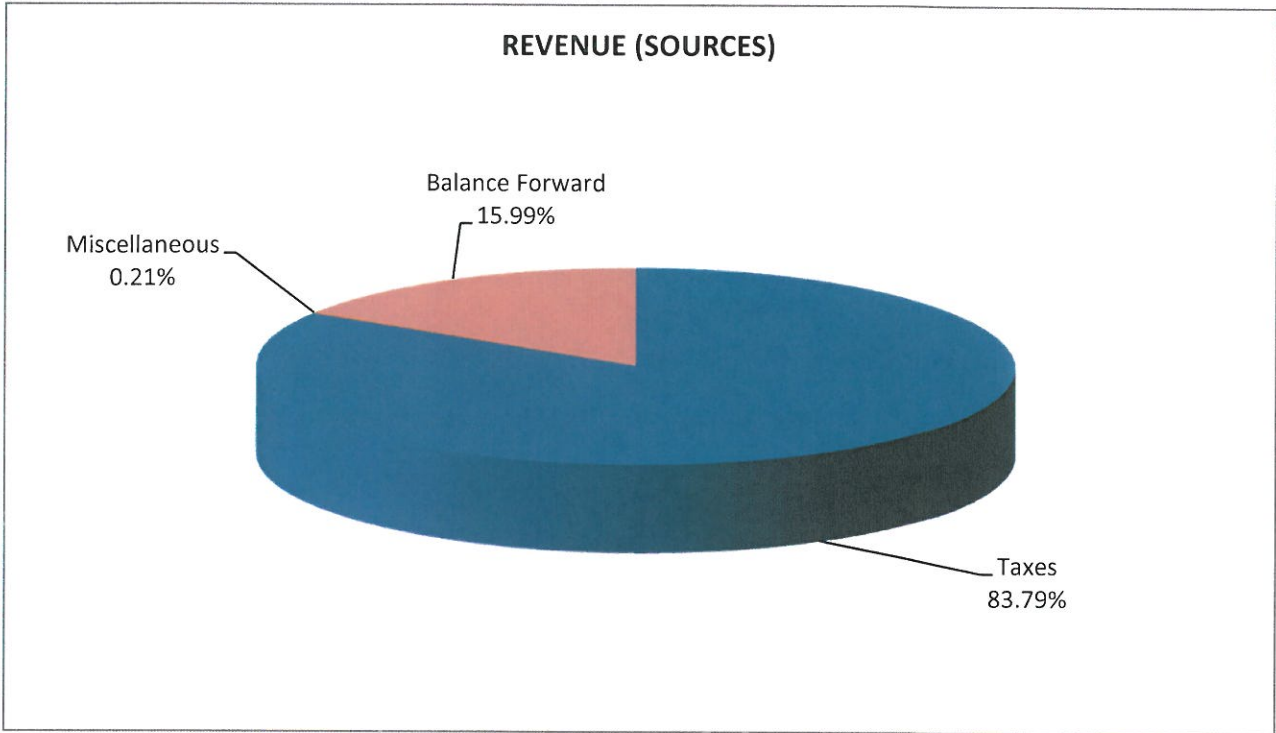
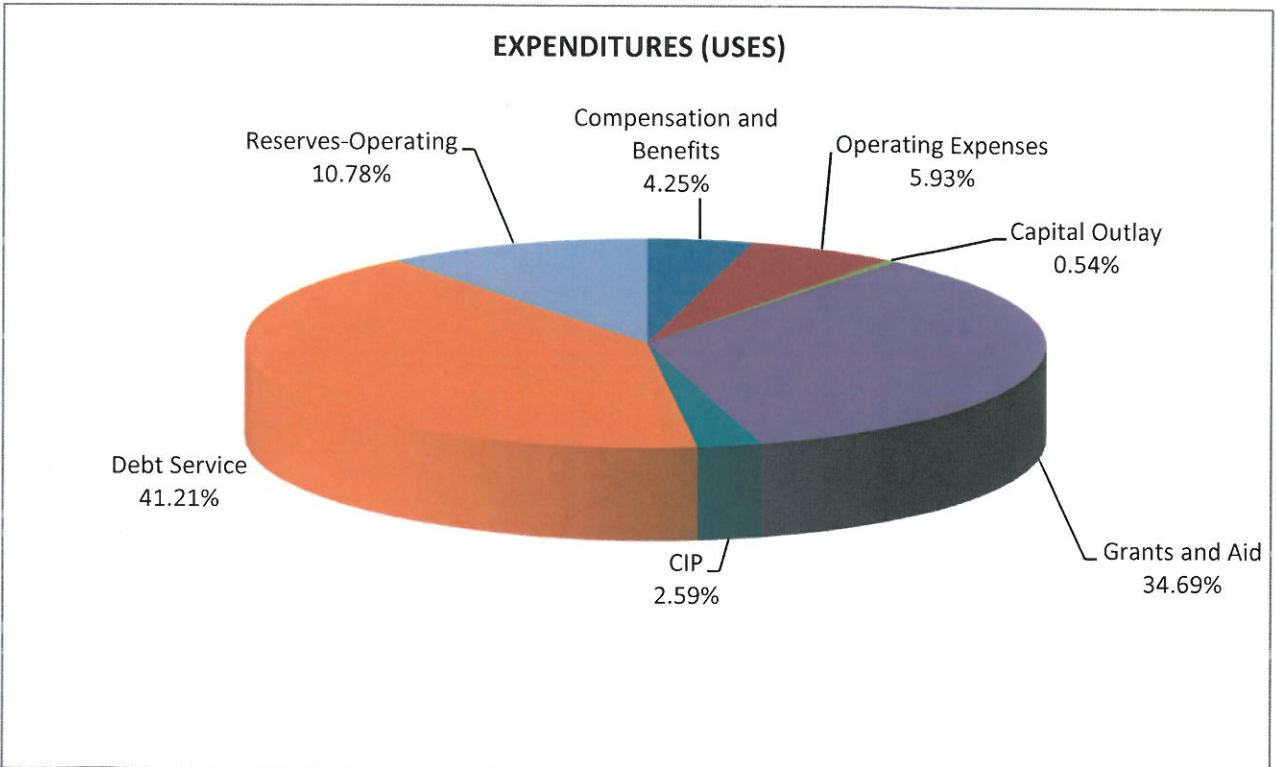


**NORTH BREVARD ECONOMIC DEVELOPMENT ZONE**



**ADOPTED BUDGET FY2017-2018**  
**\$3,275,565**



## **NORTH BREVARD ECONOMIC DEVELOPMENT ZONE SUMMARY**

### **MISSION STATEMENT:**

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The North Brevard Economic Development Zone (NB Zone, or “Zone”) special dependent district works in conjunction with various economic development organizations at the local, state, or national level to drive commerce and economic development in the northern part of the county through targeted investments that directly and demonstrably result in the creation and/or retention of quality employment and capital investment, thereby increasing the overall employment in the county and aiding in the long-term expansion and diversification of the tax base.

By inducing economic development activities to go forward, whether through the provision of financial or technical assistance or both, it is the intent of the Zone to increase economic opportunities for the residents of Brevard County.

### **PROGRAMS AND SERVICES:**

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#### **ACCOMPLISHMENTS, INITIATIVES, TRENDS AND ISSUES AND SERVICE LEVEL IMPACTS:**

##### **ECONOMIC DEVELOPMENT**

###### *Accomplishments:*

- Approved an incentive package for Project “Grand,” a Colorado-based software engineering firm seeking to acquire and renovate two adjoining buildings in downtown Titusville, the project, which is expected to cost \$2.9 million, will generate 10 new permanent technology jobs, with an average annual wage of \$55,000
- Approved an incentive project for Project “Slimer,” a California-based firm engaged in chemical cleaning for aeronautical, manufacturing, and pharmaceutical firms, for the redevelopment of an existing industrial building, the project is expected to create 30 new jobs, with an average annual wage of \$45,000, and retain 12 existing jobs in a local operation to be acquired by the firm
- Approved an incentive package for Kutryb Eye Institute, to induce the construction of a new 7,000 sq. ft. medical office facility and surgical center on a blighted lot in downtown Titusville, the project is expected to retain 14 jobs and add 9 new jobs, at an average annual wage of \$40,000
- Approved an incentive package for the Swiss firm RUAG, a leading international aerospace, defense, logistics, and pharmaceutical firm, to induce tenancy in the new Titusville Logistics Center, the project is expected to create 10 jobs initially, at an average wage of \$50,261, then grow to 60 full-time workers by 2025
- Approved an incentive package for MedFast healthcare group, to induce the redevelopment of a blighted commercial lot located adjacent to Titusville High School into a new 2,300 sq. ft. medical clinic, the project is expected to create 15 new healthcare jobs in the area (including 2 for physicians), with an average annualized wage of \$120,000
- Finalized and executed a financial incentive package for the Utah-based real estate investment trust Philips Edison to induce that development group to redevelop the Port St. John Shopping Plaza, therein addressing needed storm water runoff issues and other necessary public infrastructure improvements, the project is expected to result in a

## NORTH BREVARD ECONOMIC DEVELOPMENT ZONE SUMMARY

new capital investment of more than \$2 million, and lead to the creation of 10 new jobs, and the retention of approximately 70 jobs in the retail center

- Finalized and executed a revised incentive package for Lockheed-Martin (Project “Landmark”), a project representing a capital investment of approximately \$80 million by Lockheed-Martin in the Titusville area, which could create more than 300 jobs over the next few years, paying an annual average salary of \$89,000
- Successfully completed the first year of operation for a cowork space established by the Zone in downtown Titusville called **CoLaunch** ([www.CoLaunch.biz](http://www.CoLaunch.biz)), this shared work environment, consisting of more than 2,500 sq. ft., houses entrepreneurs and newly-launched enterprises, and provides access to training, education, and technical assistance (via Career Source Brevard)
- Laid the groundwork for a business park association in the county-owned Spaceport Commerce Park in Titusville, to eventually take control of improvements at the park, such as signage and landscaping
- Continued to market the area and build relationships at trade shows and conferences, including the ICSC Florida Show, the “Meet The Consultants” forum hosted by the Southern Economic Development Council (SEDC), the Space Foundation’s annual Space Symposium, the Americas MRO show (for the aviation industry), and the iCAST show (marine industry)
- Represented the Zone at numerous networking functions and served as participant for forums held by NASA, Port Canaveral, the Space Congress, local chambers of commerce, and other bodies
- Updated several reports, including economic impact analyses on various projects and the Zone’s annual Economic Assessment report, and published quarterly editions of the **North Brevard Business Review**, the latter of which is used to market the area and highlight recent developments

### *Initiatives:*

- To keep providing updated reports and statistical analysis on the resources and assets of the Zone’s service area, and use the Zone’s statistical data website ([www.northbrevard.biz](http://www.northbrevard.biz)), other social media tools, and traditional outlets to promote the area
- To continue working with Enterprise Florida, Space Florida, and the Economic Development Commission of Florida’s Space Coast (EDC) to attract new business investment to the Zone’s service area through the provision of incentive awards
- To implement a redevelopment assistance lending program, in accordance with the Zone’s written Economic Development Plan, that will make low interest loan funds for certain types of redevelopment, to be used in combination with other financing for small business development
- To create and place into operation the prototype for a kiosk displaying literature on small business assistance from the Small Business Administration (SBA), as a way of providing distressed neighborhoods with easier access to information on how to start and run a business enterprise



## NORTH BREVARD ECONOMIC DEVELOPMENT ZONE SUMMARY

### INFRASTRUCTURE DEVELOPMENT

#### *Accomplishments:*

- Provided seed money for the establishment of a “makerspace” in the northern part of the county, called Titusville - Space Coast Fab Lab ([www.spacecoastfablab.org](http://www.spacecoastfablab.org)), which will provide workforce training and support for entrepreneurial development
- Initiated engineering plans for developing another pad-ready site within the county-owned industrial park (Spaceport Commerce Park), in an attempt to improve marketability of lots to industry

#### *Initiatives:*

- To analyze opportunities utilizing state and Federal incentives and grants in connection with business development activities, particularly as it relates to the possible re-use of the former correctional facility site now owned by the county (in Port St. John) as a business park
- To consider opportunities for the creation of other new business park properties in the Zone service area, whether initiated by private developers or a public sector entity
- To work with the Swiss firm RUAG, Brevard Career Source, and other local partners in the creation of workforce training program, modeled after a European-style apprenticeship program
- To continue the provision of assistance in redeveloping existing, blighted commercial or industrial properties
- To work on developing a “virtual” speculative building – a project consisting of a pad-ready site and a set of approved architectural plans, but no actual building – at the county-owned Spaceport Commerce Park in Titusville
- To continue reviewing grant opportunities for the establishment of a “kitchen incubator” (a commercial kitchen and food prep area available for small entrepreneurs to use on a limited basis) next to Wild Ocean Seafood market in Titusville

#### *Trends and Issues:*

While significant economic gains have been made in the northern part of the county over the last year, the Zone service area continues to suffer from the adverse impact of NASA’s decision to end its Space Shuttle program in 2011. The reduction of jobs at NASA’s Kennedy Space Center (KSC) between the years 2009 - 2012 left the area with a number of unemployed and underemployed people. Although the City of Titusville’s unemployment rate is only slightly above the county’s rate, its total civilian labor force number totals just 18,824 (2016). Eight years ago - before the Shuttle layoffs and “The Great Recession” – the city’s total civilian labor force numbered more than 21,000.

Part of the problem can be attributed to the area’s dependency upon the space industry – particularly Federal-sector driven space exploration. To rectify this problem, it is imperative that the area attract and nurture the development of other industry sectors, such as advanced manufacturing, distribution, healthcare, marine/boating, and eco-tourism, while diversifying the role that public-sector aerospace (NASA) plays by cultivating a greater presence of commercial space

## NORTH BREVARD ECONOMIC DEVELOPMENT ZONE SUMMARY

companies. Only through a concerted effort to develop a core of firms with a client base beyond the aerospace industry can the area be insulated from the cyclical nature of economic forces.

In addition to the employment impact, the north Brevard County area suffers from a limitation on the amount of land that can be developed either commercially or industrially. Much of this is due to the control of land by the Federal government for alternative purposes, such as national wildlife areas (as in the case of Canaveral National Seashore or the St. John's River National Wildlife Refuge) or for the national defense and space exploration (Kennedy Space Center and the Cape Canaveral Air Force Station).

Lastly, there remains a perception – most notably among groups located outside the area, such as real estate site consultants, brokers, and retail developers – that KSC is either “closed,” or that little economic activity is taking place on Florida’s “space coast.” While that perception is false, Zone staff frequently encounter this view among uninformed persons outside the area, and must work to correct the view with information on the changes/developments that are occurring within the local economy.

For these reasons, the Zone will continue to focus its efforts in the next fiscal year on:

- The redevelopment of existing commercial and industrial property
- The diversification of the local economy by aiding and the incentivizing of projects that represent a departure for the area’s traditional industry sectors
- The growing and nurturing of those industry sectors that form its economic base, namely aerospace and artisan (specialized craft) manufacturing

### *Service Level Impacts:*

As the Zone enters its seventh year of existence, funding levels should permit the Zone to continue implementation of its program of work, as described herein and set forth in its written Economic Development Plan, created in 2012. That plan detailed specific program initiatives, such as a Job Opportunity Program, Pad-Ready Infrastructure, Redevelopment, Spec Building Development, Site Marketing, and Job Creation Infrastructure.

The redevelopment of the former Miracle City Mall site triggered the provision of an incentive to the development team responsible for creating Titus Landing, a new retail center with approximately 300,000 sq. ft. of retail space. In the approaching fiscal year, the Zone will be expected to provide funds to the City of Titusville to aid that municipality in its efforts to satisfy the debt instrument incurred by the city to honor the incentive commitment. The Zone’s obligation is expected to last 10 years, and require the payment of \$840,000 to the city each year.

Another project that calls for the “monetization” of an incentive (the provision of the incentive in lump sum amount, thus necessitating the borrowing of funds to make the payment possible) is the Blue Origin project, approved in 2015. It is expected that the trigger for the incentive – the completion of a 600,000 sq. ft. manufacturing center in Exploration Park – will be reached by late 2017, which will require the county and the Zone in FY 17/18 to make efforts to secure a 10-year loan facility in the amount of \$8 million. Once that funding mechanism has been set, it is expected that the Zone will provide \$1,050,000 annually to cover the terms for repayment.

Lastly, Project “Landmark” – the Lockheed Martin project approved in 2015, and revised in late 2016 – may reach its first threshold in FY 17/18 per an incentive agreement, which could require the Zone to provide an initial incentive of approximately \$250,000. However, the Zone should be able to meet that obligation in the next fiscal year out of its revenue allocation for the year.

**NORTH BREVARD ECONOMIC DEVELOPMENT ZONE: SUMMARY**

**PROGRAM REVENUES AND EXPENDITURES**

	<b>Actual FY2015-2016</b>	<b>Final Budget FY2016-2017</b>	<b>Adopted Budget FY2017-2018</b>	<b>Difference</b>	<b>% (Inc)/Dec</b>
<b>REVENUES:</b>					
Taxes	\$117,248	\$3,088,360	\$2,889,121	(\$199,239)	(6.45%)
Permits, Fees & Spec. Assess.	\$0	\$0	\$0	\$0	0.00%
Intergovernmental	\$0	\$0	\$0	\$0	0.00%
Charges for Services	\$3,791	\$0	\$0	\$0	0.00%
Fines and Forfeits	\$0	\$0	\$0	\$0	0.00%
Miscellaneous	\$16,494	\$0	\$7,368	\$7,368	0.00%
Statutory Reduction	\$0	(\$154,419)	(\$144,824)	\$9,595	(6.21%)
<i>Operating Revenues</i>	\$137,533	\$2,933,941	\$2,751,665	(\$182,276)	(6.21%)
Balance Forward	\$2,817,282	\$1,258,767	\$523,900	(\$734,867)	(58.38%)
Transfers - General Revenue	\$0	\$0	\$0	\$0	0.00%
Transfers - Other	\$0	\$0	\$0	\$0	0.00%
Other Finance Source	\$0	\$0	\$0	\$0	0.00%
<i>Non-Operating Revenues</i>	\$2,817,282	\$1,258,767	\$523,900	(\$734,867)	(58.38%)
<b>TOTAL REVENUES</b>	\$2,954,815	\$4,192,708	\$3,275,565	(\$917,143)	(21.87%)
<b>EXPENDITURES</b>					
Compensation and Benefits	\$133,899	\$135,335	\$139,158	\$3,823	2.82%
Operating Expenses	\$81,515	\$164,076	\$194,203	\$30,127	18.36%
Capital Outlay	\$0	\$35,000	\$17,600	(\$17,400)	(49.71%)
Grants and Aid	\$1,237,000	\$2,027,879	\$1,136,391	(\$891,488)	(43.96%)
<i>Operating Expenditures</i>	\$1,452,414	\$2,362,290	\$1,487,352	(\$874,938)	(37.04%)
CIP	\$242,182	\$395,000	\$85,000	(\$310,000)	(78.48%)
Debt Service	\$1,452	\$308,408	\$1,350,000	\$1,041,592	337.73%
Reserves-Operating	\$0	\$1,127,010	\$353,213	(\$773,797)	(68.66%)
Reserves - Capital	\$0	\$0	\$0	\$0	0.00%
Reserves - Restricted	\$0	\$0	\$0	\$0	0.00%
Transfers	\$0	\$0	\$0	\$0	0.00%
<i>Non-Operating Expenditures</i>	\$243,634	\$1,830,418	\$1,788,213	(\$42,205)	(2.31%)
<b>TOTAL EXPENDITURES</b>	\$1,696,048	\$4,192,708	\$3,275,565	(\$917,143)	(21.87%)
<b>PERSONNEL:</b>					
Full-time positions	1.00	1.00	1.00	0.00	0.00%
Part-time Positions	0.00	0.00	0.00	0.00	0.00%
Full-time Equivalent	1.00	1.00	1.00	0.00	0.00%
Temporary FTE	0.00	0.00	0.00	0.00	0.00%
Seasonal FTE	0.00	0.00	0.00	0.00	0.00%

**NORTH BREVARD ECONOMIC DEVELOPMENT ZONE: BUDGET VARIANCES**

<b>REVENUES</b>	<b>VARIANCE</b>	<b>% VARIANCE</b>	<b>EXPLANATION</b>
Taxes	(\$199,239)	(6.45%)	Attributable to a decrease in taxable value associated with the FPL Power Plant transferring assets to another Florida County
Permits, Fees & Spec. Assess.	\$0	0.00%	
Intergovernmental	\$0	0.00%	
Charges for Services	\$0	0.00%	
Fines and Forfeits	\$0	0.00%	
Miscellaneous	\$7,368	N/A	Increase in Interest Revenue earned
Statutory Reduction	\$9,595	(6.21%)	Variance is associated with change in Operating Revenue
Balance Forward	(\$734,867)	(58.38%)	Since the Zone does not provide an incentive until approved projects reach performance measures specified in written agreements, it may carry forward large amounts into the next fiscal year
Transfers - General Revenue	\$0	0.00%	
Transfers - Other	\$0	0.00%	
Other Finance Source	\$0	0.00%	



## NORTH BREVARD ECONOMIC DEVELOPMENT ZONE: BUDGET VARIANCES

EXPENDITURES	VARIANCE	% VARIANCE	EXPLANATION
Compensation and Benefits	\$3,823	2.82%	Attributable to Cost of Living Adjustments and FRS rate increases, offset by an 8% decrease in Employer's Health Insurance premium
Operating Expenses	\$30,127	18.36%	Largely due to the operation of the Zone's coworking initiative and planned real estate appraisal of land in commerce park
Capital Outlay	(\$17,400)	(49.71%)	The Zone anticipates less equipment and furniture needs in FY 18 for its coworking space initiative
Grants and Aid	(\$891,488)	(43.96%)	A reduction in Grants & Aid is due to the expected increase in debt service obligations for Blue Origin and Titus Landing
CIP	(\$310,000)	(78.48%)	Due to completion of Spaceport Commerce Park improvements in FY 17
Debt Service	\$1,041,592	337.73%	The provision of incentives to two approved projects (Blue Origin and Titus Landing) will necessitate debt obligations in FY 18
Reserves-Operating	(\$773,797)	(68.66%)	FY 17's reserves figure was higher in anticipation of servicing the Titus Landing debt obligation
Reserves - Capital	\$0	0.00%	
Reserves - Restricted	\$0	0.00%	
Transfers	\$0	0.00%	

**NORTH BREVARD ECONOMIC DEVELOPMENT ZONE  
PERFORMANCE MEASURES**

OBJECTIVE	MEASURE	ACTUAL FY 2015-2016	ESTIMATED FY 2016-2017	PROJECTED FY 2017-2018
Job Opportunity Program	Induced jobs created	150	500	500
	Capital investment expected	\$25 million	\$240 million	\$75 million
Small Business Initiatives	Induced jobs created	100	100	200
Coworking Initiative	Memberships attained	0	14	25
Pad-Ready Site	Lots cleared/graded	1	1	1
Commercial Site Redevelopment	Sites identified and assessed for potential development	1	3	2

**NORTH BREVARD ECONOMIC DEVELOPMENT ZONE  
TRAVEL A & B SUMMARY**

<b>DESCRIPTION</b>	<b>POSITION</b>	<b>DESTINATION</b>	<b>FUNDING SOURCE</b>	<b>TOTAL COST</b>
<b>NORTH BREVARD ECONOMIC DEVELOPMENT ZONE</b>				
National Space Symposium	Executive Director	Colorado Springs, CO	Incremental Taxes	\$2,100
Americas MRO	Executive Director	Orlando, FL	Incremental Taxes	\$2,000
SEDC "Meet the Consultants"	Executive Director	Dallas, TX	Incremental Taxes	\$1,400
Florida Economic Development Council (FEDC) Annual Conference	Executive Director	TBD	Incremental Taxes	\$1,050
SEDC Annual Conference	Executive Director	Mobile, AL	Incremental Taxes	\$1,200
NABE Data Analytics Annual Meeting	Executive Director	Cleveland, OH	Incremental Taxes	\$1,500
IEDC Training- Tech Led ED	Executive Director	Atlanta, GA	Incremental Taxes	\$1,250
<b>TOTAL FUNDED FOR DEPARTMENT:</b>				<b>\$10,500</b>

**NORTH BREVARD ECONOMIC DEVELOPMENT ZONE  
CAPITAL OUTLAY SUMMARY<sup>1</sup>**

DESCRIPTION	QUANTITY	UNIT COST	FUNDING SOURCE	TOTAL COST
<b>MACHINERY AND EQUIPMENT</b>				
Smart Board - computer/touch-screen	1	\$6,000	Ad Valorem Taxes	\$6,000
Stand for Smart board	1	\$2,000	Ad Valorem Taxes	\$2,000
Makerbot - 3D printer	1	\$6,000	Ad Valorem Taxes	\$6,000
<b>TOTAL FOR PROGRAM:</b>				<b>\$14,000</b>
<b>OFFICE EQUIPMENT AND FURNITURE</b>				
Computer & monitor (for conference area)	1	\$2,000	Ad Valorem Taxes	\$2,000
Conference table	1	\$1,600	Ad Valorem Taxes	\$1,600
<b>TOTAL FOR PROGRAM:</b>				<b>\$3,600</b>

1) Equipment with a value in excess of \$1,000 (computers \$750). Approved items may be purchased using existing Public Sector Purchasing Cooperative contracts awarded through full and open competition when in the best interest of the County.

**NORTH BREVARD ECONOMIC DEVELOPMENT ZONE  
CAPITAL IMPROVEMENTS PROGRAM**

<b>DESCRIPTION</b>	<b>FUNDING SOURCE</b>	<b>TOTAL COST</b>
<b>INFRASTRUCTURE DEVELOPMENT</b>		
Commercial/industrial Site Redevelopment	Incremental Taxes	\$50,000
Park Signage	Incremental Taxes	\$35,000
<b>TOTAL FUNDED FOR DEPARTMENT:</b>		<b>\$85,000</b>



