



ZONING & URBAN PLANNING
MARKET RESEARCH & ANALYSIS
ENVIRONMENTAL ASSESSMENTS

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April 17, 2023

IRG Sports and Entertainment
c/o Seth Bain, AICP, Shareholder
Lewis Longman and Walker
350 South Rosemary Avenue, Suite 1100
West Palm Beach, FL 33401

Re: Principal revenue and employment projections for Phases 1 and 2 of the proposed Palm Beach Industrial MUPD Development located in Palm Beach County, Florida.

MEMORANDUM

The following report was prepared using various data sources, including the Palm Beach County Zoning Division, Palm Beach County Property Appraiser, Palm Beach County Solid Waste Authority, Florida Department of Economic Opportunity, and U.S Energy Information Administration.

I. INTRODUCTION

A. Purpose

The Subject Site, is an approximate 174.39 acre portion of the proposed 186.39 acre Palm Beach Industrial MUPD Development (MUPD Development Plan), illustrated on Map 1, which is located on the north side of Beeline Highway, approximately 8.2 miles northwest of PGA Boulevard, west of the Town of Jupiter.

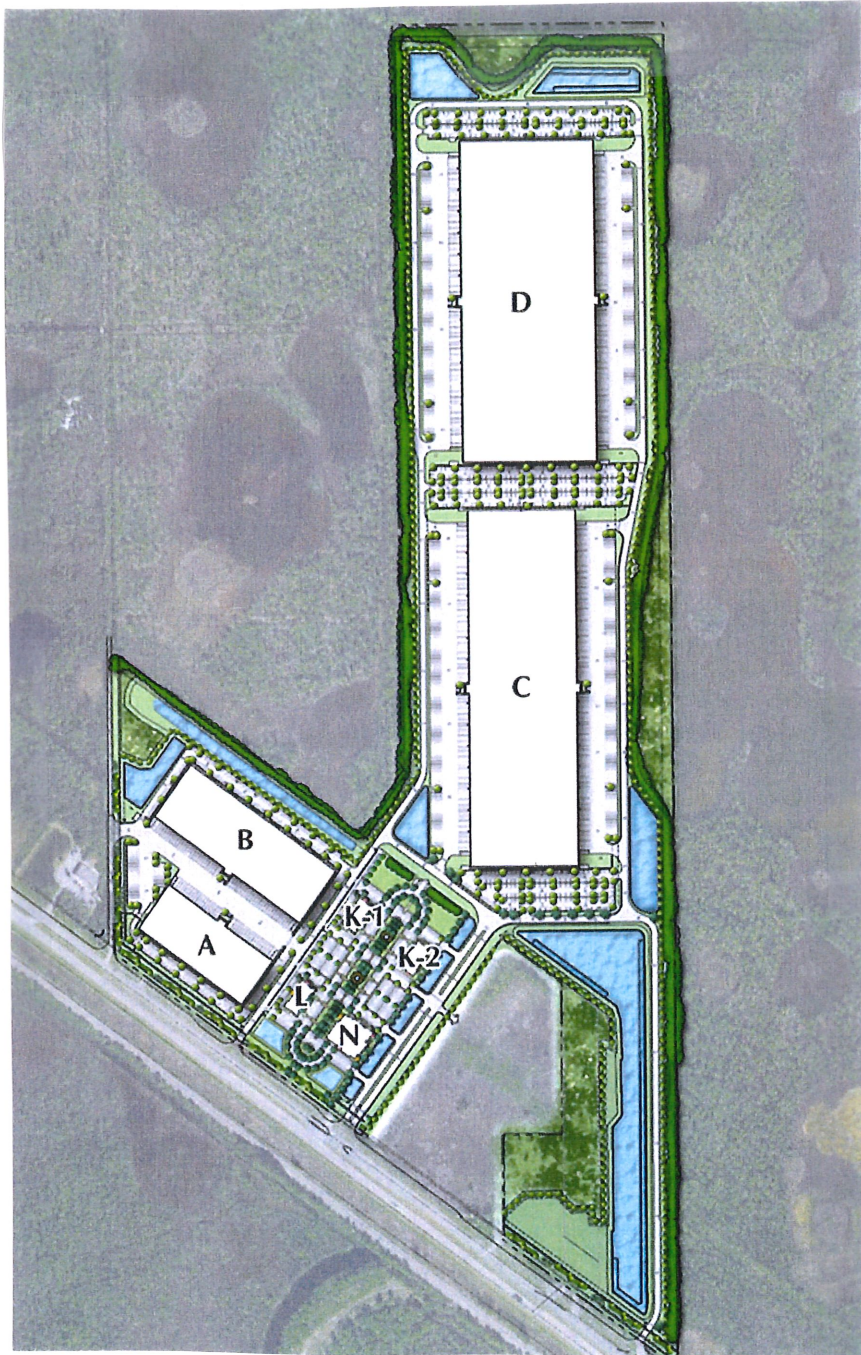
The purpose of this study is to estimate the revenue and employment implications of Phases 1 and 2 (i.e. 174.39 acre Subject Site) of the proposed 186.39 acre MUPD Development Plan. An illustration of the Subject Site, consisting of Buildings A – D of the proposed MUPD Development Plan, is presented on Map 2.

B. Scope

Phases 1 and 2 of the MUPD Development Plan are analyzed in terms of the following: (1) ad valorem and non-ad valorem tax generation; (2) tangible personal property tax generation (3) impact fees; and (4) permanent full-time equivalent (FTE) employment.

Palm Beach Industrial MUPD Development Plan Phases 1 and 2
Revenue and Employment Estimates; April 2023

Map 2
Palm Beach Industrial MUPD Development Plan Phases 1 and 2



Palm Beach Industrial MUPD Development Plan Phases 1 and 2
Revenue and Employment Estimates; April 2023

II. PHASES 1 AND 2 OF THE MUPD DEVELOPMENT PLAN

Phases 1 and 2 of the MUPD Development Plan are summarized for the purposes of this analysis in Table 1.

Table 1
Phases 1 and 2 of the MUPD Development Plan

Development Component	Acres	Total Building (sq. ft.)	Development Program Components
Phase 1 – 2022 to 2024	138.00	1,296,293	3 Buildings (A, B, and D) consisting of 1,232,733 sq. ft. of warehouse and 63,560 sq. ft. of office.
Phase 2 – 2024 to 2025	36.39	811,343	1 Building (C) consisting of 786,343 sq. ft. of warehouse and 25,000 sq. ft. of office.
Total Phase 1 and 2 Development Area	174.39	2,107,636	4 Buildings (A, B, C, and D) consisting of 2,019,076 sq. ft. of warehouse and 88,560 sq. ft. of office.

Source: 2GHO Landscape Architects Planners and Environmental consultants

III. ANNUAL AD VALOREM AND NON AD VALOREM TAX REVENUE

For the purpose of determining potential tax base implications, it is assumed that Phases 1 and 2 of the MUPD Development Plan are fully developed, including anticipated building and infrastructure improvements (i.e. water, sewer, internal road, drainage, and power facilities).

A. Phases 1 and 2 Taxable Value of Land

Land values of the taxable area are estimated using Palm Beach County Property Appraiser (PAPA) data and a discussion with PAPA appraisal staff for recently completed comparable developments, primarily within the Park of Commerce, located 2.4 miles to the south, along Beeline Highway.

The Taxable value of proposed warehouse land is estimated at \$4.90 per sq. ft.; a land taxable value total of \$37,222,499 (7,596,428 sq. ft. x \$4.90/sq. ft.).

B. Phases 1 and 2 Taxable Value of Improvements

Phase 1 and Phase 2 warehouse detail, as defined in Table 1, is used at the basis to estimate the taxable value of improvements. The value of taxable improvements is estimated at \$101.50 per sq. ft. based upon an analysis of PAPA data for similar developments in the Park of Commerce. For the purpose of this analysis, Phase 1 and Phase 2 improvements taxable value is estimated at \$213,925,054 (2,107,636 sq. ft. x \$101.50/sq. ft.).

C. Tax Rates

Ad valorem and non-ad valorem tax rates are provided by the Palm Beach County Property Appraiser and Palm Beach County Solid Waste Authority. The total ad valorem tax rate (FY 22/23), including all ad valorem taxing authorities, is 16.8381 mills.

The only non-ad valorem assessment is for garbage and trash disposal by the Palm Beach County Solid Waste Authority (SWA). The Phase 1 and 2 warehouse component of the MUPD Development Plan is assigned a "medium" waste generation rate of \$0.19 per sq. ft. of building area based upon direction by SWA staff.

D. . Phases 1 and 2 Real Property Tax Estimates at Buildout

Using the above buildout land and improvements taxable values and FY 2022/23 tax rates, initial year annual ad valorem and non-ad valorem tax revenues generated by the Phases 1 and 2 Development Plan are presented in Table 2. From Table 2, it is estimated that \$4,629,298 will be generated in annual ad valorem and non-ad valorem tax revenues to local taxing authorities during the initial year of full occupancy.

In addition to Palm Beach County operating departments, several additional government service providers, including Palm Beach County School District, Solid Waste Authority, South Florida Water Management District, Children's Services Council, Florida Inland Navigation District, and Palm Beach County Health Care District will receive annual funds.

IV. TANGIBLE PERSONAL PROPERTY TAX REVENUE

Tangible personal property (e.g. furniture, equipment, supplies, etc.) will add to the tax base of businesses that locate in Phases 1 and 2 of the MUPD Development Plan.

According to the Palm Beach County Tax Collector's Office, tangible personal property is depreciated for tax purposes on an annual basis, normally over a three to eight year period depending upon the type of asset. Each year, new assets are added to the tax base and existing assets depreciated. As a result, it is difficult to estimate annual tangible personal property tax revenues over time. However, based upon tangible personal property taxes paid for the Amazon warehouse, built in 2021 at the Palm Beach Park of Commerce, it is concluded that initial year revenues from this source can be estimated at approximately \$0.25 per sq. ft. of building area

Applying the above rate to the Phase 1 and Phase 2 MUPD Development Plan components initial (i.e. first year) revenues from this source are estimated at \$526,909 (2,107,636 sq. ft. x \$0.25 per sq. ft.). This amount will change each year based upon depreciation and the addition of new personal property assets.

Table 2
Phases 1 and 2 of the MUPD Development Plan
Ad Valorem and Non-Ad Valorem Taxes

Tax Entity	Tax Rate	Land and Improvements Value (\$)			Total Taxes (\$)
		Land	Improvements	Total	
County Operating	0.004715	37,222,499	213,925,054	251,147,553	1,184,161
County Debt	0.0000289	37,222,499	213,925,054	251,147,553	7,258
Fire Rescue	0.0034581	37,222,499	213,925,054	251,147,553	868,493
Library Operating	0.0005491	37,222,499	213,925,054	251,147,553	137,905
Library Debt	0.000029	37,222,499	213,925,054	251,147,553	7,283
Water Management District	0.0000948	37,222,499	213,925,054	251,147,553	23,809
Water Management District Basin	0.0001026	37,222,499	213,925,054	251,147,553	25,768
Everglades Construction	0.0000327	37,222,499	213,925,054	251,147,553	8,213
PB School District State Law	0.003271	37,222,499	213,925,054	251,147,553	821,504
PB School District Local Board	0.003248	37,222,499	213,925,054	251,147,553	815,727
Children's Services Council	0.0005508	37,222,499	213,925,054	251,147,553	138,332
Florida Inland Navigation Dist.	0.000032	37,222,499	213,925,054	251,147,553	8,037
PBC Health Care District	0.0007261	37,222,499	213,925,054	251,147,553	182,358
Sub-Total Ad Valorem	0.0168381	37,222,499	213,925,054	251,147,553	4,228,848
Sub-Total Non-Ad Valorem (SWA*)					400,451
Total Annual Property Taxes					4,629,298

* Solid Waste Authority Medium rate = \$0.19/sq. ft. x 2,107,636 sq. ft

Source: Palm Beach County Property Appraiser, Palm Beach County Solid Waste Authority, LRM, Inc.; April 2023.

V. ONE-TIME IMPACT FEES

Impact fees will be generated by the Phases 1 and 2 MUPD Development Plan. Palm Beach County levies a variety of impact fees, including parks, libraries, public buildings, schools, law enforcement, and roads on projects built in the unincorporated area. Estimates of impact fees are presented in Table 3. From Table 3, the proposed warehouse development is projected to generate \$1,862,455 in Palm Beach County impact fees.

Impact fee credits are awarded for buildings to be demolished as part of a redevelopment plan. Credits for demolishing buildings at Palm Beach International Raceway are estimated in Table 4. Credits reduce the total impact fees from \$1,862,455 to \$1,763,468; a reduction of \$98,987.

Table 3
Phases 1 and 2 of the MUPD Development Plan*
Impact Fee Assessments

Fee Component	Impact Fee Rate \$/1,000 sq. ft.	Impact Fee (\$)
Parks	0.00	0.00
Libraries	0.00	0.00
Public Buildings	\$37.64 per 1,000 sq. ft.	79,331
Schools	0.00	0.00
Fire Rescue	\$28.50 per 1,000 sq. ft.	60,068
Law Enforcement	\$11.40 per 1,000 sq. ft.	24,027
Roads	\$806.13 per 1,000 sq. ft.	1,699,029
Total Fees	\$883.67 per 1,000 sq. ft.	1,862,455

* - 2,107,636 sq. ft.

Source: Impact Fee Table - Unincorporated County, January 1, 2023.

Table 4
Palm Beach International Raceway
Impact Fee Credits

Fee Component	Convenience Store (\$) (1,525 sq. ft.)	Multi-Office (\$) (3,675 sq. ft.)	Warehouse (\$) (10,761 sq. ft.)	Total Credits (\$)
Parks	0.00	0.00	0.00	0.00
Libraries	0.00	0.00	0.00	0.00
Public Buildings	1,253	513	405	2,171
Schools	0.00	0.00	0.00	0.00
Fire Rescue	194	196	307	697
Law Enforcement	146	40	123	309
Roads	73,710	13,425	8,675	95,810
Totals	75,303	14,174	9,510	98,987

Source: Impact Fee Table - Unincorporated County, August 1, 2019.

Palm Beach Industrial MUPD Development Plan Phases 1 and 2
Revenue and Employment Estimates; April 2023

VI. EMPLOYMENT GENERATION

A. Full-Time Equivalent (FTE) Permanent Employment

Permanent employment is generated by businesses that locate in the Phase 1 and Phase 2 component of the MUPD Development Plan. FTE employment is estimated by applying an “employment multiplier” to appropriate development characteristics. According to the U.S. Energy Information Administration Commercial Buildings Energy Consumption Survey, the median warehouse and storage space per worker is 1,500 sq. ft. Applying this rate to the 2,107,636 sq. ft. of warehouse space results in a projected 1,447 FTE jobs at buildout.

B. Average Employee Wage

Annual (2021) average wage data for Palm Beach County is presented in the Quarterly Census of Employment and Wages (QCEW) data prepared by the Florida Department of Economic Opportunity. From the QCEW data, NAICS Code 48-49 - *Transportation and Warehousing* is used to estimate the average annual wage of a Phase 1 and Phase 2 MUPD Development Plan component employee. Using the OCEW data, the average annual warehouse employee wage is estimated at \$57,253 per year.

VII. Development Plan Net Fiscal Impacts

All financial benefits accrued to Palm Beach County and other service providers are based upon the assumption of a build-out situation, where all development components of the Phase 1 and Phase 2 MUPD Development Plan are completed and fully occupied.

A. Recurring (Annual) Revenues.

A comparison of Palm Beach International Raceway (i.e. Moroso Investment Partners II LLC) current year (FY 2022/23) versus projected Phases 1 and 2 MUPD Development Plan buildout year tax revenues is presented in Table 5.

Table 5
Phases 1 and 2 of the MUPD Development Plan
Net Tax Revenue Increases

Revenue Source	2022/23 Palm Beach International Raceway Revenue (\$)	First Year Development Plan Revenues (\$)	Development Plan Net Annual Revenue Increase (\$)
Real Property Taxes	143,355	4,228,848	4,085,493
Non-Ad valorem Taxes	3,366	400,151	396,785
Tangible Personal Property Taxes	11,095	526,909	515,814
Total Annual Revenues	157,816	5,155,908	4,998,092

Source: LRM, Inc., April 2023

Palm Beach Industrial MUPD Development Plan Phases 1 and 2
Revenue and Employment Estimates; April 2023

The Development Plan is projected to generate an additional \$4,998,092 in buildout year tax revenue compared to current year Palm Beach International Raceway revenues. Specific increases in ad valorem taxes to each of the taxing entities can be made by comparing Phase 1 and Phase 2 MUPD Development Plan projections in Table 2 to current Palm Beach International Raceway taxes in Attachment A.

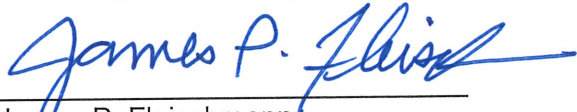
B. Impact Fees.

Buildout of Phase 1 and Phase 2 of the MUPD Development Plan is projected to produce a net (impact fees less impact fee credits) of \$1,763,468 in Palm Beach County impact fees at the January 1, 2023 fee rates.

B. Employment and Average Annual Wage.

The Palm Beach International Raceway Employee Census (January through June of 2021) described current employment as follows: Full-time – 8 employees at an average annual wage of \$56,770; and Part-time - 101 employees at an average rate of \$16.00 per hour (22.4 FTE employees at an average annual wage of \$32,000 per year).

An estimated 1,447 FTE jobs will be generated at buildout and full occupancy by businesses locating in the Phase 1 and Phase 2 component of the MUPD Development Plan at an average annual wage of \$57,253 per year. .



James P. Fleischmann
Vice President
Land Research Management, Inc.

ATTACHMENT A
Existing Palm Beach International Raceway
Ad Valorem and Non Ad Valorem Taxes

Tax Entity	Tax Rate	Land and Improvements Value (\$)			Total Taxes (\$)
		Land	Improvements	Total	
County Operating	0.0047150	4,557,184	4,368,959	8,926,143	42,087
County Debt	0.0000289	4,557,184	4,368,959	8,926,143	258
Fire Rescue	0.0034581	4,557,184	4,368,959	8,926,143	30,867
Library Operating	0.0005491	4,557,184	4,368,959	8,926,143	4,901
Library Debt	0.0000290	4,557,184	4,368,959	8,926,143	259
Water Management District	0.0000948	4,557,184	4,368,959	8,926,143	846
Water Management District Basin	0.0001026	4,557,184	4,368,959	8,926,143	916
Everglades Construction	0.0000327	4,557,184	4,368,959	8,926,143	292
PB School District State Law	0.0032710	4,557,184	4,368,959	8,926,143	29,197
PB School District Local Board	0.0032480	4,557,184	4,368,959	8,926,143	28,992
Children's Services Council	0.0005508	4,557,184	4,368,959	8,926,143	4,917
Florida Inland Navigation Dist.	0.0000320	4,557,184	4,368,959	8,926,143	286
PBC Health Care District	0.0007261	4,557,184	4,368,959	8,926,143	6,481
Sub-Total Ad Valorem	0.0168381	4,557,184	4,368,959	8,926,143	150,299
Sub-Total Non-Ad Valorem (SWA*)					3,366
Total Annual Property Taxes					153,665

Source: Palm Beach County Property Appraiser, Palm Beach County Solid Waste Authority, LRM, Inc.; April 2023