

INDIAN RIVER COUNTY, FLORIDA

MEMORANDUM

TO: Michael Zito, Interim County Administrator

THROUGH: Phillip J. Matson, AICP;
Community Development Director

FROM: Andy Sobczak; Assistant Community Development Director

DATE: March 28, 2023

RE: **Consideration of Marotech USA, Inc.'s Request for a Local Jobs Grant**

It is requested that the information herein presented be given formal consideration by the Board of County Commissioners at its regular meeting of April 4, 2023.

DESCRIPTION AND CONDITIONS

As part of the County's initiatives to improve the local economic base, a package of economic development incentives designed to attract targeted businesses to the county and to encourage existing businesses to expand their operations within the county was established in 1996. Included in that package of incentives was a local job grant program. That program, which was revised by the Board of County Commissioners in October 2000, December 2006, and March 2009, provides a financial incentive to businesses that create good paying, full-time jobs in Indian River County. Marotech USA, Inc. has applied for a local job grant for its business which will manufacture, market, and sell Hot Melt Coated Tapes in the packaging industry. As proposed, Marotech USA, Inc. will bring a targeted business with approximately 10 new jobs to the county.

To be eligible for the County's Local Job Grant Program, an applicant must create at least 5 new jobs, and those jobs must pay wages equal to or greater than 75% of the county's average annual wage (\$50,454 current average annual wage). Currently, seventy-five percent of the County's average annual wage is \$37,840.50. All of the proposed ten jobs meet the minimum wage requirements for the job grant application. Based upon proposed wages and jobs, Marotech USA, Inc. is eligible to receive up to a \$35,200 jobs grant.

ANALYSIS

Marotech USA, Inc. is planning to expand in Indian River County and create 10 new jobs at 5265 45th Street Vero Beach, FL 32967. All 10 of the proposed jobs meet the minimum annual wage requirements under the Indian River County Local Jobs Grant Program.

Due Diligence

As part of the process of evaluating Marotech USA, Inc. for participation in the County's Local

Jobs Grant Program, County staff and Chamber of Commerce staff conducted research on Marotech USA, Inc., its officers, and agents. Actions taken as part of this due diligence process included:

- Obtaining and evaluating a Dun and Bradstreet credit/financial report for Marotech USA, Inc.;
- Conducting a general internet search for Marotech USA, Inc. and its officers using key words such as, but not limited to, "foreclosure", "lawsuit", "crime", "criminal", and "defendant";
- Checking the Florida Department of State Division of Corporations website for corporate registrations and liens;
- Searching County official records for tax liens, judgments, and pending litigation;
- Using Public Access to Court Electronic Records (PACER) to search for federal civil and federal bankruptcy actions; and
- Other searches as needed

Staff focused its due diligence research on the main sources of data readily available. Based upon that research and an evaluation by the Chamber's project review committee, Marotech USA, Inc. appears to be financially acceptable and appears not to have significant legal problems among its principals and officers that might raise concerns for providing Marotech USA, Inc. with public funds through the Local Jobs Grant Program. Under the jobs grant program, public funds are expended only after performance is verified (new jobs created at adequate wage levels).

Local Jobs Grant Eligibility Review

➤ Industry Classification of Business

To qualify for the County's Local Job Grant Program, a company must be in one of the county's targeted industries. Under the County's target industry list, Marotech USA, Inc. qualifies for the jobs grant program under the "Manufacturing/Warehouse/Distribution."

➤ Job Creation Threshold

As structured, the county's jobs grant program provides \$3,000 for each new position created that pays from 75% to 99.99% of the County's average annual wage; \$5,000 for each new position created that pays from 100% to 149.99% of the County's average annual wage; and \$7,000 for each new position created that pays 150% or more of the County's average annual wage.

Currently, the County's average annual wage is \$50,454. It is anticipated that Marotech USA, Inc. will create 10 new jobs in Indian River County, and all 10 of the proposed jobs will meet the minimum job grant qualification of having wages that are above 75% of the County's average annual wage (\$37,840.50).

Grant Calculation

The following table indicates the number of proposed jobs in each wage category, the amount of

of job grant associated with that wage category, and the total jobs grant amount:

Category	Qualified Jobs	Amount per Job	Total
75% of county average wage	9	\$3,000	\$27,000
100% of county average wage	1	\$5,000	\$5,000
150% of county average wage	0	\$7,000	\$0
10% Additional located within the Indian River County / Vero Beach Enterprise Zone			\$3,200
Sub-Total Grant Amount			\$35,200

Economic Development Council

On March 21, 2023, the Economic Development Council (EDC) met and considered a presentation by County staff concerning Marotech USA, Inc.’s Local Jobs Grant application. At the meeting, the members of the EDC recommended that the Board of County Commissioners approve the Local Jobs Grant application for Marotech USA, Inc.

Jobs Grant Agreement

If the Board of County Commissioners approves Marotech USA, Inc.’s Local Jobs Grant application, staff will finalize a grant agreement to be executed by the County and Marotech USA, Inc. That agreement will stipulate various requirements, including that:

- The grant will be payable over a three-year period by phase.
- Marotech USA, Inc. will provide copies of its quarterly reemployment compensation reports (RT - 6 forms) to the County so that the County can verify that the number of jobs claimed for each local job grant payment level is being provided.
- Marotech USA, Inc. will supply documentation to the County showing that employees reside within the County or in adjacent counties.

In addition, the agreement will also include automatic termination provisions that are dependent upon performance (or lack thereof) by Marotech USA, Inc. Under those provisions, automatic termination will occur either on the date the County has made the last jobs grant payment or upon failure of Marotech USA, Inc. to meet the minimum of 5 jobs hiring deadline. Failure to provide quarterly reports for a period of three years is an additional reason for automatic termination. A draft copy of the grant agreement is included with this report.

Funding & Proposed Payment Schedule

If approved, the local jobs grant will be funded from County General Fund contingencies taken from four separate County fiscal years starting in County fiscal year 2023-24. The following table indicates the proposed grant funds to be distributed to Marotech USA, Inc. by fiscal year:

FY	Proposed Job Grant Payments
2023/24	\$8,433.33
2024/25	\$11,733.33
2025/26	\$11,733.34
2026/27	\$3,300.00
Total	\$35,200.00

The proposed payment dates and payment amounts stated may vary, depending upon actual performance by Marotech USA, Inc. Since there may be unanticipated delays in hiring new employees, an allowance for an administratively approved extension of up to one year will be included in the jobs grant agreement. That allowance could shift grant payments forward by up to one year.

RECOMMENDATION

Staff recommends that the Board of County Commissioners approve a local job grant of up to \$35,200.00 for Marotech USA, Inc.

Attachments:

1. Draft Jobs Grant Agreement