

Managers -

It is important for my Board, your Boards and the public to understand the plan on any new tax. The public also will expect to see cooperation among the local governments to work on economic sustainability that would benefit the community.

About a week or so ago, I provided each of you copies of an alternative being discussed for economic development relative to the upcoming referendum. The alternative provides for either a standard disbursement of funds without an interlocal or a unique disbursement of funds per an interlocal agreement with some or all the parties. With the deadline fast approaching to do anything with the referendum, I am throwing out ideas so that I may know and be able to advise my Board on what alternatives might be other than the standard disbursement.

To start the discussion and receive feedback on this important issue, I am proposing as one solution a hybrid of interlocal agreement standard disbursement and interlocal agreement. I am interested in hearing your ideas.

Small County Surtax (\$3,793,619 annually) Hybrid Design

- ❖ 10% of all funds go to a joint economic organization for operations. This could be for additional personnel, marketing, labor shed studies, other \$ 379,362
- ❖ 15% all funds go to joint economic incentives, kept by County as fiduciary agent, but administered by joint committee per standard incentive ordinance. \$ 569,043
- ❖ 75% could go the individual entities per the standard DOR formula to preferably be used for economic development. \$2,845,214

Local Government	Default Distribution %	Estimated Distribution at 100%
Flagler BOCC	44.8933	\$1,703,081
Beverly Beach	0.3424	\$ 12,989
Bunnell	1.7539	\$ 66,536
Flagler Beach	3.6058	\$ 136,790
Marineland	0.0000	\$ 0
Palm Coast	49.4045	\$1,874,219
Countywide	100.000	\$3,793,619

Potential special agreement between the City of Palm Coast and Flagler County:

Because of the issues involving financing and the fact that such funds cannot be used as security for debt without a referendum, it will be critical for the funds to be consolidated in order to be used to construct costly building/infrastructure. To address this issue and to have the greatest potential economic impact the quickest, we could partner and mass the funds to advance a project immediately.

An example would be, the County would receive \$1 million per year from the City for each of the first three years (years 1, 2, and 3) for use on capital building/infrastructure improvements at the Airport. The expenditure shall be specifically related to the South Airport Industrial Park, creating an industrial incubator building greater than 50K, and the entrance parcel to the Airport for the economic development.

Then, the City would receive \$1 million per year from the County the following three years (years 4,5,6) for use by the City to create a Class A industrial park or investment with the private sector on industrial buildings in its park or some other plan that the City would be willing to incorporate in the agreement.

This would leave the County and City each with \$200,000 -\$300,000 to do other economic efforts/ collaborations on their own or in conjunction with others.

Should the County discontinue or otherwise be unable to implement the surtax before contribute equal monies back to the City of Palm Coast, the County shall bear the obligation to repay the City these funds.

DRAFT