

CITY OF MELBOURNE, FLORIDA
MINUTES – SPECIAL MEETING BEFORE CITY COUNCIL
MAY 16, 2005



A special meeting of the City Council was held in the City Council Chamber, 900 East Strawbridge Avenue, and was called to order at 3:00 p.m. by Mayor Harry Goode.

1. Pledge of Allegiance
2. Roll Call.

Present:	Harry C. Goode, Jr.	Mayor
	Richard Contreras	Vice Mayor, District 1
	Mark LaRusso	Council Member, District 2
	Kathy Meehan	Council Member, District 3
	Grace Walker	Council Member, District 4
	Cheryl Palmer	Council Member, District 5
	Loretta Isenberg-Hand	Council Member, District 6
	Jack M. Schluckebier, Ph.D.	City Manager
	Paul R. Gougelman, III	City Attorney
	Cathleen A. Wysor	City Clerk
	Cindy Dittmer	Planning & Economic Development Director

Mayor Goode announced that he will need to leave at 3:45 to attend a previously scheduled meeting.

3. COUNCIL ACTION RE: Discussion and consideration for endorsement of conceptual economic package relating to the European Aeronautic Defence and Space Company (EADS)

City Manager Jack Schluckebier said that, as disclosed at the last Council meeting, the City is involved in competition for several assembly plants, which would be a significant, sizable economic project for the City, the Airport, and Brevard County. Melbourne is one of four finalists in competition for this project.

Several folks will be making presentations at this meeting and information has been distributed to Council outlining proposed incentives that could be offered by the City of Melbourne. All parties involved believe we have a close to even chance if we put together a favorable package of incentives.

Lynda Weatherman, President/CEO, Economic Development Commission of Florida's Space Coast, reported that the EDC began working with Enterprise Florida in January regarding the possible movement of a company making a site location. This area competed with 72 other sites in 32 states. In addition to Melbourne, the finalists include Mobile, Alabama; North Charleston, South Carolina; and Kiln, Mississippi.

Ms. Weatherman stated that the level of competition is incredible. This is a team effort and everyone will have to come to the table to secure this company. The other states mentioned are extremely competitive and have a history of major site locations. Ms. Weatherman asked Louis Laubsher with Enterprise Florida to discuss the project.

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Louis Laubscher, Enterprise Florida (the State's economic development agency), said that Florida is trying to be aggressive. Mr. Laubscher said that Enterprise Florida is working at the State level to get a commitment on dollars to contribute towards capital costs. If more investment is required from the State, the first question will be, "Is the local community participating?"

Mr. Laubscher reported that the project has three components. The first is an engineering center that will provide 100 high wage jobs approaching \$100,000 per year. The engineering center will support a fleet of airbus type aircraft. The next is a modification facility where existing aircraft will be modified for use as Air Force tankers. There are two competitors for this – Boeing and EADS. Melbourne is attractive because Northrop is in discussions to participate in this project. The next phase is the final assembly line that will add avionics to the planes. Overall, they expect about 24 aircraft per year to be completed. The project life is a minimum of 20 years.

All of these activities indicate an attractive economic engine for our community. And, it will take aggressive policies, including tax abatements, to win. Most companies recognize that the School Board and education are important and those taxes would not be abated. Therefore, mitigating taxes and overcoming obstacles on the site are all important pieces. EADS wants all transportation options open, including air, water, roadway, and rail.

Mr. Laubscher said that they are also working on putting together training and education programs to attract the brightest people to the facility. He added that it will take a minimum package of \$55 – 75 million minimum to make this happen.

Mayor Goode asked Mr. Laubscher to explain what we could expect to see with the addition of 1,100 jobs. Mr. Laubscher said that the multiplier effect would be two and one-half times. An economic spin would result from people buying homes and spending their dollars here.

Doug Mead, Chairman, Brevard Workforce Development Board, confirmed that EADS is estimated to provide 1,100 jobs for our area. He added that he does not see this as a population growth. The area is getting ready to have a large outfall from the Cape and we need a place to employ these people. EADS would provide jobs for an incumbent work force.

Mr. Mead elaborated on their partnerships to provide training opportunities. He added that the Governor's Office has approved discretionary spending of his contingency fund to make this happen.

City Manager Jack Schluckebier said that staff is looking for direction on taking on this magnitude of a project. City staff has put together an excellent package. The incentives do not provide for waiving everything; some fees can't legally be waived and some are not appropriate to waive.

Mayor Goode recognized State Representative Mitch Needelman in the audience who is here to offer his support.

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Mayor Goode asked if the proposal distributed to Council represents just Melbourne's portion. Mr. Schluckebier said that is correct.

Planning and Economic Development Director Cindy Dittmer provided the following details: the proposed value, including equipment of the assembly facility is \$600 million; the proposed value, including equipment, of the engineering center is \$5 million; if the City site is selected, the engineering center will be built; if the contract is won by EADS, the assembly facility would be built; a proposal to extend the current ad valorem tax exemption program to allow for a 10 year exemption at 90% of the taxable value would require an ordinance; and any direction to allow the waiver of various fees would require approval of an ordinance.

The package from the City is summarized as follows:

Ad Valorem Tax Exemption Program – 10 year exemption at 90%	\$26,057,590
Transportation Impact Fees	1,201,396
Formal Rezoning/Site Plan Fee	2,600
Site Construction Review and Inspection Fees	300,000
Building Permit Fees	401,963
Occupational License Fees	775
Expedited Permitting Fees (Outside Consultant)	300,000
Proposed Water Line Upgrade to 14-inch Line	<u>900,000</u>
 Total	 \$29,164,324

The proposed incentives do not include the waiver of water and sewer connection or impact fees since current bond covenants prohibit such waivers. Most of the incentives offered by the City and County involve waivers of fees/taxes. The County package would be similar to Melbourne and also involve in-kind and cash support for the development. Other agencies, such as the State, will be offering several million dollars in cash and incentive support.

The proposed project would need to be rezoned from M-1 to M-2 to accommodate the assembly/manufacturing component of the project. The current land use designation is appropriate and the change would be consistent with the Comprehensive Plan.

Council Member Cheryl Palmer asked what other infrastructure improvements would have to be made, including roadway improvements. Mrs. Dittmer replied that there is nothing more at the City level for infrastructure.

Mrs. Palmer asked the purpose of the M-2 zoning. Mrs. Dittmer said that M-2 allows aircraft manufacturing; therefore, the proposed use would clearly be permitted in this zone.

Mrs. Palmer asked how close the facility would be to the nearest residential area. Mrs. Dittmer displayed the area on the map. She added that there would need to be sufficient buffers between the use and the residential area. Preliminary layouts would look at

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buffering and putting heavy uses towards the Airport. Retention and parking can also be used as a buffer area.

Mr. Schluckebier added that there is nothing about this proposal that calls for waiving setbacks, buffers, etc.

Mrs. Palmer asked what the perceived negative impacts would be and noted that some are to be expected. Mrs. Dittmer said she does not know of any. She added that it is her understanding that this will be located indoors – it is not an outdoor activity. She stressed that a lot would depend on site design. And, she has not heard anything to lead her to believe that this would be a noisy operation.

Mayor Goode stated that the project proposed by EADS would include use of the latest in aircraft engine design – the quietest on the market. He added that they expect to produce two planes per month.

Vice Mayor Contreras noted that if J-Stars is used as the benchmark, the proposed use would be quieter.

Mrs. Palmer asked about the comment that the engineering center would “support the fleet.” Mr. Laubscher said it would be in terms of engineering support; it would not include retrofit.

Regarding impact, Mr. Laubscher said that the City can expect traffic in the area. You can't have 1,100 jobs without traffic. He added that the parts would come from different locations to the assembly line. The development will not include a foundry. There will be some fabrication; however, it will generally be an assembly process.

Mrs. Palmer asked about the height. Mrs. Dittmer said that the proposed building or buildings would probably be in the 60 – 80 foot range. The Airport has already looked at the location and determined that there won't be a problem with additional height.

Mrs. Walker stated that she is receiving calls from people who are concerned. Mrs. Palmer agreed and said that Council needs more information.

Mayor Goode asked how many acres are outlined on the map. Mrs. Dittmer replied 150. The Mayor pointed out that the 150 acres also includes 50 acres of storm water retention, canals and roads.

Mrs. Palmer asked what the roadway will be used for. Mayor Goode replied ingress and egress to the site.

Regarding the timing, Mr. Schluckebier said that we were just notified 10 days ago that we were made a finalist.

A brief discussion followed about the roadway, the State's portion of the funding, and the possible need for a railroad spur. Mrs. Dittmer said that many of these items are under

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discussion and she does not have up to date information. Mr. Schluckebier said that we are trying to present the idea that Melbourne is prepared to offer incentives.

Ms. Weatherman said that the questions are legitimate; this is moving quickly. The EDC is working with the State who deals with a consultant who deals with EADS. With regard to the transportation network, they are looking at the railroad and a possible spur. They are also looking at using a barge to bring some parts in. EADS would like one option with a backup option.

In response to Mr. Contreras, Ms. Weatherman said that the decibel level would be below the decibel requirements. This will be a fabrication and assembly facility. There will be no engine building. She stressed that Council is being told everything that is known at this time.

Mrs. Walker asked what fabrication means. Ms. Weatherman said “the bending of metal.”

Council Member Mark LaRusso listed all the agencies involved and the number of community leaders who are in support. He asked what more the City could do to address this issue. Mrs. Dittmer said that staff believes it has uncovered everything from the City’s standpoint. Mr. Laubscher asked Council to recognize that issues may arise during the site visit and Council should be prepared to address problems as they are uncovered.

Mayor Goode left the meeting (3:45 p.m.) and Vice Mayor Contreras moved to the chair.

Mrs. Palmer said that barge, possible railroad spur, etc. have been mentioned – infrastructure that will be necessary. She asked if we have promises from the State. Mr. Laubscher replied that there are State sources for roads and anything related to transportation. Ms. Weatherman added that the EDC expects the State to come to the table with road fund money.

Mrs. Palmer pointed out that from what she knows of the other sites, those areas are economically depressed. She asked if we are going to be asked to compete with a lower pay scale. Following a brief discussion, Mr. Laubscher said that the jobs will pay above average wages. Mr. Schluckebier added that we are not in a bidding war in that sense. These are higher wage paying jobs and would need to be to be eligible for our program.

Mr. Mead noted that a top paid engineer would rather live in our community than Mississippi or Alabama. And, we already have the work force here. He agreed that we are not in a bidding war from the wage standpoint.

Director of Aviation Richard Ennis confirmed for Council Member Hand that the Airport would be able to apply for State funding for this project. The City Manager added that to the extent things are aviation related and occurring on Airport property, there would be an extra opportunity for Federal funding.

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Mr. Contreras referenced the incentive package outlined by staff. He asked that any action recognize that the amount is approximate; some of these items could be moving targets as plans change.

Moved by LaRusso/Meehan to approve the endorsement of staff's plan of approximately \$29,164,324. Motion carried unanimously.

Mrs. Palmer said that there are many questions to be answered and she does not feel like she is doing a good job of representing the people of the City with what little she knows about this project. The big picture sounds wonderful; however, she would like to be kept updated as we learn more. Mrs. Walker agreed.

Mr. Schluckebier said that Council will absolutely be informed as the City receives specifics about the project.

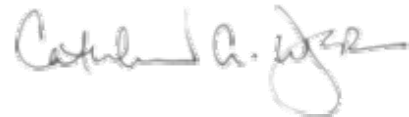
Mr. Schluckebier confirmed for Mrs. Palmer that any State money used for transportation would not be a trade out with MPO dollars.

Mr. LaRusso asked that Council also be provided information about Airport incentives. Mr. Schluckebier asked Mr. Ennis in the audience to keep Council abreast of this information.

Mr. Laubscher said that there has been no attempt to subvert the normal process. All approvals necessary will return to Council and that is when Council will see a level of detail.

4. ADJOURNMENT

Moved by Hand/Walker to adjourn. Motion carried unanimously. The meeting adjourned at 3:56 p.m.



By: _____
City Clerk – 5/23/2005

Approved by Council: June 14, 2005