



Inspector General Insights

Background: The Board of County Commissioners (BCC) approved a Capital Investment for Diversification Incentive (CID) Program on March 24, 2015. The purpose of the CID program was to advance the County's economy and to increase Collier County's economic development competitiveness. Collier County provides a benefit equivalent of up to 100% of the value of the transportation impact fees actually assessed and remitted for business space directly housing the occupancy of a target industry. The CID program was later revised to include not only the transportation impact fees, but also the impact fees for EMS, law enforcement, jail, and government buildings.

Program Requirements

1. The facility must operate as a Targeted Business as defined by the State of Florida's Qualified Target Industry List

2. The facility is limited to new buildings or grey shell space within an existing building that hasn't been issued a Certificate of Occupancy

3. Impact fees are prepaid by the applicant

4. The employer must offer and pay at least 50% of the employee's health care coverage

5. The applicant must be current on all local tax liabilities

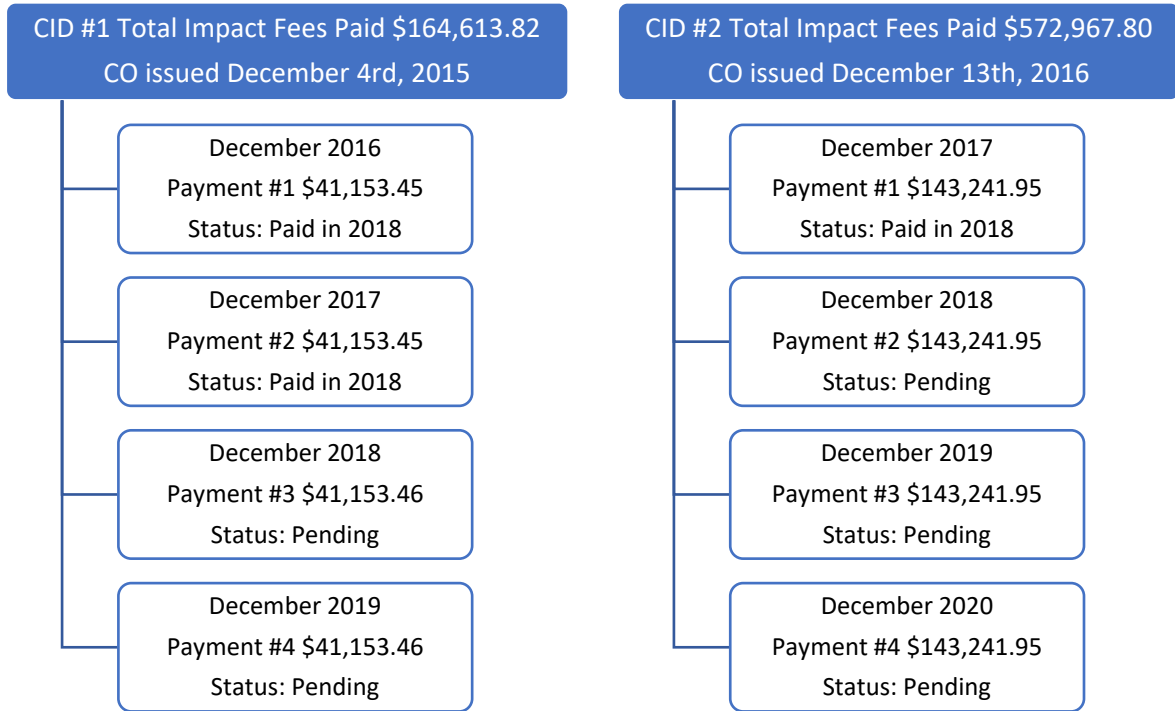
The BCC entered into two agreements (CID #1 on May 26, 2015 and CID #2 on March 8, 2016) with Arthrex under the CID Program providing grant support of Arthrex's 55,007 square foot facility and 161,000 square foot facility expansion located in Ave Maria:

Agreements	Time Period (Calendar Years)	Total Reviewed
CID #1	2018 & 2019	\$82,306.92
CID #2	2018, 2019 & 2020	\$429,725.85
Total		\$512,032.77

The agreements stipulate that Arthrex will pay the required impact fees related to the individual projects. The BCC can then provide a grant award in equal installments over four years, commencing on the first anniversary of the issuance of the Certificate of Occupancy (CO), equivalent in value to the amount of the impact fees paid.

Objective: The purpose of this audit was to ensure that Arthrex has complied with all requirements contained in both CID program agreements.

Scope: There were payments pending under both contracts:



Observations: Arthrex submitted their first required documentation in August 2017. At that time, payment in the amount of \$225,548.85 was eligible to be remitted to Arthrex in 2018, which included the first two installments for CID #1 and only the first installment for CID #2. This payment was based on the verification done by the Clerk’s Internal Audit.

Arthrex submitted their second round of required documentation on June 4, 2021. This testing period was comprised of calendar year 2018, 2019, and 2020, which covers the anniversary of the issuance of COs for both locations.

In our testing, we found that Arthrex complied with the first four program requirements without exception. We questioned whether Arthrex needed to have two separate business licenses based on Florida Statute Chapter 205. Arthrex Vice-President Shareholder Relations and Taxation, Dan Hall, stated that he had been told that, “not all buildings need their own business license because it is a “campus”. When buildings area adjacent to each other, have common ownership of the land, the same operating entity and share parking that it is not necessary to have numerous licenses.” This response appears to be reasonable. Due to the small amount of this additional business tax license and the fact that Arthrex was current on their first business receipt, which they believed to be sufficient for the entire campus, we did not pursue this issue further.

Conclusion: Overall, based on the results of our review, Arthrex has complied with the terms of the agreements with the County under the CID program and therefore is eligible to be paid the entire remaining balance of the agreements of \$512,032.77.

Total # Transactions	Amounts Audited or Reviewed	Questioned Costs	Taxpayer Savings	Description
2	\$ 512,032.77	N/A	N/A	Number of agreements reviewed and amount due to be paid