

INDIAN RIVER COUNTY, FLORIDA

MEMORANDUM

TO: Jason E. Brown, County Administrator

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

FROM: John Stoll; Chief, Long Range Planning

DATE: November 15, 2022

RE: **Consideration of Kessel Medical, 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 meeting of November 22, 2022.

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. Kessel Medical, Inc has applied for a local job grant for its business which will manufacture small medical devices. As proposed, Kessel Medical, Inc will bring a targeted business with approximately twenty (20) 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 (\$46,289 current average annual wage). Currently, seventy-five percent of the County's average annual wage is \$34,716.75, and twenty (20) of the proposed twenty (20) jobs meet the minimum wage requirements for the job grant application. Based upon proposed wages and jobs, Kessel Medical, Inc. is eligible to receive up to a \$106,000 jobs grant.

ANALYSIS

Company

Kessel Medical, Inc is a medical device manufacturer specializing in in vitro diagnostics and neurosurgical implants. The company was founded in 2021 and currently manufactures permanent implants used in the repair of severed (peripheral) nerves (FDA cleared device) as well as wearable sensors for the detection of sleep apnea in support of ongoing clinical studies. Kessel Medical, Inc will expand their existing business in Indian River County and will create twenty (20) new jobs. All twenty (20) 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 Kessel Medical for participation in the County's Local Jobs Grant Program, County staff and Chamber of Commerce staff conducted research on Kessel Medical, 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 Kessel Medical
- Conducting a general internet search for Kessel Medical. 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, Kessel Medical appears to be financially acceptable and appears not to have significant legal problems among its principals and officers that might raise concerns for providing Kessel Medical 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, Kessel Medical, Inc. qualifies for the jobs grant program under the "Manufacturing/Warehouse/Distribution – Surgical Appliance and

Supplies Manufacturing.”

➤ **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 \$46,289. It is anticipated that Kessel Medical will create 20 new jobs in Indian River County, and all 20 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 (\$34,716.75).

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	0	\$3,000	\$0
100% of county average wage	17	\$5,000	\$85,000
150% of county average wage	3	\$7,000	\$21,000
Sub-Total Grant Amount			\$106,000

Jobs Grant Agreement

If the Economic Development Council recommends that the Board of County Commissioners approve Kessel Medical Inc’s Local Job Grant Application, staff will prepare a local job grant agreement to be executed between the County and Kessel Medical, Inc. That agreement will stipulate various requirements, including that:

- The grant will be payable over a five-year period by phase.
- Kessel Medical, 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.
- Kessel Medical, Inc 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 Kessel Medical, 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 Kessel Medical, Inc 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 five separate County fiscal years starting in County fiscal year 2024-25.

The following table indicates the proposed grant funds to be distributed to Kessel Medical Inc by fiscal year.

FY	Proposed Job Grant Payments
2024/25	\$8,333.34
2025/26	\$20,333.33
2026/27	\$35,333.33
2027/28	\$27,000.00
2028/29	\$15,000.00
Total	\$106,000.00

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

CONCLUSION

Based on the analysis conducted, staff has determined that Kessel Medical, Inc qualifies for a local job grant of up to \$106,000.

ECONOMIC DEVELOPMENT COUNCIL ACTION

At its regular meeting on November 15, 2022 the Economic Development Council voted unanimously to recommend that the Board of County Commissioners approve a local jobs grant of up to \$106,000 for Kessel Medical, Inc.

RECOMMENDATION

Staff and the Economic Development Council recommends that the Board of County Commissioners:

1. Approve a local job grant of up to \$106,000 for Kessel Medical, Inc.
2. Authorize the Chair to sign the Jobs Grant Agreement for Kessel Medical, Inc after approval of the agreement by appropriate county staff and the county attorney's office (draft agreement attached)

ATTACHMENTS

1. Jobs Grant Application
2. Draft Jobs Grant Agreement

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