

BCC / CCAA Meeting

Immokalee Regional Airport

USDA Grant /
Powder Coating System



February 25, 2014

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**Immokalee Regional Airport – 2013
Collier County Property Appraiser – Aerial Image
Manufacturing Incubator II**

**Overview
2013**



Incubator II

Background

- Between 1999 - 2002, the Collier County Airport Authority (CCAA) was awarded a Community Development Block Grant (CDBG) for \$750,000 and a United States Department of Agriculture (USDA) grant for \$250,000 requiring a match of \$639,000 for the Immokalee Regional Airport to construct an incubator facility and a powder coating system.
- The USDA grant application indicated the powder coating facility would consist of primary equipment including: fire batch oven, conveyor belts / overhead electric hoist gantry system, rinse / dip tanks, transfer booms, hand push conveyor system, powder-cartridge booth, and powder guns with hopper.

Continued...

- Global Manufacturing Technology, Inc., was responsible for the purchase of the secondary equipment (approximately \$100,000) including: outside propane storage tanks, holding tanks, and evaporator system.
- On June 24, 2003, the BCC declared Global Manufacturing Technology, Inc. in default for not being able to perform the terms of the Participating Agreement.
 - The powder coating system was incomplete with secondary equipment not provided.
- In February / March 2004, the BCC approved two budget amendments for \$21,000 and \$16,000, a total of \$37,000, for the conversion of the powder coating system into a wet system.

**Immokalee Regional Airport
Field Work Photographs - Powder Coating Equipment (in use)**

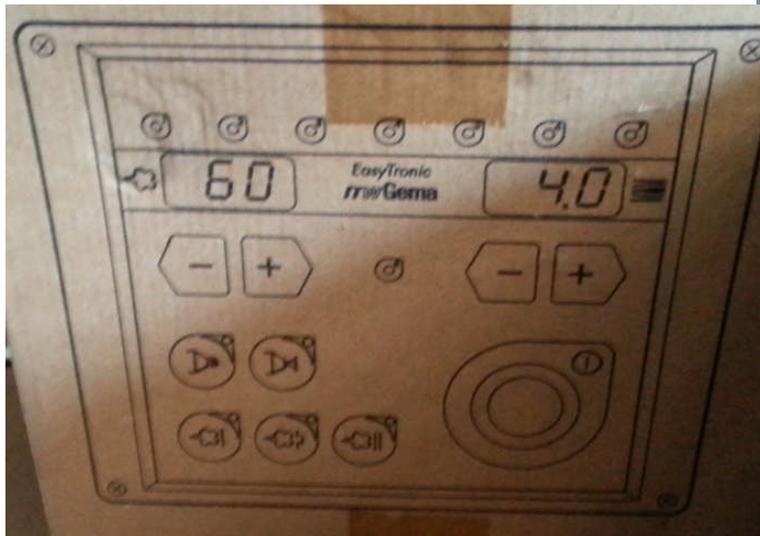


Batch Oven

**Immokalee Regional Airport
Field Work Photographs - Powder Coating Equipment (in storage)**



**Immokalee Regional Airport
Field Work Photographs - Powder Coating Equipment (in storage)**



**Unused equipment in
boxes in storage**

Summary of Findings

- Approximately \$163,000 was spent for a powder coating system that was never completed and was not put to the intended use, which violates grant assurances.
 - Grantor agency approval was not obtained for the change of use.
 - The current tenant is using a portion of the equipment.
 - A portion of the equipment was relocated to storage and some equipment could not be located by Airport staff.
- The County has not complied with Florida Administrative Codes (FAC's) for asset records.

Continued...

- Manufacturing incubator lease concerns:
 - The lease expired on April 13, 2007 and no new lease was executed.
 - The lease appears to have been continued on a month to month basis, but the initial contract and amendments did not provide a term for month to month continuation.
 - Rent is not being charged at fair market value.
 - Late payments and terms of payments were not approved by the BCC / CCAA.
 - Interest and late payment fees do not appear to have been charged.

Overall Recommendations

The CCAA should:

- Notify the USDA of violations for the \$250,000 grant and work with the USDA for resolution.
- Provide Clerk's Finance with appropriate paperwork to accurately reflect the asset records and value.
- Review the \$750,000 CDBG grant for compliance specifically job creation requirements and program income.
- Verify all tenants have leases and insurance.
- Resolve the Manufacturing Incubator II lease concerns.

Continued...

In the future, the CCAA and County should:

- Comply with the Code of Federal Regulations (CFR's), grant agreements, and grant assurances.
- Obtain grantor approval prior to using grant assets for other activities.
- Monitor assets and capital projects to ensure assets are appropriately recorded and comply with federal requirements.
- Continually monitor and review leases to ensure tenants are compliant and maintain proper insurance.

Conclusion

- The powder coating system was never completed.
- Secondary equipment was required to have a functioning powder coating system. This equipment was not provided by Global Manufacturing Technology, Inc.
- Once the powder coating equipment was installed, the equipment was partially dismantled and a portion of the equipment moved to storage.
- Grant funds were used to purchase and install the powder coating system. The grantor has not provided written approval for the change of use, as required by the grant conditions.

Management Timeline

Executive Airport Director	Starting	Ending	Notes
John Drury	1994	Approx. September 2002	
Bob Tweedie	October 2002	May 2003	Interim
Gene Schmidt	May 2003	December 2004	
Teresa Cook	December 2004	December 2009	
Debra Brueggerman	December 2009	May 2010	Interim
Penny Phillippi	May 2010	September 2010	Interim
Thomas Chris Curry	September 2010	September 2013	

Thank you

