

FLAGLER COUNTY BOARD OF COUNTY COMMISSIONERS
GENERAL BUSINESS / AGENDA ITEM # 8a

SUBJECT: Consideration of the Economic Development Grant Incentive Program Agreement between Flagler County and Gioia Sails South (Project GS2) for a Performance-Based New Construction Incentive Not-to-Exceed \$90,000.

DATE OF MEETING: December 19, 2016

OVERVIEW/SUMMARY: Staff is requesting that the Board of County Commissioners approve an Economic Development Grant Incentive Program Agreement between the County and Gioia Sails South, aka Project GS2, for a performance-based new construction incentive in the amount of \$90,000 that would be payable over ten (10) years. The company moved to Flagler County in 2013, currently owns their facility at 5 Hargrove Grade in Palm Coast, and employs 43 full time employees. Gioia Sails South is experiencing substantial growth and can no longer operate in its current footprint. While the company searched for existing facilities in Flagler County, they determined none were available that met their needs. Options for growth were limited to either relocation outside of the Flagler County or new construction within the County. A site in Palm Coast has been identified for a new facility to be constructed. Constructing a new facility will require an investment of approximately \$2.8M. This will also allow for the creation of another 10 jobs, resulting in 53 full time employees. The Agreement is structured as a performance-based incentive, requiring that the company purchase the land, construct a new 20,000s.f. facility and obtain a Certificate of Occupancy to become eligible for any incentives. Additionally, each year the company must demonstrate that it has met the required objectives before the associated incentive funds are disbursed.

A subsidiary of Gioia Sails, a family-owned and operated business since 1966, Gioia Sails South LLC provides a full menu of boat and yacht canvas, interior, furniture and enclosure solutions for OEM Manufacturers as well as individual owners of any type of marine vessels. The company has decades of experience manufacturing marine components for yacht makers like SeaRay, Regal, and The Luhrs Marine Group brands. The company implements the latest technology and techniques to provide the utmost quality and customer satisfaction.

Below is the Annual Incentive Cost Table, reflecting the anticipated annual disbursements from 2018 through 2027.

Year	New Construction Incentive
2018	\$ 15,000
2019	\$ 15,000
2020	\$ 12,000
2021	\$ 12,000
2022	\$ 9,000
2023	\$ 9,000
2024	\$ 6,000
2025	\$ 6,000
2026	\$ 3,000
2027	\$ 3,000
TOTAL	\$ 90,000

Based on an economic model prepared by CareerSource Flagler Volusia, see Attachment 2, the economic impact over the 10-year incentive period will be \$27.5M (\$2.8M annually), without considering a cost-of-living adjustment. This economic impact is in addition to the \$2.8M investment in the property being acquired and building being constructed.

The Flagler County Economic Opportunity Advisory Council recommends to the Board of County Commissioners the approval of a new construction incentive. Staff is recommending the following:

- New construction incentives are designed to be less than the annual County taxes paid each year to avoid any negative impacts to the County's finances.
- Incentive program is to run over a ten (10) year period.

- Incentive will only be provided upon completion of new construction, receipt of Certificate of Occupancy and proof of County Tax payment each year.

What are we getting for our investment of \$90,000 over 10 Years?		
Parameter	\$/Year	Total Dollars
64 Jobs (53 direct, 11 induced) Direct & Indirect Impact, estimated (excludes cost of living & benefits)	\$2.75M/year	\$ 27.5 Million
Change in production and import taxes	\$ 178,222/yr	\$ 1.78 Million
Total Capital Investment, estimated (Building and Equipment)		\$ 2.8 Million
Total		\$32.08 Million

All the terms and conditions of the incentive package are set forth in the proposed Agreement. The Agreement is in furtherance of the County Commission's expressed goal within its Strategic Plan to expand and diversify the local economy in order to provide new employment opportunities, a stable tax base and a high standard of living for its residents.

The \$90,000 incentive will be distributed over the course of a ten year period, from the County General Fund, upon proof of Gioia Sails South property taxes being received. Therefore, a revenue stream for the incentive is being created indirectly by the construction of the new facility with no impacts to existing County revenues projected.

FUNDING INFORMATION: Based on the anticipated annual grant fund disbursements, the first release of funds, in the amount of \$15,000, is anticipated to be in fiscal year 2017/2018 and will be appropriated upon award in a designated account.

DEPT./CONTACT/PHONE #: Economic Opportunity, Helga van Eckert (383) 313-4071

RECOMMENDATIONS: Request the Board approve and authorize the Chair to execute the Economic Development Grant Incentive Program Agreement between Flagler County, Florida, and Gioia Sails South, subject to any final changes approved by the County Administrator and County Attorney for matters of legal form.

ATTACHMENT:

1. Economic Impact Model prepared by CareerSource Flagler Volusia
2. Economic Development New Construction Incentive Program Agreement

Craig M. Coffey, County Administrator

Date