

# (Blanche Hotel Redevelopment Project)

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## County Attorney Joel Foreman's Presentation to the County 5 May 21, 2015

### INTEGRITY DEVELOPMENT PARTNERS, LLC (IDP) LETTER OF INTENT

#### Economic Development Powers (emphasis added by Mr. Foreman)

- (1) The Legislature finds and declares that this state faces increasing competition from other states and other countries for the location and retention of private enterprises within its borders. Furthermore, the Legislature finds that there is a need to enhance and expand economic activity in the counties of this state by attracting and retaining manufacturing development, business enterprise management, **and other activities conducive to economic promotion**, in order to provide a stronger, more balanced, and stable economy in the state; to enhance and preserve purchasing power and employment opportunities for the residents of this state; and to improve the welfare and competitive position of the state. **The Legislature declares that it is necessary and in the public interest to facilitate the growth and creation of business enterprises in the counties of the state.** *Fla. Stat § 125.045(1)*
- (2) The governing body of a county **may expend public funds** to attract and retain business enterprises, and the use of public funds toward the achievement of such economic development goals constitutes a public purpose. The provisions of this chapter which confer powers and duties on the governing body of a county, including any powers not specifically prohibited by law which can be exercised by the governing body of a county, **must be liberally construed in order to effectively carry out the purposes of this section.** *Fla. Stat. §125.045(2)*
- (3) For the purposes of this section, **it constitutes a public purpose to expend public funds for economic development activities, including**, but not limited to, developing or improving local infrastructure, issuing bonds to finance or refinance the cost of capital projects for industrial or manufacturing plants, leasing or conveying real property, and **making grants to private enterprises for the expansion of businesses existing in the community or the attraction of new businesses to the community.** *Fla. Stat. §125.045(3)*

## Considerations

### Considerations: [law]

1. The Board is expressly empowered with the ability to expend public funds "to attract and retain business enterprises".
2. However, the Board must exercise its statutory power in accordance with section 125.045.
3. The Board must determine whether redevelopment of the Blanche Hotel is a qualifying project within the statute (*e.g. an activity "conducive to economic promotion" or important for the "attraction of new business to the community"*).
4. If such a determination is made, then the Board must determine whether it is willing to stimulate the project through expenditure of public funds in the form of a Grant to a private enterprise as authorized by subsection (3)

### Considerations: [financial]

The amount of the Grant contemplated by an interest-free loan to a private enterprise would be determined by the cost of funds model the Board assigns:

- Lost investment income: Auditor advises that funds earn approximately 1% annually
- Grant Amount: Approximately \$160,000 (compounding monthly)
- Lost interest income: Auditor advises that reasonable rate of interest would be 4 to 5%
- Grant Amount: Between \$356,000 and \$456,000 (annual payments)

### Considerations: [additional]

The County was approached to participate in this project by IDP and the City. The City did not seek out IDP to handle this project. The City therefore did not solicit a bid for services for the redevelopment project

If this were a public project solicited by and for the County it is clear that advertised; competitive bidding would be mandatory pursuant to County procurement policies and Florida Law [Fla. Stat. Chs. 255 and 287].

Competitive bidding would not be required if the County took the position that IDP is a single-source vendor for these services. To do that, however, the County is required to electronically post a description of the services needed for seven business days and, if after that time no information is received or the information received is unresponsive to the County's needs, then the County could proceed on a single-source vendor basis