

**SPECIAL REVIEW OF JOB GROWTH INCENTIVE PROGRAM
Agreement with Florida Marking Products, LLC**

REPORT NO. 112818

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DIVISION OF INSPECTOR GENERAL
Grant Maloy, Clerk of the Circuit Court and Comptroller
Seminole County, Florida

November 30, 2018

To: The Honorable Chairman and Members of the Board of County Commissioners

We have completed the enclosed Special Review of Job Growth Incentive Program Agreement with Florida Marking Products, LLC.

We would like to acknowledge the Office of Economic Development & Community Relations for their assistance with the review.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "William Carroll".

William Carroll, CPA, CFE, CIG
Inspector General
Division of the Inspector General

Approved by:

A handwritten signature in black ink, appearing to read "Grant Maloy".

Grant Maloy
Clerk of the Circuit Court and Comptroller
Seminole County Florida



Special Review Report No. 112818
Job Growth Incentive Program
Florida Marking Products, LLC

GRANT MALOY
CLERK OF THE CIRCUIT COURT AND COMPTROLLER

William Carroll, CPA, CFE, CIG
Inspector General

Auditor Assigned:
Viola Saine, CPA

Table of Contents

INTRODUCTION

Background.....1

Objectives1

Scope.....2

Overall Evaluation.....2

SUPPORTING SCHEDULE

Summary of Contract Compliance.....3

INTRODUCTION

Background

In October 2001, the Seminole County Board of County Commissioners (BCC) established the Job Growth Incentive Program (JGI) to remain competitive by offering financial incentives to attract new businesses or encourage the expansion of the existing businesses.

Florida Marking Products, LLC, manufactures several products which include: advertising specialty items; label and packaging solutions; front-page advertising products for newspapers; and, industrial identification system.

On August 30, 2013, the company received a Fifty Thousand and No/100 Dollar (\$50,000) incentive award from the county.

The Florida Marking Products, LLC as the grantee agreed to the following:

- Create 25 new permanent jobs with an average annual salary of \$39,400;
- Spend \$976,000 in lease, renovations, equipment and relocation expenses;
- Provide a performance bond or letter of credit for \$50,000 as security;
- Report job creation and investment annually for five years; and,
- Announce job vacancies locally, and to Workforce Central Florida and Community Services Department.

Objectives of Review

The review was performed to determine compliance with the terms and conditions of the job growth incentive program agreement, and applicable rules, laws and regulations.

Scope and Methodology

The scope of this limited review included the following:

- The JGI agreements between the company and the county;
- The County's Code of Ordinances, policies, procedures and other applicable laws, and regulations;
- Examination of company's annual performance reports and its supporting payroll, investment and other documentation;
- Research online to see company's profile, status, corporate public filings and property construction and acquisition; and,
- Interview of employees.

Overall Evaluation

Florida Marking Products, LLC has created thirty (30) permanent jobs with an estimated average annual salary of \$34,423. This was accomplished over a five (5) year period from August, 2013 through August, 2018. We calculated the estimated average annual salary by taking the employees' standard hourly rate per hour for a forty (40) hour work week.

The company also paid overtime. By applying the overtime pay to the employees' base pay for the top paying twenty-five (25) permanent jobs, the estimated average annual salary is \$39,770. This satisfies the contract requirement of twenty-five (25) permanent jobs with an average annual salary of \$39,400.

The company's initial JGI application to the county proposed to create twenty-five (25) full-time jobs over a five (5) year period. Although, it was noted that the company is a little behind the original three (3) year contract schedule, the company has taken steps to be in full compliance as all the jobs were created over five (5) years. Thus, it is our opinion, the Florida Marking Products, LLC is in compliance with the terms of the contract.

The company has leased a 17,125 square foot facility; renovated; relocated; purchased; and, installed new machinery and equipment. The cost of these capital improvements was \$1,789,982. This exceeded the requirement that they spend \$976,000 on capital investment. A performance bond from Cincinnati Insurance Company for \$50,000 was provided to the county, and, the company has submitted five (5) Annual Performance Reports.

The company should notify the Community Services Department and Workforce Central Florida of all job vacancies, and, it should advertise locally. This is a contract requirement.

The following summary illustrates compliance by Florida Marking Products, LLC of the terms and conditions of the contract.

Summary of Contract Compliance			
Contract Requirements:	Required	Company Reported¹	Per Audited
(1) Job Creation	25 ²	28	30 ³
(2) Ave. Annual Salary	39,400	38,258	39,770 ⁴
(3) Investment	976,000	2,242,710	1,789,982
(4) Performance Bond	50,000	50,000	50,000
(5) Annual Performance Report	5	5	5

¹ Data from the Five (5) Annual Performance Reports submitted.

² The contract requirement of twenty-five (25) permanent jobs to be created by three (3) years. The JGI application proposed to create twenty-five (25) jobs over the next five (5) years.

³ The company created thirty (30) permanent jobs over the five (5) year period.

⁴ The estimated average annual salary was from the top twenty-five (25) high paying jobs plus overtime pay.