



City of Deltona

**CITY COMMISSION WORKSHOP
MONDAY, MARCH 25, 2013
6:30 P.M.**

Mayor
John Masiarczyk

Vice Mayor
Zenaida Denizac
District 1

Commissioners:

Webster Barnaby
District 2

Heidi Herzberg
District 3

Nancy Schleicher
District 4

Fred Lowry
District 5

Chris Nabicht
District 6

Acting City Manager
Dave Denny

**2ND FLR CONFERENCE ROOM
2345 PROVIDENCE BLVD.
DELTONA, FLORIDA**

AGENDA

- 1. CALL TO ORDER:**
- 2. ROLL CALL – CITY CLERK:**
- 3. BUSINESS:**
 - A. Discussion re: Economic Development Incentives and Enterprise Zones.**
 - B. Discussion of Economic Development Issues: INCENTIVES.**
- 4. PUBLIC COMMENTS- Citizen comments limited to items on the agenda (4 minute maximum length per speaker)**
- 5. ADJOURNMENT:**

NOTE: If any person decides to appeal any decision made by the City Commission with respect to any matter considered at this meeting or hearing, he/she will need a record of the proceedings, and for such purpose he/she may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based (F.S. 286.0105).

Individuals with disabilities needing assistance to participate in any of these proceedings should contact the City Clerk, Joyce Raftery 48 hours in advance of the meeting date and time at (386) 878-8500.



AGENDA MEMO

TO: Mayor & City Commission **AGENDA DATE:** 3/25/2013
FROM: William "Dave" Denny, Acting City Manager **AGENDA ITEM:** 3 - A
SUBJECT: Discussion re: Economic Development Incentives and Enterprise Zones.

LOCATION:

2nd Floor Conference Room

BACKGROUND:

In October 2012, Jerry Mayes, Sheri Sallade and Cheryl Atkins looked into the possibility of the City of Deltona applying for and creating an Enterprise Zone. Staff looked into the program, the incentives available, and the application process. They found that the program and application deadline was (and is each year) December 31. Staff decided at that point they would not be able to accomplish the task by the deadline for 2012 and put it on their calendars to complete in 2013.

Mr. Mayes spoke with Representative David Santiago in January and he indicated to Mr. Mayes that he would be supportive of the City of Deltona entering into the Enterprise Zone application process. Representative Santiago attended the Commission Workshop of February 25, 2013 expressing his eagerness for Deltona to pursue the process as quickly as possible.

To this end staff has created the attached power point presentation to educate the Commissioners and Citizens of the application process, and the rights and responsibilities that go along with the creation of an Enterprise Zone.

ORIGINATING DEPARTMENT:

City Manager's Office

SOURCE OF FUNDS:

General Funds Economic Development Incentive Reserve

COST:

TBD

REVIEWED BY:

Economic Development Manager, Grants Coordinator, Acting City Manager

**STAFF
RECOMMENDATION
PRESENTED BY:**

N/A - For discussion and direction to staff as necessary.

**POTENTIAL
MOTION:**

N/A - For discussion and direction to staff as necessary.

**AGENDA ITEM
APPROVED BY:**

William "Dave" Denny, Acting City
Manager

ATTACHMENTS:

- Enterprise Zone - PowerPoint Presentation

FLORIDA STATUTE -
CHAPTER 290
URBAN REDEVELOPMENT

A.K.A. Florida Enterprise
Zone Act

Objective of Enterprise Zones (EZs)

To assist local communities, their residents, and the private sector to induce the investment of private resources in productive business enterprises located in severely distressed areas and to provide jobs for residents of such areas.

The Plan:

The State will seek to provide appropriate investments, tax benefits, and regulatory relief of sufficient importance to encourage the business community to commit its financial participation.

State incentives available in enterprise zones

The following incentives are provided by the state to encourage the revitalization of enterprise zones:

- The enterprise zone jobs credit.
- The enterprise zone property tax credit.
- The community contribution tax credits.
- The sales tax exemption for building materials used in the rehabilitation of real property in enterprise zones.
- The sales tax exemption for business equipment used in an enterprise zone.
- The sales tax exemption for electrical energy used in an enterprise zone.
- The enterprise zone jobs credit against the sales tax.
- Notwithstanding any law to the contrary, the Public Service Commission may allow public utilities and telecommunications companies to grant discounts of up to 50 percent on tariffed rates for services to small businesses located in an enterprise zone. Such discounts may be granted for a period not to exceed 5 years.

Staff Tasks (if directed to proceed):

- Create a Strategic Plan (1-2 month process).
- Have plan reviewed and approved by P&Z Board (1 month process).
- Hold a Public Hearing during first reading of Resolution adopting the Strategic Plan and creating an Economic Zone Development Agency (EZDA) (up to 1 month process).
- Send Resolution, Adopted Strategic Plan and Application for Enterprise Zone to Legislature Representative, David Santiago.
- Legislature approves or denies application.

The EZ Attributes:

- Exhibit extreme and unacceptable levels of poverty, unemployment, physical deterioration, and economic disinvestment;
- The revitalization will occur only if the private sector can be induced to invest by:
 - (a) Creating an enterprise zone development agency
 - (b) Creating and adopting a strategic plan
- The governing body of the county shall nominate all enterprise zones within the county.
- A municipality may not have more than one enterprise zone.
- The area must meet the following criteria:
 - (a) Does not exceed 10 square miles.
 - (b) May not have more than three noncontiguous parcels
 - (c) Suffers from poverty, unemployment and general distress
 - (d) Greatest extent possible should follow census tract blocks

The Enterprise Zone Development Agency (Agency)

The Agency must consists of:

- 8-13 members (staggered terms by statute)
- No compensation for service
- A majority of members present constitutes quorum
- Action may be taken by the agency upon a vote of a majority of the members present,
- City Commission designates chair and vice chair

The EZDA's Job:

- To assist in the development, implementation, and annual review and update of the strategic plan or measurable goals.
- To make quarterly reports to the Commission, evaluating the progress in implementing the strategic plan and measurable goals.
- To identify and recommend to the Commission, ways to remove regulatory barriers.
- To identify to the Commission the financial needs of eligible businesses in the zone.
- To assist in promoting the enterprise zone incentives to residents and businesses within the enterprise zone.
- To recommend boundary changes, as appropriate, in the enterprise zone.
- To work with organizations affiliated with Florida Agricultural and Mechanical University, the University of Florida, and the University of South Florida, a group of universities unofficially named the "University Partnership for Community Development," or similar organizations that have combined their resources to provide development consulting on a nonprofit basis.
- To work with the department and Enterprise Florida, Inc., to ensure that the enterprise zone coordinator receives training on an annual basis.

The City Commission shall have the following powers and responsibilities (that they may delegate to the Agency as they desire):

- To review, process, and certify applications for state enterprise zone tax incentives.
- To provide assistance to businesses and residents within the enterprise zone.
- To promote the development of the enterprise zone and incentives.
- To borrow and apply for and accept advances, loans, grants, contributions, and any other form of financial assistance from the Federal Government or the state, county, or other public body or from any sources, public or private, for the purposes of this act.
- To appropriate such funds and make such expenditures as are necessary to carry out the purposes of this act.
- To make and execute contracts and other instruments necessary or convenient to the exercise of its powers under this section.

Before December 1 of each year, the Agency shall submit to the City Commission a complete and detailed written report setting forth:

- Its operations and accomplishments during the fiscal year.
- The accomplishments and progress concerning the implementation of the strategic plan or measurable goals, and any updates to the strategic plan or measurable goals.
- The number and type of businesses assisted by the agency during the fiscal year.
- The number of jobs created within the enterprise zone during the fiscal year.
- The usage and revenue impact of state and local incentives granted during the calendar year (for reporting to the Federal and State Income taxing authorities).
- Any other information required by the Department of Economic Opportunity.



AGENDA MEMO

TO: Mayor & City Commission

AGENDA DATE: 3/25/2013

FROM: William "Dave" Denny, Acting City Manager

AGENDA ITEM: 3 - B

SUBJECT: Discussion of Economic Development Issues: INCENTIVES.

LOCATION:

Citywide

BACKGROUND:

There has been quite a bit of discussion and controversy (mainly in the Orlando press) regarding the use of incentives. If the economic development playing field was flat and no one was utilizing incentives, then we wouldn't have to deal with these issues. Still, business recruitment and expansion now utilize incentive packages as a part of their location/site search.

The use of incentives to enhance economic development needs to be agile and responsive. In an effort to allow that quickness to manifest itself in Deltona's incentive responses, on September 4, 2012, the Deltona City Commission, by resolution, reserved \$1 million for economic development/job creation incentives and \$1 million for infrastructure assistance to induce companies and businesses to develop within the City of Deltona. Each project request is reviewed individually toward acceptance within this program.

The \$1 million budget set aside for job creation will be a results-driven incentive program that pays only for actual performance, not promises. This is achieved through incentives based on the prospect's actual annual payroll, dependent upon:

- Number of jobs;
- Average wage of the jobs; and
- Benefits must be offered.

This will be a living/working document. It will change, since every potential recruitment deal is unique. However, this will give us a basis to work from at the time a recruitment/expansion transaction arises without having to start development at that beginning point.

ORIGINATING DEPARTMENT:

City Manager's Office

SOURCE OF FUNDS:

N/A

COST:

N/A

REVIEWED BY:

Economic Development Manager, Acting City Manager

STAFF RECOMMENDATION PRESENTED BY:

N/A - For discussion and direction to staff as necessary.

POTENTIAL MOTION:

N/A - For discussion and direction to staff as necessary.

AGENDA ITEM APPROVED BY:

William "Dave" Denny, Acting City Manager

ATTACHMENTS:

- Power Point and Incentive Matrix
- PowerPoint on Incentives

**CITY OF DELTONA
RECRUITMENT INCENTIVE PROGRAM**

	AVERAGE WAGE	NEW-TO-FLORIDA JOBS CREATED									
		3	5	7	10	20	30	40	50	60	
TIER A - 1%	BELOW AVG WAGE	\$ 16,203	48,610	81,016	113,422	162,032	324,064	486,096	648,128	810,160	972,192
	Resident		486	810	1,134	1,620	3,241	4,861	6,481	8,102	9,722
	Non-Resident		292	486	681	972	1,944	2,917	3,889	4,861	5,833
	AVG WAGE	\$ 32,482	97,446	162,410	227,374	324,820	649,640	974,460	1,299,280	1,624,100	1,948,920
	Resident		974	1,624	2,274	3,248	6,496	9,745	12,993	16,241	19,489
	Non-Resident		585	974	1,364	1,949	3,898	5,847	7,796	9,745	11,694
TIER B - 1.5%	115% ABOVE AVG WAGE	\$ 37,354	112,062	186,770	261,478	373,540	747,080	1,120,620	1,494,160	1,867,700	2,241,240
	Resident		1,681	2,802	3,922	5,603	11,206	16,809	22,412	28,016	33,619
	Non-Resident		1,009	1,681	2,353	3,362	6,724	10,086	13,447	16,809	20,171
TIER C - 2%	150% ABOVE AVG WAGE	\$ 48,723	146,169	243,615	341,061	487,230	974,460	1,461,690	1,948,920	2,436,150	2,923,380
	Resident		2,923	4,872	6,821	9,745	19,489	29,234	38,978	48,723	58,468
	Non-Resident		1,754	2,923	4,093	5,847	11,694	17,540	23,387	29,234	35,081
	200% ABOVE AVG WAGE	\$ 64,964	194,892	324,820	454,748	649,640	1,299,280	1,948,920	2,598,560	3,248,200	3,897,840
	Resident		3,898	6,496	9,095	12,993	25,986	38,978	51,971	64,964	77,957
	Non-Resident		2,339	3,898	5,457	7,796	15,591	23,387	31,183	38,978	46,774

LEGEND:

CAP: \$100,000/project

Payout Schedule: \$10,000/year

Payment is based on continual operation of the company.

If payroll decreases, payment will be adjusted accordingly.

How many jobs must be added the following year to receive additional incentives?

To qualify for the full amount, must the company employ ALL residents, or a specified percentage? 51%

**CITY OF DELTONA
RECRUITMENT INCENTIVE PROGRAM**

TIER A: Based on 1% of annualized payroll, capped at \$15,000 per year, payable up to \$100,000 per project

TIER A

Figures highlighted in red indicate maximum amount of payout per year

	AVERAGE WAGE	NEW-TO-DELTONA JOBS CREATED									
		3	5	7	10	20	30	40	50	60	
BELOW AVG WAGE	\$ 16,203	48,610	81,016	113,422	162,032	324,064	486,096	648,128	810,160	972,192	
Resident		486	810	1,134	1,620	3,241	4,861	6,481	8,102	9,722	
Non-Resident		292	486	681	972	1,944	2,917	3,889	4,861	5,833	
AVG WAGE	\$ 32,482	97,446	162,410	227,374	324,820	649,640	974,460	1,299,280	1,624,100	1,948,920	
Resident		974	1,624	2,274	3,248	6,496	9,745	12,993	16,241	19,489	
Non-Resident		585	974	1,364	1,949	3,898	5,847	7,796	9,745	11,694	

TIER B: Based on a rate of \$750.00 per job for resident new-hires/\$450 per job for nonresidents, capped at \$25,000 per year, payable up to \$100,000 per project.

TIER B

Figures highlighted in red indicate maximum amount of payout per year

	AVERAGE WAGE	NEW-TO-DELTONA JOBS CREATED									
		3	5	7	10	20	30	40	50	60	
115% ABOVE AVG WAGE	\$ 37,354	112,062	186,770	261,478	373,540	747,080	1,120,620	1,494,160	1,867,700	2,241,240	
Resident	\$ 750	2,250	3,750	5,250	7,500	15,000	22,500				
Non-Resident	\$ 450	1,350	2,250	3,150	4,500	9,000	13,500	18,000	22,500		

TIER C: Based on a rate of \$1250.00 per job for resident new-hires/\$750 per job nonresidents, capped at \$35,000 per year, payable up to \$140,000 per project.

TIER C

Figures highlighted in red indicate maximum amount of payout per year

	AVERAGE WAGE	NEW-TO-DELTONA JOBS CREATED									
		3	5	7	10	20	30	40	50	60	
150% ABOVE AVG WAGE	\$ 48,723	146,169	243,615	341,061	487,230	974,460	1,461,690	1,948,920	2,436,150	2,923,380	
Resident	\$ 1,250	3,750	6,250	8,750	12,500	25,000	37,500				
Non-Resident	\$ 750	2,250	3,750	5,250	7,500	15,000	22,500	30,000	37,500		

	AVERAGE WAGE	NEW-TO-DELTONA JOBS CREATED									
		3	5	7	10	20	30	40	50	60	
200% ABOVE AVG WAGE	\$ 64,964	194,892	324,820	454,748	649,640	1,299,280	1,948,920	2,598,560	3,248,200	3,897,840	
Resident	\$ 1,250	3,750	6,250	8,750	12,500	25,000	37,500				
Non-Resident	\$ 750	2,250	3,750	5,250	7,500	15,000	22,500	30,000	37,500		

City of Deltona

Incentives Workshop

March 25, 2013

Why Incentives?

Incentives...

- ✓ ...enhance the City's competitiveness
- ✓ ...are "tie breakers"
- ✓ ...help achieve economic and social goals
- ✓ ...are an investment in the community

State and Local Incentive Programs

Enterprise Zone

Brownfields

Economic Development Incentives

Infrastructure

State of Florida Enterprise Zone Program

to be presented by
Cheryl Atkins

State of Florida / City of Deltona Brownfields Program

“Deltona Boulevard Economic Development Zone”

Property identified along Deltona Boulevard which has been determined by the State of Florida to be complicated by actual or perceived environmental contamination, therefore qualifying for incentives as a result of the expansion, redevelopment or reuse of the property.

- ✓ State tax relief up to \$2,000 per job
- ✓ City of Deltona incentives up to \$500 per job (optional)

Total of up to \$2,500 per job if proper criteria is met

City of Deltona Resolution

\$2 Million

Economic Development Incentives
Economic Development Infrastructure Fund

Incentive Plan TIER A

Incentives are awarded based on the following criteria:

- ✓ Employee Benefits must be provided
- ✓ Incentive is calculated based on 1% of annualized payroll for Deltona resident employees
(Award is reduced by 40% for non-Deltona-resident employees)
- ✓ Incentive is capped at \$15,000 per year
- ✓ Incentive is payable up to \$100,000 per project

Incentive Plan TIER B

Incentives are awarded based on the following criteria:

- ✓ Employee Benefits must be provided
- ✓ Number of employees calculated over a twelve-month period, excluding the highest and lowest months of employment, then average the remaining ten months
- ✓ \$750 per job
(Award is reduced by 40% for non-Deltona-resident employees)
- ✓ Incentive is capped at \$25,000 per year
- ✓ Incentive is payable up to \$100,000 per project

Incentive Plan TIER C

Incentives are awarded based on the following criteria:

- ✓ Employee Benefits must be provided
- ✓ Number of employees calculated over a twelve-month period, excluding the highest and lowest months of employment, then average the remaining ten months
- ✓ \$1,250 per job
(Award is reduced by 40% for non-Deltona-resident employees)
- ✓ Incentive is capped at \$35,000 per year
- ✓ Incentive is payable up to \$140,000 per project