

INDIAN RIVER COUNTY, FLORIDA

M E M O R A N D U M

TO: Jason E. Brown, County Administrator

THROUGH: Stan Boling, AICP; Community Development Director

THROUGH: Sasan Rohani, AICP; Chief, Long-Range Planning

FROM: Bill Schutt, AICP
Senior Economic Development Planner, Long Range Planning

DATE: April 3, 2017

RE: **Consideration of a Request For a Local Jobs Grant by a Target Industry Company (Application #2017-1)**

It is requested that the information herein presented be given formal consideration by the Board of County Commissioners at its meeting of April 11, 2017.

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 jobs 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. Recently, a local jobs grant application was submitted by a financial services company wishing to expand its national headquarters within Indian River County.

Consistent with state law confidentiality allowances, the applicant has requested that its business name and the specific salaries remain confidential as part of the local jobs grant application and agreement. For reference purposes the applicant is referred to as "Company".

Company is currently located within the county and employs a total of 45 people (27 within Indian River County). As of this time, Company has not made a decision on the exact location of the expansion. As proposed, the expansion will bring approximately 15 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 (\$39,390 current average annual wage). Currently, seventy-five percent of the County's average annual wage is \$29,542.50. All fifteen of the proposed jobs meet the minimum wage requirements for the job grant application. Based upon proposed wages and jobs, Company is eligible to receive up to a \$49,000 jobs grant.

On March 28, 2017, the Economic Development Council (EDC) reviewed the local jobs grant application. At that meeting, the EDC voted to recommend that the Board of County Commissioners (BCC) approve the proposed jobs grant of up to \$49,000 (see attachment 3).

The BCC must now consider approving the proposed jobs grant of up to \$49,000.

ANALYSIS

Company

Company is planning to expand its national headquarters within Indian River County and create 15 new jobs at a yet to be determined location within Indian River County. All fifteen proposed jobs exceed the minimum annual wage requirements under the Indian River County Local Jobs Grant Program.

Due Diligence

As part of the process of evaluating a local jobs grant applicant for participation in the County's Local Jobs Grant Program, County staff and Chamber of Commerce staff conduct research on the company, its officers, and its agents.

As part of the due diligence process, actions taken include:

- Obtaining and evaluating a Dun and Bradstreet credit/financial report for applicant company;
- Conducting a general internet search for applicant company 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

As with all local jobs grant due diligence activities, staff focuses its due diligence research on the main sources of data readily available. Based upon this research, and an evaluation by the Chamber’s project review committee, Company appears to be financially sound and appears not to have significant legal problems that might raise concerns for providing the company 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 one of the county’s targeted industries. Under the County’s target industry list, Company qualifies for the jobs grant program under the “Financial/Professional Services – Corporate/Regional Headquarters” category.

➤ 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 \$39,390. It is anticipated that Company will create 15 new jobs in Indian River County. All proposed jobs will exceed the minimum job grant qualification of having wages that are above 75% of the County’s average annual wage (\$29,542.50).

Grant Calculation

The following table indicates the number of proposed jobs in each wage category and the amount 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	13	\$3,000	\$39,000
100% of county average wage	2	\$5,000	\$10,000
150% of county average wage	0	\$7,000	\$0
Sub-Total Grant Amount			\$49,000

Jobs Grant Agreement

If the Board of County Commissioners approves Company’s Local Job Grant Application, a local

jobs grant agreement will be executed between the County and applicant company. That agreement will stipulate various requirements, including that:

- The grant will be payable over a three year period by phase.
- Company 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 and wages claimed for each local jobs grant payment level is being provided.
- Company will supply documentation to the County showing that employees reside within the County or in adjacent counties.

The agreement will also include automatic termination provisions that are dependent upon performance (or lack thereof) by Company. Under those provisions, automatic termination will occur either on the date the County has made the last jobs grant payment, or upon failure of Company to meet the minimum of 5 jobs hiring deadline, or upon failure to provide quarterly reports for a period of three years.

Funding & Proposed Payment Schedule

If approved, the local jobs grant will be funded from County General Fund contingencies taken from three separate County fiscal years starting in County fiscal year 2018-19.

The following table indicates the proposed grant funds to be distributed to Company by fiscal year.

FY	Proposed Job Grant Payments
2018-2019	\$16,333.33
2019-2020	\$16,333.33
2020-2021	\$16,333.34
Total	\$49,000.00

The proposed payment dates and payment amounts stated will vary, depending upon actual performance by Company. 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 out by up to one year.

CONCLUSION

Based on the analysis conducted, staff has determined that Company qualifies for a local jobs grant of up to \$49,000.

RECOMMENDATION

The Economic Development Council and staff recommend that the Board of County Commissioners:

1. Approve a local jobs grant of up to \$49,000 for Company, and
2. Authorize the chairman to sign the Jobs Grant Agreement for Company after approval of the agreement by appropriate county staff and the county attorney's office (draft agreement attached).

ATTACHMENTS

1. Jobs Grant Application (on file in Planning Division)
2. Draft Jobs Grant Agreement
3. Portion of Draft March 28, 2017 EDC Meeting Minutes

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