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To: The Board of County Commissioners, individually
Mounir Bouyounes, County Administrator

FROM: Gregory C. Harrell, Clerk of Court and Comptroller *gch*
Sachiko Horikawa, Internal Audit Director *Shu Ak*

DATE: June 22, 2021

RE: Report No. 2021-04: Economic Development Financial Incentive Grant Compliance Review: **Chewy, Inc.**

Purpose

Internal Audit performed a compliance review of the performance measures for the Chewy, Inc. (grantee) required annual report, pursuant to the Economic Development Financial Incentive Grant Agreement (agreement).

Objective

The objective was to determine if the County Administration's assessment of the grantee for the following requirements was reasonable and supported by sufficient documentation:

- Maintain at least 114 Full Time Equivalent Employees (FTE) at an average annual wage of \$39,310.00 at the Ocala facility from January 1 to December 31, 2020.
- Meet the March 1, 2021 reporting due date for reporting year 2020.

Results

Our opinion is that the County Administration's assessment was reasonable and supported by sufficient documentation. We agree that the grantee timely submitted the required reports and exceeded the minimum FTE requirement for reporting year 2020.

The grantee is due a grant payment of \$115,000.00 for reporting year 2020.

Scope and Approach

The scope included verification of compliance with the applicable requirements for the reporting year.

We reviewed the submitted documentation and performed analytical procedures to independently determine the number of FTE and other compliance matters. We compared our results with the County Administration's assessment to determine if it was reasonable and supported by sufficient documentation.

Background

On December 20, 2016, the Board of County Commissioners, in a joint agreement with the City of Ocala, awarded to Chewy Inc. an Economic Development Financial Incentive Grant. 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 based on the calculation method prescribed in the agreement.
- 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.

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 Sarah Conti and Heather Ewing.

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