

**MARYANNE MORSE
THE CLERK OF THE CIRCUIT COURT AND COMPTROLLER
SEMINOLE COUNTY FLORIDA**

**SPECIAL REVIEW
OF
Job Growth Incentive Program (JGI)**

Report No. 123014



DISTRIBUTION LIST

BOARD OF COUNTY COMMISSIONERS

Ms. Brenda Carey
Mr. Lee Constantine
Mr. Bob Dallari
Mr. Carlton Henley
Mr. John Horan

COUNTY MANAGER'S OFFICE

Ms. Nicole Guillet
Mr. Bruce McMenemy

ECONOMIC DEVELOPMENT DIVISION

Ms. Pamela Lynch

BOARD OF COUNTY COMMISSION RECORDS

Ms. Jane Spencer



MARYANNE MORSE
Clerk of the Circuit Court and Comptroller
Seminole County, Florida

TABLE OF CONTENTS

	Page
Background	1
Scope and Methodology	3
Overall Evaluation	3
FINDINGS AND RECOMMENDATIONS	
1. Reporting requirements are not being satisfied	5
2. County is not always notified of job announcements	7

Special Review of Job Growth Incentive Program (JGI)

BACKGROUND

The Job Growth Incentive Program (JGI) was established by the Board of County Commissioners (BCC) on October 9th, 2001.

The goal of the program is to provide positive economic development opportunities to Seminole County. To do this, there is cash paid up-front to both small and large businesses who in return agree to move their business to Seminole County; they also agree to: (1) guarantee a certain number of new high paying jobs; and, (2) make a capital property investment.

If a firm is already located in Seminole County, it can also apply for money for a business expansion; this also is designed to create new jobs.

This report is specific to the companies receiving an award from January 2010 to February 2014. The following companies were subject to this review. The Tables below provide a status of the contract. Table 1 is an exhibit of the actual jobs created. Table 2 is an exhibit of the amount of capital investment that has been made per the contract.

TABLE 1

Company	Amount Awarded	Jobs Required by Contract	Actual Jobs Created
Fathers Table	\$ 60,000.00	30	92
Roses SE Papers LLC	\$100,000.00	50	57
Jamco	\$ 20,000.00	6	7
Paylocity	\$ 166,000.00	48	79
Florida Markings	\$ 50,000.00	3	3
Digital Risk LLC	<u>\$300,000.00</u>	<u>300</u>	<u>128</u>
Total	\$696,000.00	437	366

Prepared by:
The Office of the Clerk of the Circuit Court and Comptroller

The amount awarded is shared equally by the county and city under JGI funding agreement.

TABLE 2

Company	Required Investment	Investment To Date 10/14
Father's Table	\$2,500,000.00	\$2,997,386.31
Roses Southeast Paper	\$7,200,000.00	\$8,062,063.07
Jamco Inc	\$1,400,000.00	\$1,428,185.99
FL Markings	\$976,000.00	\$1,019,042.00
Paylocity	\$1,571,400.00	\$1,926,524.00
Digital Risk LLC	<u>\$1,300,000.00</u>	<u>\$908,194.00</u>
Total	\$14,947,400.00	\$16,341,395.37

The review that follows addresses compliance with the contract between Seminole County and the companies receiving monetary awards from the program.

Audit Objectives

The objective is to determine if the administrative controls over the agreement are adequate and ensure compliance with county policy, contractual terms, and other governmental regulations.

Prepared by:
The Office of the Clerk of the Circuit Court and Comptroller

Scope and Methodology

The scope of this review included a review of the contract for compliance with the terms and conditions. All records relating to terms and conditions of the contract were subject to our review. Included in this special evaluation is a:

- Review of the county policy;
- Review of terms and agreements of the contract;
- Review of payments and supporting documentation;
- Examination of companies' payroll records;
- Interview of employees;
- Research online to see company's profile; and,
- Verify the capital investments reported.

Overall Evaluation

The economic development goals are being achieved; and, 5 of 6 (83%) companies reviewed are in compliance with required number of jobs created and have met the annual salary requirements and capital investments.

These companies, however, are not in complete compliance with the terms and conditions of the contracts. The following requirements are not being submitted regularly:

Prepared by:
The Office of the Clerk of the Circuit Court and Comptroller

- Annual Performance Report;
- Job Announcements Notice; and,
- Notice of Vacancies.

The companies did submit to us the Annual Performance Reports upon our request, but it was not part of their routine to submit the reports to the Economic Development Division.

Additionally, we asked the companies about their Job Announcements and Notice of Vacancies to the County. They all stated that they have not been providing these reports to the county; these are mandatory reporting requirements.

The following opportunities for improvements should be considered:

- *Establish written guidelines for review and monitoring compliance.*
- *Establish continuing communication and feedback.*
- *Ensure that job opportunity is given to the citizens of Seminole County.*

***Prepared by:
The Office of the Clerk of the Circuit Court and Comptroller***

Findings and Recommendations

1. Reporting requirements are not being satisfied.

The reporting requirements are not being satisfied by the JGI awardees. The contracts have standard contract language that requires each to submit an annual report of the jobs created; also, there is a requirement to report its capital investment it has made in Seminole County. The annual jobs report is usually required for a 5 year reporting period.

Per Contract Section 7 (Reports):

“(a) COMPANY shall provide COUNTY with reports at least every twelve (12) months starting on _____, and every twelve (12) months thereafter, or as frequently as specified by COUNTY, on forms provided by COUNTY, for the duration of this Agreement. These reports shall give information regarding the number of New Permanent Jobs that have been created by COMPANY, and of all activities affecting the implementation of this Agreement.

(b) Company shall provide to COUNTY a written annual verification, satisfactory to COUNTY in its sole discretion, of compliance by COMPANY with all agreed upon performance standard, as set forth herein, which verification must be certified by an officer of COMPANY and submitted to COUNTY. Annual verifications shall cover the entire twelve (12) month period subsequent to the effective date of this Agreement and subsequent twelve (12) month periods for a total of five (5) annual verifications. COMPANY, at its sole cost and

Prepared by:
The Office of the Clerk of the Circuit Court and Comptroller

expense, shall provide such verification to COUNTY.”

All five firms have not been submitting their annual performance reports to the county for compliance with the requirement. Most were not familiar with the requirement.

Submitting and certifying annually the jobs created ensures compliance with the terms of the contract, and an accurate performance measurement.

Recommendation

1. Enforce the terms of the contract. Follow up regularly to ensure company officials are fully aware of the contract requirements.
2. Establish written policies and procedures for county staff to review and monitor compliance and reporting.

Management Response

Response to Recommendations associated with Finding #1

- Management concurs with Recommendation 1. We are in the process of establishing a monitoring system to ensure regular contact with company officials to make certain all parties are thoroughly cognizant of the contract requirements.
- Management concurs with Recommendation 2. Written policies and procedures for monitoring compliance and reporting will be established by March 16, 2105, to ensure that this requirement is met as well.

Prepared by:
The Office of the Clerk of the Circuit Court and Comptroller

2. County is not always notified of job announcements.

The contract requires that the applicant's provide written notice of job announcements and vacancies so local residents have an opportunity to apply for the new positions.

Per Section 4 (b):

“Job announcements and vacancies must be advertised locally and notice must be forwarded to Workforce Central Florida and the Seminole County Community Services Department”.

Four (4) grantees stated that they do not comply with this requirement. Two (2) grantees advertise all jobs through Workforce Connection in Florida. They all post jobs internally to their websites. However, no one sends notice of vacancies to Seminole County.

By not complying with this section of the contract, the residents of Seminole County are not provided the unique opportunity to apply for the open positions.

Recommendation

Enforce the grant agreement that mandates that the job vacancies be advertised in a local newspaper; and, notice of open positions be forwarded to Workforce Central Florida and the Community Services Department.

Management Response

Response to Recommendations associated with Finding #2:

- Management concurs with the Recommendation. The written policies and procedures for monitoring and compliance referenced above will address that this requirement is met as well.

We look forward to working closely with your office regarding resolution to the items raised in the subject report.

Prepared by:
The Office of the Clerk of the Circuit Court and Comptroller