



AGENDA REPORT
May 7, 2019

Economic Development Tax Exemption Ordinance Re: BK Technologies

SUBJECT:

Economic Development Tax Exemption Ordinance re: BK Technologies, Inc.

FISCAL IMPACT:

FY 2019-2020 No fiscal impact until company purchases equipment

FY 2020-2021 Fiscal Impact will be the amount of ad valorem taxes exempted.

DEPT/OFFICE:

County Manager

REQUESTED ACTION:

It is requested that the Board of County Commissioners consider adopting an Economic Development Ad Valorem Exemption Ordinance for BK Technologies, Inc.

SUMMARY EXPLANATION and BACKGROUND:

BK Technologies, Inc. designs, manufactures, and markets wireless communications products in the United States and internationally. The company offers two-way land mobile radios, repeaters, base stations, and related components and subsystems. The company is headquartered in West Melbourne, Florida, where it has maintained operations since the 1980's. Currently 100 employees are based in West Melbourne. BK Technologies, Inc. also operates a facility in Lawrence, Kansas. BK Technologies, Inc. plans to expand headcount by 35 employees over the next three years with an average wage of \$73,500 and invest \$3.0 million in equipment during the project period.

	# New Jobs	Dates
	17	Year 1
	18	Year 2
Total	35	

The EDC is seeking to leverage the Brevard County Ad Valorem Tax Abatement program to help BK Technologies, Inc. offset the cost of new equipment.

BK Technologies, Inc. meets the eligibility criteria as defined by Section 196.012(15)(a)(1), Florida Statutes. As a business expanding in Brevard County.

"A business or organization establishing 10 or more new jobs to employ 10 or more full-time employees in this state, paying an average wage for such new jobs that is above the average wage in the area, which principally engages in any one or more of

the following operations: manufacturers, processes, compounds, fabricates or produces for sale items of tangible personal property at a fixed location and which comprises an industrial or manufacturing plant".

The EDC has made a recommendation that BK Technologies, Inc. be provided an abatement of 80% for eight (8)years.

The Property Appraiser has conducted an analysis of the tax abatement application and it is estimated that at 80% of the amount of the annual tax abatement will be approximately \$12,164 and the total Tax Abatement for eight (8)years will be \$97,312.

ATTACHMENTS:

Description

- ▣ **legal ad**
- ▣ **Application**
- ▣ **Final draft ordinance**

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the Board of County Commissioners of Brevard County, Florida, on May 7, 2019 at 5:00 p.m., in the Commission Room at 2725 Judge Fran Jamieson Way, Building C, First Floor, Viera, FL, 32940, will hold a public hearing on the following ordinance:

ORDINANCE NO. 2019-__

AN ORDINANCE GRANTING AN ECONOMIC DEVELOPMENT AD VALOREM EXEMPTION TO BK TECHNOLOGIES. SPECIFYING THE ITEMS EXEMPTED; PROVIDING THE EXPIRATION DATE OF THE EXEMPTION; FINDING THAT THE BUSINESS MEETS THE REQUIREMENTS OF SECTION 196.1995(9) FLORIDA STATUTES; PROVIDING FOR PROOF OF ELIGIBILITY FOR EXEMPTION; BK TECHNOLOGIES, INC.; PROVIDING AN EFFECTIVE DATE.

Interested parties may appear at the May 7, 2019 meeting and be heard with respect to the proposed ordinance.

A copy of the ordinance may be inspected at the following locations:

Office of Clerk to the Board of County Commissioners, Titusville, Florida
North Brevard Library, Titusville, Florida
Central Brevard Library, Cocoa, Florida
Melbourne Library, Melbourne, Florida
South Mainland Library, Micco, Florida

A copy of the ordinance may also be viewed online at: <http://www.brevardcounty.us/CountyManager/DraftOrdinances>.

Pursuant to Section 286.0105 Florida Statutes, if a person decides to appeal any decision made by the board, agency, or commission with respect to any matter considered at such meeting or hearing, he or she will need a record of the proceedings, and that, for such purpose, he or she will need to ensure that a verbatim record of the proceedings is made, at his or her own expense, which record includes the testimony and evidence upon which any such appeal is to be based. Such person may provide a court reporter, stenographer, or a tape recorder for such verbatim record.

In accordance with the Americans Disabilities Act, persons needing a special accommodation or an interpreter to participate in the proceedings, please notify the department sponsoring the meeting/hearing, or the County Manager's Office, (321) 633-2010, at least 48 hours in advance. TDD: 1-800-955-8771. Assisted Listening System receivers are available for the hearing impaired, & can be obtained from the Sound Technician at the meeting.

This meeting will be broadcast live on Space Coast Government Television (SCGTV) on Bright House Networks channel 199, Comcast Cable Communications channel 51 in North Brevard and channel 13 in South Brevard, and AT&T U-verse channel 99. The meeting can be viewed at www.brevardfl.gov/onlineagenda

Date: April 12, 2019

To: Frank Abbate
County Manager

From: Gregory Weiner, CEcD
Senior Director, Business Development

Re: Company Considering Expansion in Brevard County

The Economic Development Commission of Florida's Space Coast is managing a business expansion project for Project BK Technologies, Inc., a leading manufacturer of communications equipment. The company provides design and manufacturing services both inside and outside the state of Florida.

They are considering additional equipment purchases as well as additional employment for their location in West Melbourne, FL. The company plans to create 35 new jobs over 2 years with an average wage of \$73,500 and invest approximately \$3,000,000 in new capital expenditures. The proposed job creation timeline for the project is as follows:

# of New Jobs	Date jobs will be created
17	Year 1
18	Year 2

TOTAL 35

The EDC is seeking to leverage the Brevard County Ad Valorem Tax Abatement program to help the client offset the cost new equipment.

Enclosed please find the following:

- Executive summary
- Completed AVT application
- Economic impact analysis
- Resolution – AVT
- Resolution - QTI
- Draft Board Report

If you should have any questions regarding any of the enclosed documentation or on the company's business expansion, please feel free to contact me.

SUPPLEMENTAL APPLICATION

BREVARD COUNTY ECONOMIC DEVELOPMENT AD VALOREM TAX EXEMPTION PROGRAM

APPLICANT NAME: BK Technologies, Inc.

NOTICE: This supplement is to be used by the applicant to provide additional information required by Economic Development Ad Valorem Tax Abatement Ordinance, Chapter 102, Division 3, Sections 181-191, Brevard County Code; and to provide other information requested by the Board of County Commissioners and the entities who will review the application.

Any business seeking an exemption shall file an application with the County before the business has made the decision to locate a new business in the County or before the business has made the decision to expand an existing business in the County. Any business decisions, such as announcements, leasing of space or hiring of employees, made prior to final County Economic Development Tax Abatement approval (and not made contingent upon County approval) may constitute grounds for disapproval. Projects, which clearly do not require inducement, will not be approved.

1. Length of exemption requested is total of 10 years (length of exemption approved is sole discretion of County Commission and commences on the adoption date of the ordinance granting the exemption).
2. Proposed Property Address (legal description & street address): 7100 Technology Dr, West Melbourne, FL 32904
3. **Property Owner Name:** B&M Property Holdings, LLC
Address: 1800 Penn Street, Suite 11, Melbourne, FL 32901
Telephone No.: n/a FAX No.: n/a
4. **Authorized Agent:** Adam Rathbun, The Ullian Realty Corporation
Address: 1800 Penn Street, Suite 11, Melbourne, FL 32901
Telephone No.: n/a FAX No.: n/a
5. Type of industry or business: Radio and Television Broadcasting and Wireless Communications Equipment Manufacturing
6. NAICS Code(s): 334220
7. Brief description of product and expansion plans (The applicant is to provide an executive summary of its business plan):
BK Technologies, Inc. designs, manufactures, and markets wireless communications products. BK Technologies plans to expand headcount by 35 employees in the next three years. This expansion includes adds to Assembly, Testers, Inspectors, R&D, and Engineering personnel.
8. Anticipated number of new employees (The applicant is to provide a breakdown of jobs to be created by category and planned salary to be paid by position):

Project Year	Number of net new full-time equivalent Brevard County jobs created in the business unit
I (2020)	17
II (2021)	18
III (2022)	0
Total	35
9. As of the date of this application, what is your total current Brevard County Employment? 100
10. Expected number of new employees who will reside in Brevard County: 35
11. Percentage of existing employees who have resided in the County for more than two years: 87
12. Anticipated average wage of employees (excluding employee benefits, but including overtime): \$35.34
13. Estimated new capital investment as a result of expansion or relocation of business:
Estimated new construction value: \$0
Estimated new personal property value: \$3,000,000
14. Environmental impact of business. (Identify the number and type of environmental permits required as a result of this project: e.g. air, soil and water pollution, water and sewer, dredge and fill, storm water, industrial wastewater; provide a brief narrative statement of the company's environmental impacts):
n/a
15. Anticipated volume of business or production (estimated gross revenue): \$50 million 2018 revenue and 25% anticipated growth in productivity
16. Would the relocation or expansion occur without the exemption: Yes [] No [X]
17. Estimated source of supplies (local or otherwise):
Estimated % source of supplies County: 0%
Estimated % source of supplies Florida: 3%
Estimated % source of supplies out-of-state: 97%
18. Business is/will be located in a community redevelopment area: Yes [] No [X]

Name of area: n/a

19. Do you desire exemption as a
"Relocation" [] , "Expansion of Existing Business Function" [X] or as an "Expansion of New Business Function" []

SIGNATURES:

I hereby confirm the information provided by BK Technologies, Inc. to the Economic Development Commission of Florida's Space Coast and the Board of County Commissioners for the purpose of calculating the economic impact and benefit of the proposed tax abatement is true, accurate and complete. I further confirm that BK Technologies, Inc. is not in violation of any federal, state or local law, or regulation governing environmental matters. I hereby acknowledge and agree upon approval of the Economic Development Ad Valorem Tax Abatement Ordinance by the Brevard County Board of County Commissioners that BK Technologies, Inc. will provide the CareerSource Brevard its job openings to be posted on www.employflorida.com and agrees to consider for employment candidates referred by Brevard Workforce.

DATE: 4/8/19

SIGNED: [Signature] / Sean Polley
8 Wright Street, Westport, CT 06880
860-874-6464

SIGNED: [Signature]
William Kelly, CFO, BK Technologies, Inc.

ECONOMIC DEVELOPMENT COMMISSION (EDC) USE ONLY

EDC Economic Impact Analysis:

EDC's Recommendation:

The Economic Development Commission of Florida's Space Coast hereby certifies that it has proof, to the satisfaction of the EDC, that the applicant meets the criteria of a new business or for an expansion of an existing business as defined in Section 184, Chapter 102, Brevard County Code. Furthermore, the EDC has conducted an economic impact analysis, applying acceptable multipliers as defined by the State Department of Commerce, which concludes that the applicant does hereby meet the economic benefit test, and, therefore, the EDC recommends to the Brevard County Commission that the applicant receive an ad valorem tax exemption for 80% percent of its eligible taxes and for a period of 8 years.

DATE: 5/1/2019

SIGNED: [Signature]
(EDC President)

COUNTY USE ONLY

County Manager's Recommendation:

DATE: _____

SIGNED: _____
(County Manager)

52VD
5.6317

BREVARD COUNTY
ECONOMIC DEVELOPMENT AD VALOREM TAX EXEMPTION
Chapter 196, Florida Statutes

To be filed with the Board of County Commissioners, the governing board of the municipality, or both, no later than March 1 of the year the exemption is desired to take effect.

1. Business name: BK Technologies, Inc.
Mailing address: 7100 Technology Dr, West Melbourne, FL 32904
2. Name of person in charge of business: William Kelly, CFO & Randy Willis, COO
Telephone No.: 321-237-1493 FAX No.: n/a
3. Location of business (legal description and street address) of property for which this report is filed:
7100 Technology Dr, West Melbourne, FL 32904
4. Date business opened at this facility: 2000 at current site (early 1980s to 2000 across street)
5. a. Description of the improvements to real property for which this exemption is requested:
None. The \$3.0 million in listed investment is in personal property.
b. Date of commencement of construction of improvements: n/a
6. a. Description of the tangible personal property for which this exemption is requested and date when property was purchased:

Class or Item	Age	Date of Purchase	Original Cost	Taxpayer's Estimate of Condition	Taxpayer's Estimate of Fair Market Value	APPRAISER USE ONLY
Miscellaneous manufacturing equipment to be purchased			\$3.0mm Est.		.90	2,700,000

- b. Average value of inventory on hand: \$11 million
- c. Any additional personal property not listed above for which an exemption is claimed must be returned on form DR-405 (Tangible Personal Property Tax Return) and a copy attached to this form.
7. Do you desire exemption as a "New Business" [-] or as an "Expansion of an Existing Business" [☒]
8. Describe the type or nature of your business: BK Technologies, Inc. designs, manufactures, and markets wireless communications products. BK Technologies plans to expand headcount by 35 employees in the next three years. This expansion includes adds to Assembly, Testers, Inspectors, R&D, and Engineering personnel.
9. Trade level (check as many as apply):
Wholesale [] Manufacturing [☒] Professional [☒] Service [] Office [☒] Other []
10. a. Number of full time employees employed in Florida: 100
b. If an expansion of an existing business:
(1) Net increase in employment: 35 new jobs during project period
(2) Increase in productive output resulting from this expansion: 20-25%

11. Sales factor for the facility requesting exemption:

Total sales in Florida from this facility - one (1) location only \$3.5 million divided by Total sales everywhere from this facility - one (1) location only \$50 million = 7%

12. For office space owned and used by a corporation newly domiciled in Florida: Not yet incorporated

a. Date of incorporation in Florida: n/a

b. Number of full-time employees at this location: n/a

13. If requesting an exemption due to location in a slum or blighted area, please furnish such additional information as required by the County Commission, City Commission, or Property Appraiser.

I hereby request the adoption of an ordinance granting an exemption from ad valorem taxation on the above property pursuant to Section 196.1995, Florida Statutes. I agree to furnish such other reasonable information as the Board of County Commissioners, the governing authority of the municipality, or the Property Appraiser may request in regard to the exemption requested herein. I hereby certify that the information and valuation stated above by me is true, correct, and complete to the best of my knowledge and belief. (If prepared by someone other than the taxpayer, his declaration is based on all information of which he has any knowledge.)

DATE: 4/8/19

SIGNED: [Signature]
William Kelly, CFO, BK Technologies, Inc.

PROPERTY APPRAISER'S USE ONLY

I. Total revenue available to the County or municipality for the current fiscal year from ad valorem tax sources:

227,516,307.24

II. Revenue lost to the County or municipality for the current fiscal year by virtue of exemptions previously granted under this section:

910,938.41

III. Estimate of the revenue which will be lost to the County during the current fiscal year if the exemption applied for were granted had the property for which the exemption is requested otherwise been subject to taxation:

15,205.59

IV. Estimate of the taxable value lost to the County or municipality if the exemption applied for were granted:

Improvements to real property 0 Personal Property 2,700,000

V. I have determined that the property listed above meets the definition, as defined by Section 196.012(15) or (16), Florida Statutes, as a New Business [], an Expansion of an Existing Business [☒], or Neither [].

VI. Last year for which exemption may be applied: dependent upon the number of years granted
by the BoCC.

DATE: 4-30-19

SIGNED: [Signature]
(Property Appraiser)

RETURN TO BE FILED NOT LATER THAN MARCH 1

Project BK Technologies, Inc. Ad Valorem Tax Abatement Executive Summary

BK Technologies, Inc. designs, manufactures, and markets wireless communications products in the United States and internationally. The company offers two-way land mobile radios, repeaters, base stations, and related components and subsystems. Its BK Technologies and BK Radio branded products include land-mobile radio equipment for professional radio users primarily in government, public safety, and military applications, as well as P-25 digital products; and RELM branded products provide two-way communications for commercial and industrial concerns, such as hotels, construction firms, schools, and transportation services.

The company is headquartered in West Melbourne, Florida, where it has maintained operations since the 1980s. Currently 100 employees are based in West Melbourne. BK Technologies also operates a facility in Lawrence, Kansas, which is also under consideration for this project as well.

BK Technologies plans to expand headcount by 35 employees and invest \$3.0 million in equipment during the project period. This expansion includes adds to Assembly, Testers, Inspectors, R&D, and Engineering personnel.

AD VALOREM TAX ABATEMENT

Job Creation Distribution Worksheet

JOB TITLE / DESCRIPTION	NUMBER OF JOBS	WAGE	ANTICIPATED HIRE TIMELINE (YEARS 1-3)
R&D Engineer	12	\$50.94	Year 1
Engineer	9	\$45.03	Year 2
Assembly (NGR)	2	\$13.25	Year 2
Production (Assembler, Tester, Inspector)	12	\$13.25	5 in Year 1 7 in Year 2

*Year 1 is CY ending 12/31/20

*Year 2 is CY ending 12/31/21

Project **BK Technologies, Inc.**

Brevard County, FL 04/08/19

Overview:

New Job Commitment:	35	Capital Investment:	\$3,000,000
Average Annual Wage:	\$73,500		

Economic impact from job creation:

Jobs	Net New Wage	Contribution to GDP
35 (Direct)	\$2,572,500 (Direct)	\$3,966,394 (Direct)
15 (Indirect)	\$824,099 (Indirect)	\$1,250,848 (Indirect)
17 (Induced)	\$667,118 (Induced)	\$1,237,934 (Induced)
67 TOTAL	\$4,063,717 TOTAL	\$6,455,176 TOTAL

- For every employment position created by PROJECT **BK Technologies, Inc.** approximately .9113 additional jobs will be developed to support the operation of the facility.
- For every payroll dollar paid to PROJECT **BK Technologies, Inc.** approximately \$.5797 will be generated for consumer spending.

County Tax Impact

Years 1-10	Annual Taxes on Construction	
Projected Tax Assessed	\$	-
Potential Abatement (at 100%)	\$	-
Net New Revenue to County	\$	-
	Annual Taxes on Personal Property	
Projected Tax Assessed	\$	24,186.24
Potential Abatement (at 100%)	\$	7,272.00
Net New Revenue to County	\$	16,914.24
Total New Revenue to County	\$	16,914.24

Years 11+ : Company will be assessed for 100% of tax liability

Tax Millage Code – 52V0

NAICS – 334220

IMPLAN Sector – 305

*Analysis based on information supplied by Project **BK Technologies, Inc.** -April 2019*

Economic impact calculations furnished by EDC Research Office, using IMPLAN Professional 3.1 (www.IMPLAN.com).

Abatement & millage numbers are estimates; all final numbers determined solely by the Brevard County Property Appraiser's Office.

ORDINANCE NO. 2019-_____

AN ORDINANCE GRANTING AN ECONOMIC DEVELOPMENT AD VALOREM EXEMPTION TO BK TECHNOLOGIES, INC.; SPECIFYING THE ITEMS EXEMPTED; PROVIDING THE EXPIRATION DATE OF THE EXEMPTION; FINDING THAT THE BUSINESS MEETS THE REQUIREMENTS OF CHAPTER 196.1995(16) F.S.; PROVIDING FOR PROOF OF ELIGIBILITY FOR EXEMPTION; BK TECHNOLOGIES, INC.; PROVIDING AN EFFECTIVE DATE.

WHEREAS, economic development and the creation of jobs are a priority of the Brevard County Board of County Commissioners; and

WHEREAS, the Brevard County citizens voted to provide economic incentives to new and expanding businesses in the November 2014 general election; and

WHEREAS, BK Technologies, Inc., has requested that the Board of County Commissioners exempt ad valorem taxes for real property used in its new business or expansion of an existing business as well as tangible personal property at 7100 Technology Drive, West Melbourne, Florida 32904.

WHEREAS, the Economic Development Commission of Florida's Space Coast has recommended approval of the exemption for BK Technologies, Inc., and

WHEREAS, the Property Appraiser has provided the Board of County Commissioners with its report as required by Section 196.1995(9), Florida Statutes; and

WHEREAS, it has been determined that BK Technologies, Inc., meets the requirements of Section 196.012(15), Florida Statutes, for an expansion of an existing business in Brevard County; and

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF BREVARD COUNTY, FLORIDA as follows:

Section 1. Chapter 102 entitled "Taxation," and Article IV entitled "Ad Valorem Property Taxation," of the Code of Ordinances of Brevard County, Florida shall be amended to include a new section 102-2__ as follows:

- (a) An Economic Development Ad Valorem Tax Exemption is hereby granted to BK Technologies, Inc. (hereafter referred to as "the Company"), for 80 percent of the assessed value of the net increase in all tangible personal property acquired to facilitate such expansion of an existing business during that first year (not to exceed the amount identified in the Company's application for exemption).
- (b) The total amount of revenue available to the County from ad valorem tax sources for the current fiscal year is \$227,516,307.24; \$910,938.41 is lost to the County for the current fiscal year by virtue of exemptions currently in effect from previous years.
- (c) The tax exemption hereby granted shall be for a term of eight (8) years commencing with the first year the new or expanded facility and tangible personal property are added to the assessment roll.

- (d) In accordance with the findings of the Board of County Commissioners and the Property Appraiser, the property hereby exempted from ad valorem tax exemption meets the definition of expansion of an existing business, as defined by Section 196.0125(15), Florida Statutes.
- (e) The Company shall submit to the County Manager at the beginning of each year an annual report providing evidence of continued compliance with the definition of an expansion of an existing business for each of the eight (8) years during which the Company is eligible to receive ad valorem tax exemption. If the annual report is not received, if the annual report indicates the Company no longer meets the criteria of Section 196.012(15), Florida Statutes, or if the company fails to fulfill any representation made to the board in its application or the application process, the County Manager shall make a report to the Board of County Commissioners for consideration of revocation of this Ordinance granting the tax exemption.
- (f) If the County Manager or designee receives written notice that the company qualifying for an ad valorem tax abatement under the authority of this ordinance has decided not to undertake or complete the new business or expansion of an existing business, including improvements to real property or acquisition of taxable tangible personal property, or has not timely provided the number of jobs qualifying the new business or expansion of an existing business for the ad valorem tax exemption granted under this section, the exemption granted shall be void, shall not take effect and shall not be implemented. If such a notice is received, the foregoing provision shall be self-executing and no further action of the Board of County Commissioners will be required to void the granted exemption. Upon the County's receipt of any such notice, the county manager or designee shall forward the notice to the Property Appraiser along with a copy of this subsection of the ordinance.
- (g) If, upon discovery of the Company's failure to qualify for the ad valorem tax exemption granted by this ordinance, the Board of County Commissioners may revoke this Ordinance, and the company shall reimburse those County ad valorem taxes abated in favor of the Company for that period of time that it was determined that the Company no longer met the criteria of Section 196.012(15), Florida Statute, which is applicable to the exemption granted by this Ordinance.

Section 2. Severability - If any provision of this Ordinance is held to be illegal or invalid, the other provisions shall remain in full force and effect.

Section 3. Codification - The provisions of this Ordinance shall be codified as and become and be made a part of the Brevard County Code. The Sections of this Ordinance may be renumbered or relettered to accomplish such intention and the word "Ordinance" or similar words, may be changed to "Section", "Article", or other appropriate word.

Section 4. Effective Date - This Ordinance shall become effective immediately upon filing as provided by law. A certified copy of the Ordinance shall be filed with the Office of the Secretary of State, State of Florida within ten days of enactment.

DONE, ORDERED AND ADOPTED in Regular Session this _____ day of _____, 2019.

ATTEST:

BOARD OF COUNTY COMMISSIONERS
OF BREVARD COUNTY, FLORIDA

Scott Ellis, Clerk

By: _____
Kristine Isnardi, Chair

As approved by the Board on _____