

Palm Beach Gardens 12% cheaper than Hartford, Conn., for HQ

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PALM BEACH GARDENS —

Florida's economic developers pitch the state as a low-cost alternative to such Northeastern business hubs as New York City and Boston.

But what if they're targeting a company based in Hartford, Conn.? In that case, the savings shrink.

Florida, Palm Beach County and Palm Beach Gardens are offering \$7.6 million in incentives to United Technologies, the conglomerate that is considering opening a 450-employee office here for its Otis elevator and Carrier air conditioning operations.



Gov. Rick Scott at United Technologies Corp.'s Pratt & Whitney in Palm Beach County in 2012.

Location consultant John Boyd estimates that running a 500-worker corporate headquarters occupying 100,000 square feet of newly built space would cost \$39.9 million a year in Hartford. The same operation would cost \$35 million in Palm Beach Gardens, a 12 percent savings.

Boyd called Hartford a “beleaguered city” that has lost jobs in recent years.

“The fact is that costs in Hartford have remained stagnant or in decline,” said Boyd, president of The Boyd Co. in Princeton, N.J. “South Florida’s vibrant

economy is a stark contrast to Hartford's.

The gap in costs can only narrow under this scenario. Palm Beach County commissioners on Tuesday approved their portion of the incentive package. The economic development project — codenamed Project Diamond — is considered a prize because of the jobs' average salary of \$85,000.

County officials said North Carolina and Georgia also are vying for the headquarters, and Commissioner Hal Valeche said Tuesday that the deal isn't a sure thing.

"There's significant competition," Valeche said. "There's another state that's very eagerly pursuing this opportunity."

It's unclear how operating costs might figure into United Technologies' calculus, but the savings in Palm Beach Gardens would be modest.

Labor costs in Hartford would total \$35.8 million, compared to \$31.9 million in Palm Beach Gardens, Boyd estimates. Annual borrowing costs would total \$2.2 million in Hartford and \$1.8 million in Palm Beach Gardens. And property taxes and sales taxes would total \$1.2 million in Hartford and \$782,624 in Palm Beach Gardens.

Not included in Boyd's calculation is personal income taxes. Connecticut's income tax rate goes as high as 6.7 percent; Florida has no personal income tax.

United Technologies (NYSE: UTX) is the parent of aerospace firms Pratt & Whitney and Sikorsky, which test engines and assemble Black Hawk helicopters west of Jupiter.

Here's how Boyd breaks down the annual costs to operate a 500-person office:

Labor

Hartford: \$35,832,270

Palm Beach Gardens: \$31,921,138

Electricity

Hartford: \$302,496

Palm Beach Gardens: \$195,228

Amortization

Hartford \$2,198,510

Palm Beach Gardens: \$1,826,004

Property and sales taxes

Hartford: \$1,201,097

Palm Beach Gardens: \$782,624

Corporate travel

Hartford: \$331,108

Palm Beach Gardens: \$299,129

Total Annual Costs

Hartford: \$39,865,481

Palm Beach Gardens: \$35,024,123

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