

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

**SUBJECT:** Consideration of the Economic Development Growth Program New Construction Program Agreement between Flagler County and Project Columbus for a Performance-Based Fund Payment Not-to-Exceed \$680,160 Payable Over Ten (10) Years.

**DATE OF MEETING:** July 15, 2019

**OVERVIEW/SUMMARY:** Staff is requesting that the Board of County Commissioners approve an Economic Development New Construction Growth Agreement between the County and Project Columbus, for a performance-based fund payment for a not-to-exceed amount of \$680,160 that will be payable over a period of ten (10) years. Project Columbus assembles and distributes furniture products. With a proven record, the company has decades of experience assembling and distributing quality furniture.

The company will consolidate operations in Flagler County upon completion of construction of a new 250,000 square foot facility in unincorporated Flagler County. The construction of the new facility by the company will require an investment of approximately \$20 Million and will result in the creation of 50 new jobs, at an average wage of \$50,000 per year. The Agreement is a performance-based economic growth program payment. Before the company can become eligible for the disbursement of funds, the company must demonstrate that it:

1. has title to the property
2. has completed construction of the 250,000 sf facility
3. has obtained a Certificate of Occupancy, and
4. has paid annual property taxes.

The terms and conditions of the incentive package are set forth in the proposed Agreement.

As shown in the chart below, an economic investment assessment was prepared using the Economic Impact Analysis for Planning (IMPLAN - modeling software). The data illustrates the estimated local economic impact over a 12-year period, without including cost-of-living adjustments or employee benefits.

<b>Table 1: IMPLAN Economic Impact Report (How the County benefits from the project)</b>		
<b>Parameter</b>	<b>\$/Year</b>	<b>Total Dollars</b>
<b>83 Jobs</b> (50 direct, 24 indirect, 9 induced) (excludes cost of living & benefits)	\$2.4 Million/yr.	\$29 Million
Economic Output	\$ 15.8 Million/yr.	\$190 Million
Total Capital Investment, estimated (Land, Bldg & Equip)		\$20 Million

Table 2 provides the Estimated Annual Revenue/Growth Program Payment Table for Project Columbus, reflecting the anticipated annual disbursements from 2021 through 2032.

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Table 2 – Estimated Annual Revenue/Growth Program Funding Table							
Year	Schools	SJWMD	FIND	County	Total Revenue	Growth Program Funding	%
2021	\$ 83,378	\$ 3,382	\$ 390	\$113,426	\$ 200,576	\$ 113,360	100
2022	\$ 83,378	\$ 3,382	\$ 390	\$113,426	\$ 200,576	\$ 113,360	100
2023	\$ 83,378	\$ 3,382	\$ 390	\$113,426	\$ 200,576	\$ 90,688	80
2024	\$ 83,378	\$ 3,382	\$ 390	\$113,426	\$ 200,576	\$ 90,688	80
2025	\$ 83,378	\$ 3,382	\$ 390	\$113,426	\$ 200,576	\$ 68,016	60
2026	\$ 83,378	\$ 3,382	\$ 390	\$113,426	\$ 200,576	\$ 68,016	60
2027	\$ 83,378	\$ 3,382	\$ 390	\$113,426	\$ 200,576	\$ 45,344	40
2028	\$ 83,378	\$ 3,382	\$ 390	\$113,426	\$ 200,576	\$ 45,344	40
2029	\$ 83,378	\$ 3,382	\$ 390	\$113,426	\$ 200,576	\$ 22,672	20
2030	\$ 83,378	\$ 3,382	\$ 390	\$113,426	\$ 200,576	\$ 22,672	20
2031	\$ 83,378	\$ 3,382	\$ 390	\$113,426	\$ 200,576	\$ -	0
2032	\$ 83,378	\$ 3,382	\$ 390	\$113,426	\$ 200,576	\$ -	0
<b>TOTAL</b>	<b>\$1,000,536</b>	<b>\$40,584</b>	<b>\$ 4,680</b>	<b>\$1,361,112</b>	<b>\$2,406,912</b>	<b>\$ 680,160</b>	<b>TOTAL</b>

The estimated \$680,160 Growth Program Funding will be distributed over a ten-year period, from the County Reserve Fund, upon proof of Project Columbus' property taxes being received and only following its construction and use of the new facility. Accordingly, a revenue stream for the incentive is created indirectly by the construction of the new facility with no negative impacts to existing County revenues projected. Actually, during the period of time that the Program is in place, the County and Flagler Schools will realize an estimated revenue stream of approximately \$2.4M.

Some have questioned the projections and this is understandable. Per the direction of the Chair of the County Commission, the funding schedule will be reduced pro rata by the percentage reduction in the investment of the company. The funding chart is based on an assessed value of \$13 Million for the building improvements, excluding the costs to bring the project to fruition. If the assessment is \$11.7 Million, for example, the funding schedule will be reduced uniformly by 10% in order that the growth payment from the County is proportional to the stated intent of the company on which the Commission relies. In no event, however, in any given year may the fund disbursement be greater than the property taxes paid to satisfy the annual tax bill issued by the Tax Collector.

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The Flagler County Economic Opportunity Advisory Council recommends to the Board of County Commissioners the approval of the Economic Growth Program Funding as follows:

- Growth Program disbursements are equal to or less than the annual taxes paid by the company each year to avoid any negative impacts to the County's finances.
- Growth Program disbursements run over a ten (10) year period.
- Annual Growth Program disbursements will only begin upon completion of construction, receipt of Certificate of Occupancy and proof of County Tax payment each year.

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 and increase the tax base for a sustainable business community.

**FUNDING INFORMATION:** Beginning in FY 2022, New Construction Economic Growth Program installments will be budgeted by the County.

**DEPARTMENT CONTACT:** Economic Opportunity, Helga van Eckert (383) 313-4071

**RECOMMENDATIONS:** Request the Board approve and authorize the Chair to execute the New Construction Economic Growth Program Agreement with Project Columbus as approved to form by the County Attorney and as approved by the County Administrator.

**ATTACHMENT:**

1. New Construction Economic Growth Program Agreement

**FLAGLER COUNTY ECONOMIC DEVELOPMENT NEW  
CONSTRUCTION ECONOMIC GROWTH AGREEMENT  
BETWEEN FLAGLER COUNTY AND PROJECT  
COLUMBUS**

**THIS ECONOMIC DEVELOPMENT NEW CONSTRUCTION ECONOMIC GROWTH AGREEMENT** (the "Agreement") is made and entered into between **FLAGLER COUNTY**, a political subdivision of the State of Florida, whose address is 1769 East Moody Boulevard, Bldg. #2, Bunnell, FL 32110, (the "County"), and, **PROJECT COLUMBUS**, authorized to do business in the State of Florida, (hereafter the "Company"), whose address is \_\_\_\_\_ To Be Provided.

**WITNESSETH:**

**WHEREAS**, it is the policy of the County to stimulate economic growth in Flagler County by attracting new businesses and encouraging the expansion of existing businesses within Flagler County; and

**WHEREAS**, Section 125.045, Florida Statutes, declares that a public purpose is served when a county makes economic development grants to private enterprises for the expansion of businesses existing in the county, or the attraction of new businesses to the county; and

**WHEREAS**, Section 125.045, Florida Statutes, authorizes counties to spend public funds for economic development activities, including the making of economic development grants; and

**WHEREAS**, the creation of new and retention of economically productive jobs for residents within Flagler County is beneficial to the local economy; and

**WHEREAS**, the County has created an Economic Growth Program (the "Program"); and

**WHEREAS**, the County has determined that offering an Economic Growth Program encourages current businesses to expand and new businesses to enter Flagler

County and thereby make capital investments and/or create new jobs for the residents of the County; and

**WHEREAS**, the Company has requested local growth funds for this major capital investment in the community; and

**WHEREAS**, Project Columbus is a leading assembler and distributor of residential furniture; and

**WHEREAS**, the Company is considering expanding their operations to Flagler County in 2020 and is currently evaluating the purchase of land and the construction of a 250,000 square foot facility on U.S. Hwy 1 in Flagler County; and

**WHEREAS**, the Company plans include employing 50+ full time employees in Flagler County; and

**WHEREAS**, the construction of the new facility will necessitate an immediate investment of approximately \$20M; and

**WHEREAS**, the immediate investment will allow the Company to acquire property, construct approximately 250,000 square foot light industrial facility, and relocate and expand the existing operation to Flagler County; and

**WHEREAS**, the Company relocation/expansion will bring approximately 50 full time local jobs; and

**WHEREAS**, Local Jobs are defined as jobs that are physically located in the Company's facility in Flagler County that are held by employees living within a 50-mile radius of the Company's facility; and

**WHEREAS**, Manufacturing and Distribution has been identified as a Flagler County Target Industry; and

**WHEREAS**, the Company desires performance-based, new construction, assistance from the County based on the substantial capital improvements it will make with this construction project; and

**WHEREAS**, the Company acknowledges that the Growth Program in the form of financial assistance to the Company shall be based upon the Company's satisfaction of the performance requirements outlined in this Agreement; and

**WHEREAS**, the Board of County Commissioners finds that entering into this Agreement is in the best interest of the County and the health, safety, and welfare of the citizens of Flagler County.

**NOW, THEREFORE**, in consideration of the mutual covenants hereinafter contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

**Section 1. Recitals.** The above recitals are true and correct and are incorporated herein and made a part of this Agreement.

**Section 2. Capital Investment/New Construction Commitment.** As a condition precedent to and as consideration for obtaining Economic Growth Funds, the Company agrees:

- a) To construct a minimum of 250,000 square foot light industrial facility in Flagler County, for the purposes of relocating and expanding the current Project Columbus operations, which are located outside of Flagler County; and
- b) To obtain a certification of occupancy for this building prior to July 31, 2021 and occupy the newly constructed facility; and
- c) Prior to any receipt of the annual distribution of the scheduled County New Construction program payment to Project Columbus, the Company shall provide proof to the County that it has paid the current year ad valorem taxes in full.

**Section 3. Economic Growth Funds.** Following compliance with the requirements of Section 2, Growth Funds shall be made available to the Company in the amounts and per the schedule shown below. The Growth Funds are based on an estimated assessed value of the building of \$13M (excluding the assessed value of the land without improvements). Should the assessed value when property is added to the Flagler County tax roll be less than estimated, the Growth Funds shall be reduced proportionately. For example, if such assessed value was \$11.7M, a 10% reduction from the estimate, then each annual Growth Fund payment will be reduced by 10% to maintain the relationship between the value of the Company's investment in Flagler County and

the County’s Growth Fund payment. In no event, however, shall a Growth Fund payment be greater than the property taxes paid by the Company to satisfy the annual tax bill issued by the Flagler County Tax Collector. The Economic Growth Program schedule below may be adjusted by up to one year for delays encountered during this process, or as extended by Section 7.

Year	Economic Growth Program
2021	\$ 113,360
2022	\$ 113,360
2023	\$ 90,688
2024	\$ 90,688
2025	\$ 68,016
2026	\$ 68,016
2027	\$ 45,344
2028	\$ 45,344
2029	\$ 22,672
2030	\$ 22,672
<b>TOTAL</b>	<b>\$ 680,160</b>

**Section 4. Payment of Fees and Taxes Prior to Claim Submission.** Prior to any submission of a claim by Project Columbus to the County for the Economic Growth Program disbursement, Project Columbus shall provide proof to the County of payment of ad valorem taxes. It is expressly understood by the parties that Project Columbus shall pay the total amount of taxes shown on the Project Columbus tax bill prior to applying for, or receiving, any County economic growth payment in any eligible County Fiscal Year. The County will disburse the Economic Growth Funds in March of each year after all the prerequisite terms and conditions of this Agreement have been met.

**Section 5. No Liability or Monetary Remedy.** The Company hereby acknowledges and agrees that it is sophisticated and prudent in business transactions and proceeds at its own risk and on the advice of its own counsel and advisors and without reliance on the County, and that the County bears no liability for direct, indirect, or consequential damages for the Company’s undertaking of the project or in carrying out the terms of this Agreement. The property and/or facility under the Economic Growth Program are not the property of the County for any purpose, and the Company assumes

all liability for and compliance with federal and state related laws in the construction and use of the property.

**Section 6. Severability.** Any provision of this Agreement held by a court of competent jurisdiction to be invalid, illegal, or unenforceable shall be severable and shall not be construed to render the remainder to be invalid, illegal, or unenforceable.

**Section 7. Effective Date and Term.** This Agreement shall become effective and commence on the date of its execution by the Chair of the Flagler County Board of County Commissioners. This Agreement shall expire on December 31, 2030, unless either party elects to extend the Agreement for one year to allow the Company additional time to meet its performance obligations and to minimize its defaults (“first optional extension period”). The Agreement may be further extended for one additional year at the County’s sole discretion to allow the Company additional time to meet its performance obligations and to minimize its defaults if it appears the Company is making reasonable progress towards its obligations (“second optional extension period”).

**Section 8. Event of Default/Termination.** A default shall occur in the event the Company materially breaches any term set forth in this Agreement. In the event of default, the County may terminate this Agreement for cause by first notifying the Company in writing, specifying the nature of the default and providing the Company with a reasonable period of time in which to rectify such default, which period shall be no less than sixty (60) days. In the event the default is not cured within the time period given, the County thereafter may terminate this Agreement upon written notice to the Company without liability and without prejudice to the County in terms of any right or for cause. Continued performance by either party hereto pursuant to any provision of this Agreement after a default shall not be deemed a waiver of any right to terminate this Agreement for any subsequent default, and no waiver of any such default shall be construed or act as a waiver of any subsequent default irrespective of how long the default may have existed. The County shall have all other rights and remedies available at law or in equity.



**Section 9. Relationship.** This Agreement does not evidence the creation of, nor shall it be construed as creating, a partnership or joint venture between the County and the Company.

**Section 10. Applicable Law and Venue.** This Agreement shall be governed by and construed in accordance with the laws of the State of Florida, except its conflict of laws provisions. Any action, in equity or law, with respect to this Agreement must be brought and heard in a court of the Seventh Judicial Circuit in and for Flagler County, Florida.

**Section 11. Assignment.** The Company shall not assign this Agreement to any other unaffiliated person or entity without first obtaining the County's written consent.

**Section 12. Amendment.** This Agreement may not be amended unless evidenced in writing and executed by both parties hereto.

**Section 13. Notices.** Notices shall be deemed to have been duly given if sent by hand-delivery or by certified mail (return receipt requested) to the following addresses:

To the County: County Administrator  
County of Flagler County  
1769 East Moody Blvd.,  
Bldg. #2, Suite 302  
Bunnell, Florida 32110  
Telephone: (386) 313-4001  
Facsimile: (386) 313-4101

With a Copy to: Executive Director  
Department of Economic Opportunity  
1769 East Moody Blvd.,  
Bldg. #2, Suite 302  
Bunnell, Florida 32110

To the Company: To Be Provided

**Section 14. Captions.** The captions and headings of sections or paragraphs used in this Agreement are for convenient reference only and shall not limit, define or otherwise affect the substance or construction of provisions of this Agreement.

**Section 15. Third Parties.** This Agreement has been entered into solely for the benefit of the parties hereto, and there are no third party beneficiaries.

**Section 16. Entire Agreement.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof. Any representations or statements heretofore made with respect to such subject matter, whether verbal or written, are merged herein, provided, however, that this Agreement shall not affect the validity of any other written agreement between the parties.

**Section 17. Force Majeure.** The obligations of the parties hereunder shall be subject to the concept of force majeure. Accordingly, in the event of Acts of God, riot, weather disturbances, war, terrorism, civil disobedience, geologic subsidence, electrical failure, malfunctions, and events of a similar nature, the parties shall be excused from performing under this Agreement until the cause or causes thereof have been remedied. During any such force majeure period, the running of any timing requirement or other obligation shall be suspended for the duration of such period.

**[SIGNATURE PAGE TO FOLLOW]**

**IN WITNESS WHEREOF**, the County and the Company have duly approved this Agreement and have authorized its execution and delivery by the respective signing officers, all as of the dates written below.

**FLAGLER COUNTY BOARD OF COUNTY COMMISSIONERS**

**ATTEST:**

\_\_\_\_\_  
Donald T. O'Brien, Jr., Chair

\_\_\_\_\_  
Tom Bexley, Clerk of the Circuit Court and Comptroller

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
Al Hadeed, County Attorney

**PROJECT COLUMBUS**

**Witness:**

\_\_\_\_\_  
Corporate Secretary

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name and Title

STATE OF FLORIDA )  
COUNTY OF FLAGLER )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of July, 2019, by \_\_\_\_\_, \_\_\_\_\_(Name and Title), on behalf of, **PROJECT COLUMBUS** who swore or affirmed he/she is authorized to execute this agreement on behalf of PROJECT COLUMBUS and to bind the company. He/She is personally known to me or has produced a driver's license as identification.

(SEAL)

\_\_\_\_\_  
Notary Public At Large State of Florida