

**SEMINOLE COUNTY GOVERNMENT
AGENDA MEMORANDUM**

SUBJECT: Economic Incentives for Sears Home Improvement Products and Interlocal Agreement between Seminole County and the City of Longwood

DEPARTMENT: Economic Development **DIVISION:** Economic Development

AUTHORIZED BY: Don Fisher **CONTACT:** William J. McDermott **EXT.** 7132

Agenda Date 03/22/05 Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Work Session <input type="checkbox"/> Briefing <input type="checkbox"/> Public Hearing – 1:30 <input type="checkbox"/> Public Hearing – 7:00 <input type="checkbox"/>

MOTION/RECOMMENDATION:

Approve and authorize the Chairman to execute a resolution recognizing Sears Home Improvement Products as a "Qualified Targeted Industry" (QTI); approve and authorize the Chairman to execute an Interlocal Agreement between Seminole County and the City of Longwood for the purpose of this resolution.

BACKGROUND:

Sears Home Improvement Products and Services business is one of the largest employers in Longwood, FL. They currently have 699 employees with current payroll taxes of \$1.6 million. Sears Home Improvement Products has experienced a 9% compounded annual growth rate for the past 7 years and is currently adding two new national products lines: HVAC and roofing. The new lines will require additional investment in personnel, capital and other annualized expenses at the new location. If located in Florida, the new building project will utilize local business and contractor services including architects, electricians, information systems support, telecommunications, catering, landscaping, and an array of additional purchased services from the local economy. Additionally, the new location will serve as the national headquarters for Sears Home Improvement Products, the largest subsidiary outside of its Chicago Headquarters. The investment could potentially continue to develop with national meetings, local enterprise patronage and increased tax base contributions.

Sears Home Improvement Products is assessing the potential to purchase a 134 acre site, near their current location at 1024 Florida Central Parkway, on which to build a 50,000 sf facility to house the corporate headquarters and administrative offices. Capital investment is anticipated to be 7 million dollars. The expansion would add an additional 207 jobs to their current work force of 699 with an annual average salary of \$37,921.00 which exceeds the required 115% of Seminole County's average wage.

Reviewed by:	<i>[Signature]</i>
Co Atty:	<i>[Signature]</i>
DFS:	_____
Other:	_____
DCM:	<i>[Signature]</i>
CM:	<i>[Signature]</i>
File No.	REDD1

The Board of County Commissioners is being asked to consider a Qualified Target Industry Incentive (QTI) Award for Sears Home Improvement Products. The total award is \$621,000. In accordance with the QTI program, local governments are required to provide a 20% match (\$124,200), which in this case would be split with the City of Longwood, each assuming 10% of the match. The Seminole portion would be \$62,100. If approved, a separate interlocal agreement between the City of Longwood and Seminole County, at the request of the City, will guide the administrative and payment activities associated with this award.

The City of Longwood has agreed to participate in the Qualified Targeted Industry (QTI) Incentive Award for Sears Home Improvement Products. As part of their participation, they have asked the County to provide oversight to the agreement. The attached Interlocal Agreement details the conditions pertaining to that oversight.

Funds are available in the JGI Trust Fund to cover this request.

The project is consistent with stated economic development priorities of Seminole County in several respects;

- The job creation is consistent with the development of high value added job opportunities within the county as stated in the JGI Ordinance, Section 1, (b).
- The project location and industry sector is consistent with the stated objectives of Seminole County's Economic Development Strategy, and the Metro Orlando EDC and Enterprise Florida Economic Development goals.

Attachment: QTI Resolution
Calculation of Local Phased QTI Refunds (A&B)
Return on Investment Summary
Interlocal Agreement

QUALIFIED TARGET INDUSTRY TAX REFUND PROGRAM

RESOLUTION NO: _____

A RESOLUTION BY THE GOVERNING BOARD OF SEMINOLE COUNTY, FLORIDA FINDING THAT SEARS HOME IMPROVEMENT PRODUCTS, INC, BE APPROVED AS A QUALIFIED APPLICANT PURSUANT TO S.288.106, FLORIDA STATUTES; AND PROVIDING AN APPROPRIATION OF \$124,200.00 AS LOCAL PARTICIPATION IN THE QUALIFIED TARGET INDUSTRY TAX REFUND PROGRAM FOR FISCAL YEARS 2005/06 THROUGH 2008/09, AND PROVIDING FOR AN EFFECTIVE DATE.

BE IT RESOLVED BY THE GOVERNING BOARD OF SEMINOLE COUNTY, FLORIDA as follows:

WHEREAS, the business under consideration is a national home improvement product service operation, *specifically*, **SEARS HOME IMPROVEMENT PRODUCTS, INC**; and

WHEREAS, **SEARS HOME IMPROVEMENT PRODUCTS, INC** is currently headquartered at 1024 Florida Central Parkway, Longwood, FL; and

WHEREAS, **SEARS HOME IMPROVEMENT PRODUCTS, INC** intends to expand their current operations and have identified a site in Seminole County located in Longwood. The company intends to build a 50,000 square foot facility to house their corporate headquarters and administrative offices, as well as the national appointment center and customer service center. Anticipated capital investment will include \$5,000,000.00 for land and construction and \$2,000,000.00 for new equipment; and

WHEREAS, **SEARS HOME IMPROVEMENT PRODUCTS, INC** will conservatively create 207 new jobs over a two year period beginning in 2005. These jobs will be professional and very specialized with an average salary of \$37,921.00; and

WHEREAS, It is acknowledged that local participation, of which Seminole County will provide a 10% match for a total not to exceed \$62,100.00, and the City of Longwood will provide an equal match of 10%, not to exceed \$62,100.00, is required and understood;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF SEMINOLE COUNTY, FLORIDA that the Board hereby recommends, **SEARS HOME IMPROVEMENT PRODUCTS INC** be approved as a Qualified Target Industry Business pursuant to S.288-106, Florida Statutes.

BE IT FURTHER RESOLVED that the necessary commitment of local financial support for the Qualified Target Industry Business for the Qualified Target Industry Tax Refund Program exists in an amount not to exceed \$124,200.00, that this amount will be paid to the Florida Economic Development Trust Fund as required, in accordance with the Office of Tourism, Trade and Economic Development guidelines, with the stipulation that these funds are intended to represent the "local participation" pursuant to S. 288-106, Florida Statutes.

This resolution shall take effect immediately upon its adoption.

DULY ADOPTED BY THE GOVERNING BOARD OF SEMINOLE COUNTY, FLORIDA THIS 22ND DAY OF MARCH, 2005.

ATTEST:

**BOARD OF COUNTY COMMISSIONERS
SEMINOLE COUNTY, FLORIDA**

Chairman

Clerk

Total Refund / Exhibit A Calculation of Phased QTI Refunds

Potential Per Job Award Amt.

\$ 3,000.00

	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Phase 6	Total Jobs
Jobs	100	107					207
	12/31/2005	12/31/2006	12/31/2007	12/31/2008	12/31/2009		

Potential Total QTI Refunds

	Yr. 1-2006	Yr. 2-'07	Yr. 3-'08	Yr. 4-'09	Yr. 5'10	Yr. 6-'11	Yr. 7-'12	Yr. 8-'13	Yr. 9				
Phase 1	75,000	75,000	75,000	75,000									
Phase 2		80,250	80,250	80,250	80,250								
Phase 3			-	-	-	-							
Phase 4				-	-	-	-						
Phase 5					-	-	-	-					
Phase 6						-	-	-	-				
Total:	75,000	155,250	155,250	155,250	80,250	-	-	-	-				
State:	60,000	124,200	124,200	124,200	64,200	-	-	-	-				
Local:	15,000	31,050	31,050	31,050	16,050	-	-	-	-				
Total QTI: \$		621,000		State: \$			496,800			Local: \$		124,200	

Local Financial Support / Exhibit B Calculation of Phased QTI Refunds

	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Phase 6	Total Jobs
Jobs	100	107	0	0	0	0	207
	12/31/2005	12/31/2006	12/31/2007	12/31/2008	12/31/2009	12/31/2010	12/31/2011 12/31/2012

QTI Local Financial Support (LFS) Total County and City

	Yr. 1	Yr. 2	Yr. 3	Yr. 4	Yr. 5	Yr. 6	Yr. 7	Yr. 8	Yr. 9
Phase 1	15,000	15,000	15,000	15,000					
Phase 2		16,050	16,050	16,050	16,050				
Phase 3			-	-	-	-			
Phase 4				-	-	-	-		
Phase 5					-	-	-	-	
Phase 6						-	-	-	-
Local:	15,000	31,050	31,050	31,050	16,050	-	-	-	-
Total QTI LFS: \$		124,200							

QTI Local Financial Support - City

	Yr. 1	Yr. 2	Yr. 3	Yr. 4	Yr. 5	Yr. 6	Yr. 7	Yr. 8	Yr. 9
Phase 1	7,500	7,500	7,500	7,500					
Phase 2		8,025	8,025	8,025	8,025				
Phase 3			-	-	-	-			
Phase 4				-	-	-	-		
Phase 5					-	-	-	-	
Phase 6						-	-	-	-
Local:	7,500	15,525	15,525	15,525	8,025	-	-	-	-
Total QTI LFS: \$		62,100							

Name of Company	Sears Home Improvement Products	
Taxable Value/Capital Investment		\$7,000,000
Company Information:	Corporate HQ	
Proposed Location:	City of Longwood	
Incentive Award		\$ 62,100

Taxing Entities (Ad Valorem):	*Rate	Tax (\$)
Countywide/General Fund	0.0047179	\$ 33,025
Countywide/Transportation	0.0002810	\$ 1,967
Countywide/Debt Service	0.0001721	\$ 1,205
St. Johns River Water Management District	0.0004620	\$ 3,234
School Board	0.0085120	\$ 59,584
Longwood	0.0049900	\$ 34,930
Total		<u>\$ 133,945</u>

*Note: Based on 2004 millage rates.

County Only	Return of Ad Valorem	
Seminole County/General Fund Only	1.9	Years
Seminole County/All BCC Millages	1.7	Years

All countywide	Return of Ad Valorem	
Countywide	0.5	Years

**SEARS HOME IMPROVEMENT PRODUCTS, INC.
QUALIFIED TARGET INDUSTRY TAX REFUND
INTERLOCAL AGREEMENT**

THIS AGREEMENT is made and executed this ____ day of _____, 2005, by and between **SEMINOLE COUNTY**, a political subdivision of the State of Florida, whose address is 1101 East First Street, Sanford, Florida, 32771, hereinafter referred to as the "COUNTY" and the **CITY OF LONGWOOD**, whose address is 175 W. Warren Avenue, Longwood, Florida, 32765, hereinafter referred to as the "CITY" for the purpose of facilitating the CITY's and COUNTY's Qualified Target Industry ("QTI") award to Sears Home Improvement Products, Inc.

W I T N E S S E T H:

WHEREAS, the COUNTY and the CITY are mutually desirous of entering into a cooperative venture to facilitate award of a QTI tax refund to Sears Home Improvement Products, Inc.;

WHEREAS, the COUNTY and the CITY have each agreed to make a QTI award to Sears Home Improvement Products, Inc. in the amount of SIXTY-TWO THOUSAND ONE HUNDRED AND NO/100 DOLLARS (\$62,100.00) and covenants of this Agreement represent the most practical, economic and beneficial means to accomplish the parties objectives relating to the management of those awards; and

WHEREAS, both parties hereby represent, each to the other, that they are legally empowered to enter into this Agreement and have done all steps necessary and incidental to the execution of this Agreement; and

WHEREAS, this Agreement is authorized under the provisions of Chapter 163, Florida Statutes, which authorizes the exercise by

Agreement of two (2) or more public agencies of any power common to them,

NOW THEREFORE, in consideration of the mutual covenants, terms and conditions contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

SECTION 1. RECITALS. The recitals set forth above are true and correct and form a material part of this Agreement upon which the parties have relied.

SECTION 2. PURPOSE. The purpose of this Agreement is to set forth the terms and conditions associated with parties' joint management of the structures and oversight of a QTI award to Sears Home Improvement Products, Inc..

SECTION 3. TERM. The initial term of this Agreement begins upon execution of this Agreement by the parties and shall remain in effect for a period of six (6) years or until terminated by either party after first giving a thirty (30) days written notice.

SECTION 4. CITY'S RESPONSIBILITIES.

(a) The CITY agrees to pay to the COUNTY its annual QTI award for Sears Home Improvement Products, Inc. in the amount as shown on Exhibit "A", attached, each year upon request by the COUNTY. Said amount shall be paid directly to the COUNTY within thirty (30) days of receipt of the COUNTY's request for payment.

(b) The CITY agrees that the COUNTY will provide complete oversight, monitoring and management of the QTI award to Sears Home

Improvement Products, Inc. including oversight, monitoring and management for that portion of the award paid by the CITY.

SECTION 5. COUNTY'S RESPONSIBILITIES.

(a) The COUNTY agrees to provide complete oversight, monitoring and management of the QTI award to Sears Home Improvement Products, Inc. on behalf of the COUNTY and the CITY.

(b) The COUNTY shall, on an annual basis, make required reimbursement for the Sears Home Improvement Products, Inc. expansion project costs directly to the State of Florida for the entire local matched amount, CITY and COUNTY, of the QTI award.

(c) As they are obtained from Sears Home Improvement Products, Inc., the COUNTY shall forward copies of annual project reports, required by the State of Florida, to the CITY and further agrees to notify the CITY when all obligations under the QTI award have been satisfied.

SECTION 6. NOTICES. Whenever either party desires to give notice unto the other, it must be given by written notice, sent by certified United States mail, with return receipt requested, addressed to the party for whom it is intended at the place last specified and the place for giving of notice shall remain such until it shall have been changed by written notice in compliance with the provisions of this Section. For the present, the parties designate the following as the respective places for giving of notice, to wit:

For COUNTY:

William McDermott, Director, Economic Development Department
1101 E. First Street
Sanford, Florida 32771

For CITY:

John J. Drago, City Administrator
City of Longwood
175 W. Warren Avenue
Longwood, Florida, 32765

The parties may effect changes or substitution to the names and addresses of the contact persons by written notice to the other party which notice can also be sent via facsimile transmission, provided that a record of such communications shall be maintained by both parties.

SECTION 7. TERMINATION. Anything else in this Agreement to the contrary notwithstanding, this Agreement may be terminated by either party upon giving thirty (30) days written notice to the other party.

SECTION 8. INSURANCE REQUIREMENTS. Each party shall maintain adequate insurance coverage to protect its own interests and obligations under this Agreement.

SECTION 9. INDEMNIFICATION.

(a) Each party to this Agreement is responsible for all personal injury and property damage attributable to the negligent acts or omissions arising out of this Agreement of that party and the officers, employees and agents thereof.

(b) The parties further agree that nothing contained herein shall be construed or interpreted as denying to any party any remedy or defense available to such parties under the laws of the State of Florida, nor as a waiver of sovereign immunity of the COUNTY and the CITY beyond the waiver provided for in *Section 768.28, Florida Statutes*.

(c) The waiver of a provision herein by either party shall not constitute the further waiver of said provision or the waiver of any other provision.

SECTION 10. INDEPENDENT CONTRACTORS. It is agreed that nothing herein contained is intended or should be construed as in any manner creating or establishing a relationship of copartners between the parties, or as constituting the CITY, including its officers, employees, and agents, the agent, representative, or employee of the COUNTY for any purpose, or in any manner, whatsoever. The parties are to be and shall remain independent contractors with respect to all services performed under this Agreement.

SECTION 11. DISCLAIMER OF THIRD PARTY BENEFICIARIES. This Agreement is solely for the benefit of the formal parties hereto and no right or cause of action shall accrue under or by reason hereof, to or for the benefit of any third party not a formal party hereto.

SECTION 12. EQUAL OPPORTUNITY EMPLOYMENT. The parties agree that they will not discriminate against any employee or applicant for employment for work under this Agreement because of race, color, religion, sex, age, national origin, or disability and will take steps to ensure that applicants are employed, and employees are treated during employment, without regard to race, color, religion, sex, age, national origin or disability. This provision shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

SECTION 13. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida and the parties consent to venue in the Circuit Court in and for Seminole

County, Florida, as to State actions and the United States District Court for the Middle District of Florida as to Federal actions.

SECTION 14. INTERPRETATIONS. In the event any provision of this Agreement conflicts with, or appears to conflict with, the other terms of this Agreement including exhibits or attachments, hereto, if any, this Agreement shall be interpreted as a whole to resolve any inconsistency. The parties agree to engage in positive and constructive communication to ensure that the positive collaboration of the parties occurs.

SECTION 15. FORCE MAJEURE. In the event any party hereunder fails to satisfy in a timely manner any requirements imposed by this Agreement, due to a hurricane, flood, tornado, or other act of God or force majeure, then said party shall not be in default hereunder, provided, however, that performance shall recommence upon such event ceasing its effect.

SECTION 16. MODIFICATIONS, AMENDMENTS OR ALTERATIONS. No modification, amendment or alteration in the terms or conditions contained herein shall be effective unless contained in a written document executed with the same formality and of equal dignity herewith.

SECTION 17. SEVERABILITY. If any part of this Agreement is found invalid or unenforceable by any court, such invalidity or unenforceability shall not affect the other parts of this Agreement if the rights and obligations of the parties contained herein are not materially prejudiced and if the intentions of the parties can continue to be affected. To that end, this Agreement is declared severable.

SECTION 18. BINDING EFFECT. This Agreement shall be binding upon and inure to the benefit of the parties hereto and the successors in interest, transferees and designees of the parties.

SECTION 19. PUBLIC RECORDS. Each party shall allow public access to all documents, papers, letters or other materials which have been made or received in conjunction with this Agreement in accordance with *Chapter 119, Florida Statutes*.

SECTION 20. RECORDS AND AUDITS. The parties agree to maintain all books, documents, papers, accounting records and other evidences pertaining to work performed under this Agreement in such a manner as will readily conform to the terms of this Agreement and to make such materials available at all reasonable times during the Agreement period and for five (5) years from the date of final payment under the contract for audit or inspection.

Section 21. Conflicts Of Interest.

(a) The parties agree that they will not engage in any action that would create a conflict of interest in the performance of their obligations pursuant to this Agreement or which would violate or cause others to violate the provisions of *Part III, Chapter 112, Florida Statutes*, relating to ethics in government.

(b) The parties hereby certify that no officer, agent or employee has any material interest (as defined in *Section 112.312(15), Florida Statutes*, as over 5%) either directly or indirectly, in the business of the party to be conducted hereunder; that no such person shall have any such interest at any time during the term of this Agreement; and that no person shall use any monies derived under this

Agreement for lobbying the Legislature in contravention of Section 216.347, Florida Statutes. The occurrence of an event of ethics violation as envisioned herein shall be grounds for unilateral termination of this Agreement by the non-offending party.

SECTION 22. COMPLIANCE WITH LAWS AND REGULATIONS. In performing under this Agreement, the parties shall abide by all statutes, ordinances, rules, and regulations pertaining to, or regulating to the acts contemplated to be performed herein, including those now in effect and hereafter adopted. Any material violation of said statutes, ordinances, rules, or regulations shall constitute a material breach of this Agreement, and entitle the non-violating party to terminate this Agreement immediately upon delivery of written notice of termination to the violating party.

SECTION 23. DISPUTE RESOLUTION. Disputes shall be resolved in accordance with any dispute resolution agreements pertaining to the parties and the provisions of Chapter 164, Florida Statutes.

SECTION 24. CONSTRUCTION OF AGREEMENT. This Agreement shall not be construed more strictly against one party than against the other merely by virtue of the fact that it may have been prepared by counsel for one of the parties, it being recognized that each of the parties have contributed substantially and materially to the preparation hereof.

SECTION 25. HEADINGS. All sections and descriptive headings in this Agreement are inserted for convenience only and shall not affect the construction or interpretation hereof.

SECTION 26. ENTIRE AGREEMENT. This Agreement states the entire understanding between the parties and supersedes any written or oral

representations, statements, negotiations, or agreements to the contrary. This Agreement shall bind the parties, their assigns, and successors in interest.

SECTION 27. EXHIBITS. Exhibits to this Agreement, if any, shall be deemed to be incorporated into this Agreement as if fully set forth verbatim into the body of this Agreement.

SECTION 28. COUNTERPARTS. This Agreement may be executed in any number of counterparts each of which, when executed and delivered, shall be an original, but all counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates set forth below.

ATTEST:

CITY OF LONGWOOD

SARAH MIJARES, City Clerk

By: _____
H.G. BUNDY, Mayor

Date: _____

Approved as to form and legal sufficiency.

City Attorney

BOARD OF COUNTY COMMISSIONERS
SEMINOLE COUNTY, FLORIDA

ATTEST:

MARYANNE MORSE
Clerk to the Board of
County Commissioners of
Seminole County, Florida.

By: _____
CARLTON HENLEY, Chairman

Date: _____

For the use and reliance
of Seminole County only.

Approved as to form and
legal sufficiency.

As authorized for execution
by the Board of County Commissioners
at their _____, 20____
regular meeting.

County Attorney

AC/lpk
3/2/05
interlocal w/ Longwood QTI to Sears

Attachment:
Exhibit "A" - Local Financial Support Calculation of Phased QTI Refunds

EXHIBIT "A"

**Local Financial Support
Calculation of Phased QTI Refunds**

	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Phase 6	Total Jobs
Jobs	100	107	0	0	0	0	207
	12/31/2005	12/31/2006	12/31/2007	12/31/2008	12/31/2009	12/31/2010	12/31/2011 12/31/2012

QTI Local Financial Support (LFS) Total County and City

	Yr. 1	Yr. 2	Yr. 3	Yr. 4	Yr. 5	Yr. 6	Yr. 7	Yr. 8	Yr. 9
Phase 1	15,000	15,000	15,000	15,000					
Phase 2		16,050	16,050	16,050	16,050				
Phase 3			-	-	-	-			
Phase 4				-	-	-	-		
Phase 5					-	-	-	-	
Phase 6						-	-	-	-
Local:	15,000	31,050	31,050	31,050	16,050	-	-	-	-
Total QTI LFS: \$		124,200							

QTI Local Financial Support - City

	Yr. 1	Yr. 2	Yr. 3	Yr. 4	Yr. 5	Yr. 6	Yr. 7	Yr. 8	Yr. 9
Phase 1	7,500	7,500	7,500	7,500					
Phase 2		8,025	8,025	8,025	8,025				
Phase 3			-	-	-	-			
Phase 4				-	-	-	-		
Phase 5					-	-	-	-	
Phase 6						-	-	-	-
Local:	7,500	15,525	15,525	15,525	8,025	-	-	-	-
Total QTI LFS: \$		62,100							