Comhpháirtíocht Leader Phort Láirge | Waterford Leader Partnership

Decision of Evaluation Committee

Project ID	31LDRWAT106368
Project Type:	Capital
Project Name:	New 3KW Fibre Laser
Promoters Name:	SMF Engineering Ltd
Address:	The Square, Portlaw, Co. Waterford
Description:	The aim of the project is to enable SMF Engineering to acquire the funds to purchase a new fibre laser profiling machine.
Theme:	Economic Development, Enterprise Development & Job Creation
Sub-theme:	Capital investment in existing and start up technology, graduate orientated rural businesses
Link to LDS	LO2/SA2.1 Investing in existing and new start up technology

Total Project Costs	€465,000		
Eligible Project Costs	€465,000		
Funding sought by promoter:	€200,000		
Funding recommended by Evaluation Committee:	€200,000		
Details of private funding:	€70,000 inhouse funds and €195 loan finance		
Voluntary Labour: YES / NO (If yes provide detail)	No		
Synopsis of project:	This investment in the latest technology will increase customers both in Ireland and abroad, within the agricultural, construction, industrial and pharma sectors while sustaining existing and creating new jobs in the business while at the same time reducing the company's carbon footprint.		
Detail exactly what WLP will be funding (List items from Project Assessment Report)	**Detail**	**Total Cost (Expenditure)**	**Grant Aid recommend by the Evaluation Committee @ 43%**
	New 3KW Fibre Laser Machine	€465,000	€200,000
Total Funding		**€465,000**	**€200,000**
Was an assessment completed?: Date: __13th Feb '18______________	**Yes**		
Are detailed costings provided for the project? Were the costs for the project considered reasonable and how was this measured?	Yes, direct tendering was used and the MEAT Process used to selected the chosen supplier		

Where the procurement process resulted in less than 3 quotes, the EC must show the additional steps taken to ensure the reasonableness of costs:	Not applicable
Innovative Element of the project:	The aim of the project is to enable SMF Engineering to acquire the funds to purchase a new fibre laser profiling machine. This investment in the latest technology will increase customers both in Ireland and abroad, within the agricultural, construction, industrial and pharma sectors while sustaining existing and creating new jobs in the business while at the same time reducing the company's carbon footprint.
Consideration of Deadweight:	This project would not go ahead without Leader funding as the promoter is only applying for funding of 43% as the total cost of the project is €465,000.
Consideration of Displacement:	No local manufacturing company has a similar laser machine. While there are some companies in Waterford city and further afield, each business is well established and has their own markets.
Economic justification for project:	The project investing in this technology will help sustain its existing 20 employees and create a further 2-3 local jobs
Average Score for Project:	76/100
% level of aid & ceiling:	43% up to a maximum grant of €200,000
E. C. Executive Summary/Rationale for Funding	**The Evaluation Committee agreed to recommend funding this project for the following reasons:-** 1. The Evaluation Committee agreed that the promoters have the skills and experience to make this project successful. 2. Without assistance they will not be able to purchase the machine and possibly jeopardise the business 3. Funding will sustain the existing employment and has the potential to create 2 to 3 new jobs. **Recommendation: A maximum of €200,000 or 43 % of eligible costs whichever is the lesser with the following condition:-** - **A 2nd Charge to be placed on the company property.**

Jobs Created	Jobs Sustained	Match Funding	Previous Grant Aid Received
2-3	20	€70,000 in house	Outside the 3 year period
		€195,000 loan finance	

Confirmation that agencies / communities are supportive of the proposed project.	Date of Confirmation	Signed By
Local Enterprise Office	14th Feb '18	Brid Kirby

Detail of Discussion:

Meeting on the 26 3 18: The following were the main points raised in the discussion of the project:-

- Ms Claire Connors noted that the Committee are all familiar with the promoters as they were funded previously. The company is run by 3 Directors Eoin Coffey, John Buggy and Bernard Buggy. Since previously funding technology has move on and they wish to purchase a new fibre laser profiling machine. This investment in new technologies will enable them to increase their customer base with increase efficiencies.
- The Evaluation Committee queried the impact on other companies? Ms Connors replied that the larger companies nearby do this sort of work already and have their own customer base the promoter will be doing it on a smaller scale and has developed their own customer base so displacement is not an issue.
- The company were very reliant on a contract from Waterford Stanley but it is apparent from the accounts that this contract has been reducing each year. Funding this equipment will help the promoters expand their customer base, securing present employment and potentially creating 2 new jobs. It was noted that the projected job creation was low.
- It was confirmed that the promoters went to Bank of Ireland for the loan rather than their own bank the AIB as they got a better rate.
- A Committee Member noted that this equipment makes the impossible possible. It much easier to do small jobs than previously.
- The machine chosen was based on the fact that it will fit in with existing technology.

Recommendation: The Evaluation Committee agreed to defer this project until the June 2017 audited accounts are received.

Meeting on the 9 4 18: The following were the main points raised in the discussion of the project:-

- Ms Claire Connors advised that the project was deferred at the previous meeting until the 2017 accounts were received. The Evaluation Committee noted that the accounts received were unaudited.

The Evaluation Committee expressed grave concerns regarding the 2017 accounts noting that they have lost their biggest contractor Waterford Stanley and that their turnover & employment has dropped dramatically.

A lengthy discussion ensued on the accounts and the impact of losing one of their main contractors is having on the business. It was noted that they still had some work from the contractor up till now but that the situation will be worse next year if additional contracts are not secured. Ms Connors advised that the promoters have been testing a similar but older lesser spec machine for the past 18 months and are confident that by purchasing this new equipment they will obtain new contracts in the Pharma Industry thereby securing existing employment and potentially creating 2 new jobs. The machine will be far more efficient and will not need a lot of staff to operate it and can also be programmed to work overnight. A sales person has been exploring new business opportunities and the promoters are confident that by purchasing this equipment they will be able to offset the negative impact of losing one of their main contractors.

The figure for debtors on the balance sheet was discussed going from €491,736 in 2016 to €689,849 in 2017 with a reducing turnover. Following clarification with the promoter's accountant Ms Connors advised that Other Debtors figure of €370,826 relates to an intercompany loan with SMF Properties.

- Mr Jimmy Taaffe said that currently the company is employing 27 staff in a rural blackspot and that funding will help secure their employment and may create additional employment.
- A Committee Member queried if funding will displace any of their competitors by going after these new markets? Mr Jimmy Taaffe noted that all of the engineering companies are trying to up their value and all have their own niche areas of specialisation.
- The Evaluation Committee discussed the impact of not funding the promoters will have on their business and

agreed that purchasing the new machine is vital to the company's sustainability. - The expertise and experience of the promoters will enable them to successfully steer the business back on track following the loss of one of their main contractors. - The promoters are willing to risk €70,000 of their own funds and are borrowing €190,000 so have every confidence that they will succeed. This equipment will allow them to progress in terms of the quality of real time precision work they are doing. - The Evaluation Committee agreed that with the economy growing and new businesses coming on stream that the promoters should be successful in obtaining new contracts noting that as everything now goes out to tender it is not possible to get confirm contracts in advance. - The Committee noted that without assistance they will not be able to purchase the machine and possibly jeopardise the business. The promoters are not reckless and have the experience and capability to source new markets. - **Recommendation: A maximum of €200,000 or 43 % of eligible costs whichever is the lesser with the following condition:-** - **A 2nd Charge to be placed on the company property.**

Amount Recommended:€200,000	**43% of Eligible Project Funding: €465,000**

Signed: ______________________ **Signed:**______________________

Chairperson of Evaluation Committee **Committee Member**

Date: ______________________ **Date:** ______________________

Issues / Queries raised by Evaluation Committee	Project Officers Response

Signed:____Claire Connors______________ **Dated: _17th April '18_________________________**

WLP Project Officer

Overall Evaluation Committee Scoring Record

Date: 9th April 2018 Time: 11am to 3pm

Project Title: New 3KW Fibre Laser Project Reference Number: 31LDRWAT106368

Assessment Criteria	Objective	Issues raised by Evaluation Committee	Weighting	Score
Compatibility with Local Development Strategy	Do the project proposals meet the criteria set out in the LAG business plan for the relevant measure?		Yes / ~~No~~	
Innovation	Is the product innovative in its nature and does it displace existing enterprises? - Product / Service 9/19 5 - Displacement 5/19 5 - Job Creation 5/19 5		19	15
Promoters experience	Does the promoter have the training/skills, track record or experience to deliver? - Standards of Operation 6/25 5 - Track Record 6/25 5 - Structure of Business 6/25 4. - Necessary skills base 7/25 6		25	20
Financial Viability	Are the project costs justifiable (reasonableness of costs) and / is funding available to co-fund the project? - Overall Costs 7/25 5 - Co Funding 6/25 4. - Financial Plan 6/25 4.		25	18

	- Deadweight 6/25 5			
Sustainability	Is the project viable and will the service continue to be delivered?		13	9
Requirement	Does the proposal target a specific need or address a specific gap in the market?		18	14
Total			100	76

N.B. Project must receive a minimum score of 65% prior to being recommended for approval.

- **Has the potential level of deadweight been assessed for this project?** **YES / ~~NO~~**
- **i.e. would the project proceed without LEADER funding?** **~~YES~~ / NO**

Recommendations of the Evaluation Committee: Approved

Signature: [signature]

Signature of Evaluation Committee Chair

Date: 9/4/2018

Denise Walsh

From: pclerkin@cablesurf.com
Sent: Tuesday 17 April 2018 15:36
To: Denise Walsh
Subject: Minutes April 9 2018
Attachments: Minutes 9 4 18-1.doc

Denise,

I have reviewed the attached draft minutes and I am in agreement with them.

Regards,

Paul Clerkin
Chairman of Evaluation Committee