

**OFFICE OF THE CITY COUNCIL**

117 WEST DUVAL STREET, SUITE 425

4TH FLOOR, CITY HALL

JACKSONVILLE, FLORIDA 32202

904-630-1405

**Special Economic Incentives Committee Meeting Minutes - AMENDED**

**May 6, 2016**

**10:00 a.m.**

**Location:** City Council Conference Room A, Suite 425, City Hall – St. James Building; 117 West Duval Street, Suite 425

**In attendance:** Council Members John Crescimbeni (Chair), Anna Lopez Brosche, Greg Anderson, Matt Schellenberg

**Excused:** Council Member Katrina Brown

**Also**: Jessica Morales – Legislative Services Division; Cheryl Brown – City Council; Yvonne P. Mitchell – Council Research Division; Peggy Sidman – Office of General Counsel; Kirk Wendland, Paul Crawford and Ed Randolph – Office of Economic Development; Kyle Billy – Council Auditor’s Office; Jordan Elsbury and Jessica Baker – Mayor’s Office; Dave Harrell and Todd Roobin – Office of Sports and Entertainment

See attached sign-in sheet for additional attendees.

**Meeting Convened**: 10:00 a.m.

Chairman Crescimbeni convened the meeting and the attendees introduced themselves for the record.

Revised “Exhibit B - Economically Distressed Areas”

Council Member Brosche briefly explained that staff had researched other definitions and number of criteria used to determine economically distressed. Although there are several categories, Council Member Brosche did not think the committee needed to use all of them since research shows that various entities typically utilize two factors (poverty and income).

Kirk Wendland began by distributing revised Exhibit B which included three different census tract maps. It was determined that B3 focused more on where the Public Investment Policy wants to make the most impact. The criteria used were percentage of labor force not employed and household income. If an area’s income was 60% below the county-wide average and labor force not employed was above 25% of the Duval County average, it would be considered economically distressed. Mr. Wendland stated that the areas denoted as distressed did not include CRAs. The committee agreed that economically distressed areas are separate and a part of enterprise zones. In addition, CRAs are not automatically a part of economically distressed areas. Portions of CRAs that fall within the boundaries of the census tracks would be eligible under the criteria set forth.

In response to a question, Council Member Brosche expressed her support in using the B3 model because it is consistent with other entities using poverty and income as main factors in determination of “economically distressed”. Council Member Crescimbeni suggested bonus prorated incentives for the most affected areas. Mr. Wendland agreed to provide a second tier plan for programs that are exclusive to distressed areas. This plan would mimic a sliding scale that would show what is available depending on meeting one or both factors.

There was some discussion about transportation. Council Member Schellenberg believes companies should be engaged in getting employees to other areas of town to fill the gaps. One of the issues brought up was that companies would be not incented to develop in non-distressed areas. In concept the discussion should be addressed; however, it was not within the scope of this committee.

Revised of the Return on Investment Model

Kirk Wendland began by reviewing a project example. A capital investment estimated at $4.5 million in Tangible Personal Property (TPP) and $1 million in Real Estate Improvements generates about $387,280 in Ad Valorem Taxes. 50 jobs at an average of $60,000 are expected to accumulate 20% of funds spent locally and 1% in sales tax over a 10 year period. Additionally, the City’s investment includes a Qualified Targeted Industry (QTI) 20% contribution @ $1,000 per job ($50,000) and 50% of Recapture Enhanced Value (REV) for 10 years. Therefore, the return on investment would be 1.84. Mr. Wendland commented that the borrow line should not be lower than one (1) in order for the City to financially break even over a period of time.

Real property value grows at 2% a year. The county operating millage is a combination of real and personal tangible property which makes the ad valorem taxes increase. REV grant payments are based on actual amount paid to the Tax Collector and can also change the millage rate. Council President requested Mr. Wendland provide him the calculations for review. The State no longer offers closing funds but still has QTI and Florida Flex training. Longer term payout schedules are calculated utilizing ten years of revenue. Equipment may depreciate within 3-5 years; however, it does not automatically come off the TPP, if it is still in use. Chairman Crescimbeni requested a standard reporting format to Council members prior to approval.

In response to Council Member Brosche inquiry, Mr. Wendland provided information regarding compliance. Every agreement has its own components and timeframe. There is a basic schedule for monitoring in December and March on activity. There are currently approximately 50 ongoing projects. The State monitors QTI related projects and submits a notice of compliance detailing amount owed. Annual surveys are received from all companies. REV grant projects are required to send in documentation of amount paid in taxes. Site visits have increased prior to initial payment. Enforcement is based on activity and claw backs written within the agreement. Council Member Schellenberg requested a map of the existing projects. The map should include addresses and a legend depicting number of jobs. Council Member Crescimbeni suggested adding the map of projects to OED’s website.

Chairman Crescimbeni requested an updated version of the economically distressed draft for the next meeting that will supersede today’s Exhibit B handouts, to which OED agreed.

The committee will meet again on Friday, May 20, 2016 at 9:00a.m.

**Meeting Adjourned**: 11:14 a.m.

Minutes: Yvonne P. Mitchell, Council Research Division

05.10.16 Posted 4:00 p.m.

Tapes: Special Economic Incentives Committee – LSD

05.06.16