



## 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 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

On February 13, 2018, the BCC entered into an agreement with First Bank providing an incentive to assist with First Bank's 7,074 square foot facility in Immokalee. The agreement stipulates that First Bank will pay the required impact fees and then the BCC can 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 First Bank had complied with all requirements contained in its program agreement.

**Scope:** The Office of Inspector General (OIG) received a request to review a payment application for the fourth and final installment of the CID Incentive Program agreement with First Bank. The review period encompassed June 19, 2022, through June 19, 2023.

**Observations:** The following observations were made:

- Pursuant to the CID program, payments to First Bank are contingent on the employer offering and demonstrating compliance with the provision of covering at least 50% of the employee’s cost of health care coverage. We noted that the employer pays at least 50% of the employee’s cost of health care coverage when the employee is enrolled in the “Employee Only” tier, although, for 19 out of 24 instances of the three different employee-plus-family tiers, the vendor would cover less than 50% of the health care coverage, as shown below:

Employer Cost ≥ 50% of Health Care Coverage	Plan #1	Plan #2	Plan #3	Plan #4	Plan #5	Plan #6	Plan #7	Plan #8
Employee Only	✓	✓	✓	✓	✓	✓	✓	✓
Employee + Spouse	✗	✓	✗	✗	✗	✗	✗	✗
Employee + Child	✓	✓	✗	✗	✗	✗	✓	✓
Family	✗	✗	✗	✗	✗	✗	✗	✗

The CID program agreement does not specify whether this employer coverage of at least 50% of the cost is for employee-only or for the different employee-plus-family tiers, which we brought to the attention of the Office of Business and Economic Development (BED) staff for clarification in future contracts. We reviewed other state incentive programs and found no others that addressed health care coverage as part of their eligibility criteria. Given the lack of specificity in the contract and lack of standard practice guidance throughout the state, we did not consider this a compliance deficiency.

- The agreement describes the facility as being built on real property located at 330 15<sup>th</sup> St. N., Immokalee, FL 33440. The actual address of the facility, according to the Property Appraiser database, is 316 N 15<sup>th</sup> St. Immokalee, FL 34142. These two parcels of land are adjacent to each other, and both are owned by First Bank. We verified that First Bank is current on the property tax liabilities for both land parcels.
- The fourth and final payment request was submitted prematurely. The original request was submitted to the Clerk on April 18, 2023, for the period of June 19, 2022, to June 19, 2023. As per the contract, the payout schedule should begin one year after the Certificate of Occupancy (CO) is issued. The CO was issued on June 19, 2019, making the first payment due after June 19, 2020. Each payment is to be made a year after, making the fourth and final payment due after June 19, 2023. The original payment request was rejected due to being submitted in advance and division staff was advised to resubmit the request after the specified date on June 19, 2023. The resubmitted payment request was submitted on July 7, 2023, and payment was timely released to First Bank.

**Recommendations & Actions:**

- Many state-sponsored programs require a verification of the payroll records, including a review of the employee identifiers, dates worked, and payroll registers to review related withholdings. This higher level of assurance should be considered in future contracts.
- The CID program agreement should address whether the employer is to bear more than 50% of the cost of the health care coverage for each tier within a specific health insurance plan.

**Conclusion:** Overall, based on the results of our review, First Bank has complied with the terms of the agreement with the County under the CID program and therefore was eligible to be paid the fourth and final annual installment of \$37,950.01 for the period through June 19, 2023. This amount was paid on August 8, 2023.

<b>Total # Transactions</b>	<b>Amounts Audited or Reviewed</b>	<b>Questioned Costs</b>	<b>Taxpayer Savings</b>	<b># Observations / Recommendations</b>
1	\$ 37,950.01	N/A	N/A	2