic components used in communication

systems, data processing equipment, personal computers, cellular phones, automotive electronic systems, defense/aerospace systems, consumer electronics, and other electronic devices/systems. KEMET Corporation has sales offices and distribution centers around the world and will provide an opportunity to support the relocation of a successful technology services company to Fort Lauderdale and serves as a validation to the City's economic development strategy.

The incentive award for KEMET Corporation was a joint effort between the State of Florida, Greater Fort Lauderdale Alliance, Broward County, and the City of Fort Lauderdale. The total QTI incentive award is \$600,000, of which the State of Florida will provide 80% (\$480,000), Broward County will provide 10% (\$60,000), and the City will provide 10% (\$60,000), paid annually over a period of six years. The City's share of the QTI award in the first year (FY2020/21) is estimated to be \$9,750.00. To review the award in more detail please refer to the revised funding analysis attached as Exhibit 3.

Highlights of the incentive award:

- Validates the City of Fort Lauderdale and the State of Florida's commitment to facilitating employment opportunities within new and existing industries in the Transportation Services sector.
- Creates 100 high skill/high wage jobs with an average annual wage of \$71,789 (150% of the private sector average wage in Broward County).
- Secures an estimated capital investment of approximately \$3.1 million to establish their office.
- Enhances the City's reputation as a desirable destination for business headquarters.

Resource Impact

There is no budgetary impact for this Fiscal Year associated with this action. Funding for Fiscal Year 2020/21 through Fiscal Year 2025/26 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.

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

Attachments

Exhibit 1 – Commission Agenda Memo 17-0572

Exhibit 2 – Resolution 17-101

Exhibit 3 – Revised Funding Analysis
Exhibit 4 – Resolution

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

Department Director: Anthony Greg Fajardo, Sustainable Development