





**CLERK OF THE CIRCUIT COURT AND COMPTROLLER**  
**David R. Ellspermann**

**TO:** The Board of County Commissioners, individually  
Mounir Bouyounes, County Administrator

**FROM:** David R. Ellspermann, Clerk of the Circuit Court and Comptroller   
Sachiko Horikawa, Internal Audit Director 

**DATE:** August 31, 2020

**RE:** Report No. 2020-10: Economic Development Financial Incentive Grant Compliance Review:  
**Chewy, Inc.**

**Purpose**

---

Internal Audit performed the first compliance review of the performance measures for the required initial and annual reports pursuant to the Economic Development Financial Incentive Grant (EDFIG) Agreement (agreement).

**Background**

---

On December 20, 2016, the Board of County Commissioners, in a joint agreement with the City of Ocala, awarded to Chewy Inc.(grantee) an EDFIG. The County's total obligation is up to \$740,000. This consisted of up to:

- \$34,200 as the County's match for the State of Florida's Qualified Target Refund Program (QTI);
- \$575,000, paid in five annual installments of \$115,000, for the County Development Incentive Grant; and
- \$130,800 for the County Application/Permit Grant.

The grantee is required to:

- 1) Occupy and utilize the facility for a period of seven years commencing January 1 immediately following the achievement date.
- 2) Provide capital improvements as follows:
  - a. Construct a facility at a cost of at least \$21 million with a substantial completion date no later than June 30, 2018; and
  - b. Equip the facility with machinery and equipment at a cost of at least \$10.05 million:
    - i. At least \$9.3 million by June 30, 2018; and
    - ii. The balance by June 30, 2019.
- 3) Submit an initial report by March 1 after the substantial completion date for County Administration to assess compliance with the capital improvements requirements.
- 4) Employ and maintain at least 114 full time equivalent employees (FTE) based on the calculation method prescribed in the agreement.

---

**Marion County Clerk of the Circuit Court and Comptroller**

- 5) Submit annual reports commencing with March 1 after the first anniversary of the substantial completion date and continuing the same day of each year thereafter. Such reports contain information used to assess compliance with the FTE requirement.

After the County Administration determined compliance with County Application/Permit Grant portion of the agreement, \$130,775 was paid on August 1, 2018, for impact fees on behalf of the grantee.

### **Scope and Approach**

---

The scope included verification of compliance with the applicable mandatory requirements for initial reporting and calendar year (CY) 2018 and CY 2019. The scope was limited to the County Application/Permit Grant and the County Development Incentive Grant. The Department of Economic Opportunity performs audits related to the QTI including the County's match.

We performed analytical procedures to independently determine the number of FTE, the amount spent on facility construction, machinery and equipment, and to assess the timeliness of the grantee's reporting. We compared our results with the County Administration's assessment to determine if it was reasonable and supported by sufficient documentation.

### **Objective and Results**

---

Our objective was to determine if the County Administration's assessment of the grantee was reasonable and supported by sufficient documentation for the criteria of the initial, CY 2018, and CY 2019 reports.

#### **Initial Reporting Criteria:**

- Compliance with the reporting due date
- Facility construction at a cost of at least \$21 million
- Equip the facility with machinery and equipment at a cost of at least \$9.3 million
- Reporting of FTE

#### **Results:**

The substantial completion date was to be on or before June 30, 2018, with initial report due March 1 after the substantial completion date. It was determined to be February 26, 2018, making the initial report due on March 1, 2018 for CY 2017.

We agree that the grantee:

- Timely submitted the required initial report
- Constructed a facility at a cost of at least \$21 million
- Equipped the facility with machinery and equipment at a cost of at least \$9.3 million
- Commenced their operations in January 2018; therefore, there was no FTE to report for CY 2017

#### **CY 2018 Reporting Criteria:**

- Compliance with the reporting due date
- Equip the facility with machinery and equipment at a total cost of at least \$10.05 million
- Reporting of FTE

#### **Results:**

We agree that the grantee:

- Timely submitted the required annual report to County Administration
- Equipped the facility with machinery and equipment at a total cost of at least \$10.05 million
- Employed at least 114 FTE by the end of the first quarter in CY 2018 making the achievement date March 31, 2018

Compliance with the applicable sections of the grant agreement stated above made the grantee eligible to be considered for the first installment payment for CY 2019.

**CY 2019 Reporting Criteria:**

- Compliance with the reporting due date
- Maintain at the facility at least 114 FTE

**Results:**

We agree that the grantee:

- Timely submitted the required annual report
- Maintained at least 114 FTE at the facility during CY 2019

**Overall Conclusion**

**Our opinion is that** the County Administration's assessment of grantee performance was reasonable and supported by sufficient documentation.

The grantee is due the first grant installment of \$115,000.

**Acknowledgement**

We would like to thank the representatives of the County Administration and Chewy, Inc. for their cooperation during our review.

This review was conducted by Aracelis Maldonado and supervised by Heather Ewing and Sachiko Horikawa.

---

**Report Distribution List**


---

Name	Position Title
<b>The Honorable Kathy Bryant</b>	Chairman of the Board of County Commissioners
<b>The Honorable Jeff Gold</b>	Vice Chair of the Board of County Commissioners
<b>The Honorable David Moore</b>	District 1 Commissioner
<b>The Honorable Carl Zalak</b>	District 4 Commissioner
<b>The Honorable Michelle Stone</b>	District 5 Commissioner
<b>Mounir Bouyounes</b>	County Administrator
<b>Jeannie Rickman</b>	Assistant County Administrator-Public Services
<b>Michael McCain</b>	Fiscal Manager
<b>Jennifer Cole</b>	Finance Director
<b>Mario Marte</b>	Chief Financial Officer of Chewy