

INDIAN RIVER COUNTY, FLORIDA

M E M O R A N D U M

TO: Jason E. Brown, County Administrator

THROUGH: Phillip J. Matson, AICP; Community Development Director

FROM: Bill Schutt, AICP; Chief, Long-Range Planning

DATE: March 17, 2021

RE: Consideration of Diamond Drinks of Florida, Inc's Request for a Local Jobs Grant

It is requested that the information herein presented be given formal consideration by the Board of County Commissioners at its Special Call Meeting of March 30, 2021.

DESCRIPTION AND CONDITIONS

As part of the County's initiatives to improve the local economic base, a package of economic development incentives designed to attract targeted businesses to the county and to encourage existing businesses to expand their operations within the county was established in 1996. Included in that package of incentives was a local jobs grant program. That program, which was revised by the Board of County Commissioners in October 2000, December 2006, and March 2009, provides a financial incentive to businesses that create good paying, full-time jobs in Indian River County. Recently, Diamond Drinks of Florida, Inc. applied for a local jobs grant for its business which will have a lemon orchard, will manufacture plastic bottles, and will mix/fill fruit flavored juices in the plastic bottles. As proposed, Diamond Drinks of Florida, Inc. will bring a targeted business (bottled water manufacturing) with approximately 50 new jobs to the county.

To be eligible for the County's Local Job Grant Program, an applicant must create at least 5 new jobs, and those jobs must pay wages equal to or greater than 75% of the county's average annual wage (\$43,178 current average annual wage). Currently, seventy-five percent of the County's average annual wage is \$32,383.50. Fifty of the proposed fifty jobs meet the minimum wage requirements for the job grant application. Based upon proposed wages and jobs, Diamond Drinks of Florida, Inc. is eligible to receive up to a \$150,000 jobs grant.

On March 16, 2021, the Economic Development Council (EDC) reviewed the local jobs grant application. Although a quorum was not present (11 present out of 23), the consensus of the EDC

members present was to recommend that the Board of County Commissioners approve the proposed jobs grant.

The BCC must now consider approving the proposed jobs grant of up to \$150,000.

ANALYSIS

Company

Diamond Drinks of Florida, Inc. is planning to expand in Indian River County and create 50 new jobs at 7355 9th Street SW, Vero Beach FL 32968. All fifty of the proposed jobs meet the minimum annual wage requirements under the Indian River County Local Jobs Grant Program.

Due Diligence

As part of the process of evaluating Diamond Drinks of Florida, Inc. for participation in the County's Local Jobs Grant Program, County staff and Chamber of Commerce staff conducted research on Diamond Drinks of Florida, Inc., its officers, and agents. Actions taken as part of this due diligence process included:

- Obtaining and evaluating a Dun and Bradstreet credit/financial report for Diamond Drinks of Florida, Inc.;
- Conducting a general internet search for Diamond Drinks of Florida, Inc. and its officers using key words such as, but not limited to, "foreclosure", "lawsuit", "crime", "criminal", and "defendant";
- Checking the Florida Department of State Division of Corporations website for corporate registrations and liens;
- Searching County official records for tax liens, judgments, and pending litigation;
- Using Public Access to Court Electronic Records (PACER) to search for federal civil and federal bankruptcy actions; and
- Other searches as needed

Staff focused its due diligence research on the main sources of data readily available. Based upon that research and an evaluation by the Chamber's project review committee, Diamond Drinks of Florida, Inc. appears to be financially acceptable and appears not to have significant legal problems among its principals and officers that might raise concerns for providing Diamond Drinks of Florida, Inc. with public funds through the Local Jobs Grant Program. Under the jobs grant program, public funds are expended only after performance is verified (new jobs created at adequate wage levels).

Local Jobs Grant Eligibility Review

- Industry Classification of Business

To qualify for the County’s Local Job Grant Program, a company must be one of the county’s targeted industries. Under the County’s target industry list, Diamond Drinks of Florida, Inc. qualifies for the jobs grant program under the “Manufacturing/Warehouse/Distribution” category.

➤ **Job Creation Threshold**

As structured, the county’s jobs grant program provides payments for each new position created that pays 75% or greater of the County average annual wage (excludes CEO, owners, and out of area employees). The payments are based on the average annual wage provided by the company for all eligible jobs during a qualifying annual period as follows:

1. If the average wage of the employees falls between 75% and 99.99% of the County’s average annual wage, total jobs grant payment would be \$3,000 per new eligible position.
2. If the average wage of the employees falls between 100% and 149.99% of the County’s average annual wage, total potential jobs grant payment would be \$5,000 per new eligible position.
3. If the average wage of the employees is at or above 150% of the County’s average annual wage, total potential jobs grant payment would be \$7,000 per new eligible position.

Currently, the County’s average annual wage is \$43,178. It is anticipated that Diamond Drinks of Florida, Inc. will create 50 new jobs in Indian River County, and all 50 of the proposed jobs will meet the minimum job grant qualification of having wages that are above 75% of the County’s average annual wage (\$32,383.50).

Grant Calculation

The following table indicates the proposed jobs grant amount based on an annual average wage of all eligible jobs of \$34,240.

Category	Qualified Jobs	Amount per Job	Total
Average Annual Wage of all jobs projected to be between 75% and 100% of COUNTY average wage (excludes wages for CEO, owners, and out of area employees)	50	\$3,000	\$150,000

Jobs Grant Agreement

If the Board of County Commissioners approves Company’s Local Job Grant Application, a local jobs grant agreement will be executed between the County and applicant company. That agreement

will stipulate various requirements, including that:

- The grant will be payable over a three-year period by phase.
- Company will provide copies of its quarterly reemployment compensation reports (RT – 6 forms) to the County so that the County can verify that the number of jobs and wages claimed for each local jobs grant payment level is being provided.
- Company will supply documentation to the County showing that employees reside within the County or in adjacent counties.

The agreement will also include automatic termination provisions that are dependent upon performance (or lack thereof) by Company. Under those provisions, automatic termination will occur either on the date the County has made the last jobs grant payment, or upon failure of Company to meet the minimum of 5 jobs hiring deadline, or upon failure to provide quarterly reports for a period of three years (draft agreement attached).

Funding & Proposed Payment Schedule

If approved, the local jobs grant will be funded from County General Fund contingencies taken from five separate County fiscal years starting in County fiscal year 2021-22.

The following table indicates the proposed grant funds to be distributed to Diamond Drinks of Florida, Inc. by fiscal year.

FY	Proposed Job Grant Payments
2021/22	\$10,000.00
2022/23	\$25,000.00
2023/24	\$50,000.00
2024/25	\$40,000.00
2025/26	\$25,000.00
Total	\$150,000.00

The proposed payment years and payment amounts stated will vary, depending upon actual performance by Diamond Drinks of Florida, Inc. Since there may be unanticipated delays in hiring new employees, an allowance for an administratively approved extension of up to one year will be included in the jobs grant agreement. That allowance could shift grant payments out by up to one year.

CONCLUSION

Based on the analysis conducted, staff has determined that Diamond Drinks of Florida, Inc. qualifies for a local jobs grant of up to \$150,000.

RECOMMENDATION

The Economic Development Council by consensus of members present and staff recommend that the Board of County Commissioners:

1. Approve a local jobs grant of up to \$150,000 for Diamond Drinks of Florida, Inc., and
2. Authorize the chairman to sign the Jobs Grant Agreement for Diamond Drinks of Florida, Inc. after approval of the agreement by appropriate county staff and the county attorney's office (draft agreement attached).

ATTACHMENTS

1. Jobs Grant Application
2. Draft Jobs Grant Agreement

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