



Inspector General Insights

Background: In their regularly scheduled October 13, 2020 meeting, the Board of County Commissioners (BCC) discussed the review and approval of a Contribution Agreement with Uline Corporation (Uline) for the construction of a regional distribution facility within the City Gate PUD innovation zone, adjacent to the Collier County's Sports and Special Events Complex.

Objective: Our review was to determine if the agreement was consistent with the requirements for a Qualified Targeted Industry (QTI) business in the innovation zone, and to verify the amount and terms of Tax Increment Financing (TIF) credit associated with the agreement.

Scope: The Office of Inspector General (OIG) conducted research and a preliminary review of the Contribution Agreement, including details about the sale of the County property. We further reviewed for any information regarding any related parties or registered lobbyist(s) for Uline.

Observations: Uline, a family-owned business since 1980, is one of North America's leading distributors of shipping, packaging and industrial supplies to businesses with twelve distributions centers located throughout North America, Mexico and Canada. The Uline facility in City Gate (Collier County) will approach a million square feet of warehouse and office space and is expected to have a construction value of approximately \$70 million dollars. The facility will employ approximately 190 warehouse and 30 office employees.

The project is located in the newly created innovation zone. The primary purpose of the innovation zone is to "attract and retain Qualified Targeted Industry (QTI) businesses as defined by Florida Statute 288.106". Under the QTI definition, special consideration is given to industries that facilitate the development of the State as a hub for domestic and global trade and logistics. Uline Corporation's project appears to meet this criterion.

An OIG review of an Executive Summary prepared by the Collier County Manager's office on October 5, 2020, revealed the following general terms and conditions:

- Uline will relocate City Gate Boulevard South within their acquired area at no cost to the County and receive no TIF credit.
- Uline will dedicate a lake area, grass parking area, and a fitness/obstacles area to the County at no cost and receive no TIF credit. The value of the dedication is stated to be approximately \$4,300,000.
- Uline will construct approximately 234 grass parking spaces for a value of approximately \$560,000. The actual cost will be reimbursable to Uline through a TIF repayment agreement after the project is complete.
- Uline will reconstruct the southwest corner of the existing complex access point, relocate the existing yard area, and add approximately 250 paved parking spaces in the Complex. The value of this project is estimated at approximately \$1,500,000. The actual costs will be reimbursable to Uline through a TIF repayment agreement after the project is complete minus approximately \$620,000 of existing improvements, leaving a TIF repayment value of approximately \$880,000.

- Uline will also construct approximately \$300,000 worth of fitness and obstacle improvements within the acquired property at no cost to the County and no TIF credit.
- The County agrees to support the renaming of Brennan Drive to Uline Drive.
- The County agrees to “Fast Track” the project and conduct reviews on a ten (10) business day review cycle. The County will also participate in permit applications and provide construction easements to Uline.
- The County agrees that should it have access to discounted fill, the County will allow Uline to share in that fill. Uline will provide the County a credit for the delta in the value of fill received below \$16 per cubic yard against any future TIF repayment credit.
- The fiscal impact of this project was described as the County receiving approximately \$6,660,000 in land and physical improvements. Of that amount, Uline will receive a repayment through a TIF agreement of approximately \$1,440,000 after the project is complete. The TIF repayment will be structured to use the taxes generated solely from the Uline project after it is on the tax rolls.

The examination revealed all the general terms and conditions stated on the Executive Summary were included in the Contribution Agreement, except for the addition of specific cost amounts related to the on-site and off-site improvements. The Contribution Agreement also included one statement stating “*Purchaser will acquire all of the property (78.79 acres) shown as colored areas on Exhibit A except for Area B. This Agreement will become null and void if Purchaser does not acquire such property prior to December 31, 2021.*” These disclosure variances do not appear material to the scope of the agreement.

As a landowner within the City Gate Community Development District (CDD), Collier County contributes its proportionate share of CDD operating costs, based on Collier County’s acreage in proportion to the total CDD acreage. FY 21 CDD fees amounted to \$99,799.67 and will increase as Collier County adds additional acreage for parking or as operating costs increase.

A review of the Board of County Commissioners *Minutes and Records – Lobbyists* revealed on October 2, 2019, a Fort Myers attorney was registered as a lobbyist representing Uline, and this lobbyist registration was renewed on August 10, 2020. We found no additional registered lobbyists for Uline.

We observed no irregularities with the County approval process.

Recommendations & Actions: Based upon the information obtained and reviewed, no further action by the OIG was warranted.

Conclusion: The OIG review did not find information indicating an inconsistency with the innovation zone intent, the TIF program specifications, an apparent conflict of interest, or areas of concern with the approval process of the Contribution Agreement between Uline and the Board of County Commissioners.

Total # Transactions	Amounts Audited or Reviewed	Questioned Costs	Taxpayer Savings	Observations or Recommendations
1	\$ 1,440,000.00	N/A	N/A	N/A