



Pinellas County

Staff Report

File #: 23-1530A, Version: 1

Subject:

Application for a funding modification under the Penny for Pinellas Employment Sites Program.

Recommended Action:

Conditional approval and funding of a previous round project that is requesting modification. It is further recommended that the Board once again delegate authority to the County Administrator to negotiate and execute all agreements and documentation associated with the project.

Following National Doors and Hardware's conditional approval by the Board of County Commissioners on May 9, 2023, the applicant reached out to staff requesting a modification of their conditional approval. The project is being impacted by the high and unstable interest rates for construction lending which has forced ownership to build out the facility in two phases.

- National Doors and Hardware's original request was in the amount of \$327,000.00 and now the request is \$165,000.00.
- The intent is to construct the 10,000 square foot facility in two phases, with the first phase also including all required infrastructure needed to meet the requirements of the 10,000 square foot facility.
- The applicant is still committed to adding 3 to 7 new jobs with the new facility.

There is sufficient funding to approve this modification in the Fiscal Year 2024 adopted Capital Improvement program in Penny IV Economic Development Capital Projects Countywide Investment program funding (project 004149A).

Strategic Plan:

Foster Continual Economic Growth and Vitality

4.1 Proactively attract and retain businesses with targeted jobs to the county and the region

Deliver First Class Services to the Public and Our Customers

5.1 Maximize partner relationships and public outreach

5.2 Be responsible stewards of the public's resources

Summary:

Following the conditional approval for their application by the Board of County Commissioners on May 9, 2023, National Doors and Hardware were unable to fund the construction of the proposed 10,000 square foot facility due to the financial increases in construction lending. The applicant is requesting conditional approval on the modification of their original application in order to construct phase I of the facility along with the necessary infrastructure to complete the entire structure. They have also reduced their funding request to \$165,000.00 from their original request of \$327,000.00. Pinellas County Economic Development staff has reviewed the modification request and

recommends funding the modification request. The project meets the eligibility criteria and complies with the public policy goals as set forth in the program guidelines.

Background Information:

Penny IV Funds are provided through an extension of the Infrastructure Sales Surtax, a voter-approved 1.0% sales tax that is dedicated to infrastructure improvement projects in Pinellas County. Penny IV was approved by 83% of Pinellas County voters on November 7, 2017. The approved ballot language included “capital projects to support economic development” as permissible uses of funds. On August 1, 2017, prior to the vote on the Penny IV ballot initiative, an Interlocal Agreement between Pinellas County and the 24 municipalities was approved to allocate the proceeds from the 2020-2029 infrastructure surtax. Under the Interlocal Agreement, 8.3% of the net proceeds of the surtax is dedicated to countywide investments in the areas of Economic Development Capital Projects, as authorized in Section 212.055(2)(d)3, Florida Statutes, and “Housing” land acquisition in support of affordable residential housing, as authorized in Section 212.055(2)(d)(1)(e), Florida Statutes.

The Board established a Joint Review Committee (JRC) to develop guidelines for the use of Penny IV Funds for affordable housing and economic development capital projects. The JRC was comprised of City and County representatives and met monthly between March and October of 2019. The County engaged a consultant to assist the JRC by conducting market research to inform policy regarding the deployment of Penny IV Funds. This research indicated that there is strong demand for the development of industrial and office properties within Pinellas County. However, while there is a potential market for future development, attraction and retention of targeted industry employers will likely be limited by various factors including:

- 1) Competition for target industry employers from other markets
- 2) Presence of obsolete buildings that do not meet modern target industry employers’ needs
- 3) Unavailability of sites
- 4) Inadequate infrastructure
- 5) Financial feasibility of new office and industrial development
- 6) Lack of workforce housing

Program guidelines prescribe that the Penny IV Funds be used for strategic investment in economic development capital project to address these identified challenges which prevent or limit desired economic development. These guidelines were approved by the Board on December 10, 2019 and establish minimum criteria and project eligibility requirements. Based on the guidelines, staff developed an application along with evaluation criteria that align with the public policy goals. The guidelines identified three primary categories for funding:

- 1) New construction, expansion, and/or rehabilitation of office and industrial buildings
- 2) Site-readiness
- 3) Public infrastructure

Staff recommends the Board approve the modification request for National Doors and Hardware in the amount of \$165,000.00 and authorize the County Administrator to negotiate and approve the terms and final funding.

Fiscal Impact:

Total Maximum Expenditure - \$165,000.00

Funding to support the recommended applications is budgeted in the County's Capital Improvement Program, funded by the Local Infrastructure Sales Surtax (Penny for Pinellas) in project 004149A Penny IV Economic Development Capital Projects. This funding is from the Penny for Pinellas countywide investment for Economic Development Capital Projects and Housing.

Staff Member Responsible:

Dr. Cynthia Johnson, Director, Economic Development

Teresa Brydon, Business Development Manager, Economic Development

Partners:

City of Tarpon Springs

Attachments:

Project Summary Sheet