



**OFFICE OF ECONOMIC AND SMALL BUSINESS DEVELOPMENT
Governmental Center Annex**

115 S. Andrews Avenue, Room A680 • Fort Lauderdale, Florida 33301 • 954-357-6400

MEMORANDUM

DATE: June 18, 2024
TO: Monica Cepero, County Administrator
FROM: Sandy-Michael McDonald, Director
Office of Economic and Small Business Development
SUBJECT: Project Sawgrass - Tax Revenue/Incentive Pay Out Analysis

The Office of Economic and Small Business Development (OESBD) has prepared an agenda item in support of the Project Sawgrass resolution to be approved as a qualified applicant for participation in the Broward County Strategic Job Creation Incentive Grant Program. The incentive amount includes a \$700 per new job created from Broward County under the Strategic Job Creation Incentive Grant Program over the period of Fiscal Years 2025 through 2031 based on the creation of 88 new, high wage/high skill jobs and an estimated capital investment of \$10,000,000.

The OESBD conducts tax revenue/incentive pay out analyses to ultimately determine Return on Investment (ROI). The ROI is determined by calculating the monetary value of the Net Return for the County (\$156,669) divided by monetary value of the County Incentives Payments (\$61,600), with a standard investment discount rate of 3.5% applied.

The OESBD proposes to award to Project Sawgrass a total of \$61,600 over a six (6) year period as follows: Year 1: \$9,275; Year 2: \$14,525; Year 3: \$15,400; Year 4: \$15,400; Year 5: 6,125; Year 6: \$875. During the six (6) year period of the project, the County's Share of All Tax Payments would generate \$1,276,948 in new tax revenue. Using IMPLAN, the County's Economic Impact Model, the total economic benefit from Project Sawgrass's job creation and capital investment would be an estimated \$218,299 and create over 161 jobs, driven by the significant high-wage job creation of the project.

Over that same six-year period, the Net Return for the County is \$156,669. This figure reflects the County's Share of All Tax Payments (\$1,276,948) minus the County Incentive Payments (\$61,600). Because the proposed facility is already in existence and operating, there is no additional public service cost factor in the project.

The analysis indicates that the anticipated return on investment generated from the project's job creation is 65% and meets the County's threshold for positive Net Return. Therefore, approval is recommended based on the creation of 88 new, high wage/high skill jobs and an estimated capital investment of \$10,000,000.

Sawgrass -- Tax Revenue/Incentive Pay Out Analysis - 7-Year/\$10,000,000 Capital Investment

Projected Tax Payments						
Year	County's Share of All Tax Payments	County Incentive Payments	County Public Service cost	Net Return for the County	Cumulative Net Return for the County	Net Present Value of Net Return
2025						
2026	\$ 23,867.77	\$ 9,275.00	\$ -	\$ 14,592.77	\$ 14,592.77	\$ 14,099.29
2027	\$ 37,285.10	\$ 14,525.00	\$ -	\$ 22,760.10	\$ 37,352.87	\$ 21,246.80
2028	\$ 39,433.11	\$ 15,400.00	\$ -	\$ 24,033.11	\$ 61,385.98	\$ 21,676.49
2029	\$ 39,335.28	\$ 15,400.00	\$ -	\$ 23,935.28	\$ 85,321.26	\$ 21,588.25
2030	\$ 39,237.69	\$ 6,125.00	\$ -	\$ 33,112.69	\$ 118,433.95	\$ 29,865.75
2031	\$ 39,140.34	\$ 875.00		\$ 38,265.34	\$ 156,699.29	\$ 33,346.03
2032						
Total	\$ 218,299.29	\$ 61,600.00	\$ -	\$ 156,699.29	\$ 156,699.29	\$ 141,822.61
Return on Investment =						71.78%
Discounted Return on Investment =						64.97%

Model Assumptions:

1. Allocation of taxes based on model created using IMPLAN
2. Discount rate of 3.5% used for net present value calculation.
3. Total Value-Added New Jobs Created: 88 @ Estimated \$75,993/Year per job
4. County's Total portion of incentive: \$61,600
5. County's investment of \$61,600 with a net return of \$156,699 represents a 65% return on investment (Net Present Value)
6. Incentive payback period: 6 years

Prepared by the Broward County Office of Economic and Small Business Development