

**Fiscal Impact Analysis
First Industrial Realty Trust
Light Industrial Development
City of Margate, Florida**

September 20, 2021

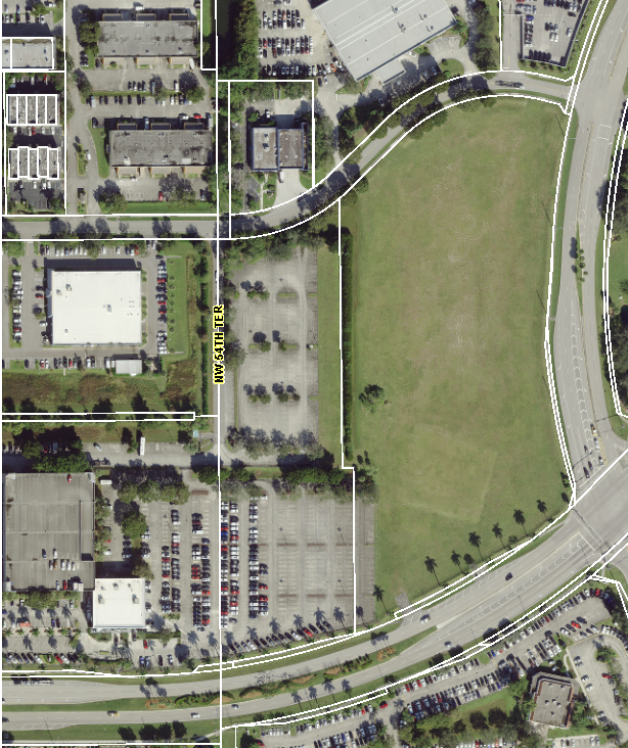


Report Commission

First Industrial Realty Trust commissioned this report in support of the company’s proposed industrial development in the City of Margate, Broward County, Florida. The development contemplates the construction of 131,680 sf light industrial facility on 9.3 acres currently zoned M-1 (light industrial) in the City of Margate.

The proposed development is on the northwest corner of Banks Road and Copans Road and is bounded on the north by NW 24th Street. A car dealership is currently operating to the west and north of the property.

General Project Location



General Location of Project In The City of Margate, Florida.
Source: Broward County Property Appraiser 2021 Aerials.

This study is designed to forecast the annual and one-time revenues that will accrue to the City of Margate and other taxing authorities under the proposed use.



Study Conclusions

- The project will generate \$503,437 annually to all taxing authorities. Of that amount, the City of Margate can expect to receive \$213,325. The City currently receives \$56,442, so the project increases the revenue by \$156,883
- The project will add \$20,462,806 in taxable value to the City's tax base.
- The City of Margate will receive initially \$157,860 more in property tax revenue from the project.
- The City will receive \$5,267 in annual fire assessments.
- The City will receive \$15,957 in taxes on utilities.
- An additional \$7,573 in stormwater fees will be received.
- The Utility system will generate an additional \$25,723 in annual profits.
- Business taxes will generate \$494 or more annually to the City.
- The City will receive \$1,599,219 in one-time fees for police, fire/EMS, water and sewer connection fees, and building permit fees.
- The project will generate 119 region-wide jobs during construction, adding \$5,974,404 in additional household income.

It will add 488 jobs region-wide with \$25,649,225 in household earnings. Of that amount, 284 jobs will be onsite and have a payroll of \$14,499,279 annually.



Fiscal Impact To Local Governments

First Industrial Realty Trust (FR5355 Northwest 24th Street, LLC) is proposing a development of a 131,680 sf light industrial facility on 9.3 acres currently zoned M-1 (light industrial) in the City of Margate.

The following taxing authorities will benefit from the revenues provided by the proposed development: City of Margate, Broward County, the State of Florida, the School Board of Broward County, the North Broward Hospital District, the South Florida Water Management District, the Florida Inland Navigational District, and the Children’s Services Council of Broward County.

Table A summarizes the various annual revenue streams that the proposed development options will directly contribute to these various taxing authorities:

Table A
Summary of Annual Revenues
All Taxing Authorities

Light Industrial Warehouse								
Source of Revenue	City of Margate	Broward County	School Board of Broward County	South Florida Water Management District	Florida Inland Navigation District	Children's Services Council of Broward County	North Broward Hospital District	Totals
Recurring Revenues								
Property Taxes	\$ 157,860	\$ 116,004	\$ 132,233	\$ 5,474	\$ 655	\$ 9,615	\$ 26,131	\$ 447,972
Fire Assessments	5,267	-	-	-	-	-	-	\$ 5,267
Franchise and Utility Taxes	16,408	-	-	-	-	-	-	\$ 16,408
Stormwater	7,573	-	-	-	-	-	-	\$ 7,573
Intergovernmental	-	-	-	-	-	-	-	\$ -
Utility System Profit	25,723	-	-	-	-	-	-	\$ 25,723
Business Tax	494	-	-	-	-	-	-	\$ 494
Totals	\$ 213,325	\$ 116,004	\$ 132,233	\$ 5,474	\$ 655	\$ 9,615	\$ 26,131	\$ 503,437



Property Tax Base

The property tax base is anticipated to grow by \$20,462,806 if the project were completed in the current year.

The structure is estimated to be 131,680 square feet valued at about \$100/sf for the structure and \$18/sf for the land.

The City's tentatively adopted combined FY2022 millage rate is 7.7145 mills and would produce \$157,680 annually from this project. The City currently receives \$56,442 annually on the vacant land.

All taxing authorities, including the City, levy a combined 21.8920 mills and would produce \$447,972 annually.



Fire Assessments

The City of Margate levies a non-ad valorem special assessment for fire services on properties located within the municipality. The fee varies by use and size of the structure. The applicable rates in effect within the City of Margate at the time and applicable to this project are \$0.04 per square foot for the 131,680 sf industrial/warehouse use of the property. The annual assessment would be \$5,267.

Stormwater Fees

The City of Margate levies stormwater fees for the collection and treatment of stormwater. This is in addition to any onsite treatment and retention that may be required due to the development. The fee is \$64.92/year/ERU at this location. An ERU is an Equivalent Residential Unit based upon an average impervious area of a single-family home in the City. The initial estimate of impervious area is 277,862 square feet. A commercial ERU is predicated on 2,382 square feet in this part of the City. This results in a total ERU of 116.65 ERU's and an estimated annual fee of \$7,573 for stormwater.

Franchise and Utility Taxes

As with most municipalities, the City of Margate levies taxes on utilities and solid waste services. The City levies a 5.9% electric franchise fee and a 10% utility tax on electric, water, and fuel oils, propane, and natural gas consumption. The City levies a franchise fee on solid waste billings within the City. The City also levies a Communications Services Tax on phone and other telecommunications services. Using current estimates of consumption by square footage and use of property and then applying the applicable tax rates, we estimate that the City will receive \$16,408 annually from the taxes on these services.



Intergovernmental Revenue

The State of Florida provides municipalities with various revenues on a recurring basis. These revenues include State Revenue Sharing, Half-cent Sales Tax sharing, and Gas Tax levies. The formulas for distribution are largely population-based methods. The project will not add any additional population to the City, so there is no revenue from this source of funding.

Business Tax Receipts

The City of Margate levies an annual business tax. The tax in the City varies with the use and the City's annual levy is low when compared to others within Broward County. We have estimated that the City is expected to receive \$100 annually from taxes on this business. If more than one business occupies the facilities, then an additional \$100 per business will be collected. The City also collects a tax on wholesale inventory. The additional tax would be \$393.75 for stock over \$100,000, which we have assumed.

Utility Profits

The City of Margate operates a water and sewer system. This system is operated on a proprietary, or for profit, basis. Much of the City's costs of operating its utility system are fixed costs. We used the City's last audited comprehensive annual financial report (FY2020) to calculate that the operating margin (net of depreciation expense) for the utility. It was 34.3%. Using estimates of consumption based upon the use and the number of employees at the facility, we calculated that the City will receive \$25,723 in utility profits from the development.



One-Time City Fees

The City levies certain fees on new development to help pay for the costs of impact to services. These fees are estimated to total \$1,599,219 and are detailed below:

One -Time Fee	Basis	Total Fee
Police Impact Fee	993.53 1000 sf industrial	\$ 130,828
Fire EMS Impact Fee	822.76 1000 sf industrial	108,341
Building Permit Fees	2.50% project costs	279,820
Water Impact Fee	1790 per ERC	630,230
Sewer Impact Fee	1920 per ERC	450,000
Total One-Time Fees		\$ 1,599,219



Total Economic Benefit

The proposed development will also have a positive effect on the regional economy. Using the most recent RIMS II data from the Bureau of Economic Analysis of the U.S. Department of Commerce, the multiplier effect of the jobs and goods and services provided by the new project during the construction phase will provide the regional economy benefits in addition to those locally. During construction, the project is expected to create approximately 488 jobs region-wide, improving household earnings by \$25,649,225. Additionally, region-wide businesses across all industries will have a final demand or additional output (sales) of \$21,891,012.

Once operational, the facility would be expected to generate onsite 284 jobs with a total payroll of \$14,499,279.

