

INDIAN RIVER
COUNTY
CHAMBER OF
COMMERCE



DIAMOND DRINKS OF FLORIDA, INC.



**Tax Exemption Application
Economic Impact Analysis**

**Prepared by
Indian River County Chamber of Commerce**

**Report to Indian River County
Economic Development Council**

March 16, 2021

Diamond Drinks, Inc., is a Pennsylvania-based manufacturing business expanding its operations to Indian River County. The company has registered with the FL Department of State SunBiz as Diamond Drinks of Florida, Inc. As a manufacturer, the company Drinks is eligible to apply for an Indian River County Ad Valorem Tax Exemption.

Background

Diamond Drinks is a contract beverage manufacturer located in Williamsport, PA. The company began operations in January 1992. They currently have 100 employees at their PA facility. In addition to beverage co-packing, the company provides containers and beverage transportation logistics from its sister company, Suscon. Products are sold under their customers' name brands.

Business has doubled in recent years, which led the Company's President/CEO to search for a centralized location to better serve their customers in the Southeast U.S. market. The new facility in Indian River County will have similar functions as the original plant: fruit juice bottling and packaging, including package customization.

Capital Investment

Diamond Drinks purchased the former Indian River Exchange Packers building on the corner of Oslo Road and 74th Avenue. They anticipate \$1.6 million in capital improvements, primarily in permanently placed new equipment and machinery. The property falls under Florida's Agricultural Exemption rules, meaning site and building plans do not need county approval.

Employment

Diamond Drinks anticipates hiring up to 50 new employees when fully operational in their new facility, with annual salaries ranging from \$33,000 to \$65,000. The majority of these positions will pay 75% of the county's average annual wage of \$43,178, excluding benefits. The company's total employment calculates to over \$1.7 million in new paychecks circulating in our local economy. They plan to begin operations in mid-May.

Economic Impact

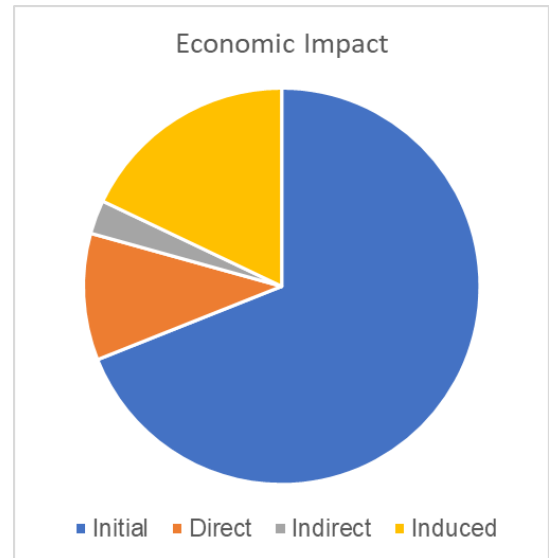
Indian River County can expect to see positive spin-off from the new jobs created and capital investment made by the location of Diamond Drinks. Using the ESMI model, based on the information provided by the employer, the figures below were calculated.

Overall Impact:

- \$2,478,050 increase in annual earnings, based on a 1.45 multiplier for the manufacturing industry
- An increase of 84 Jobs, using an industry multiplier of 1.68

Though the newly created jobs will result in only 34 additional direct, indirect and induced jobs, the **Effect on Earnings** from adding 50 jobs is much more significant:

- An \$1.7M initial impact (multiplier of 1.0) – estimated salaries multiplied by the number of anticipated new jobs
- \$256,350 direct impact on earnings (.15 multiplier)
- \$68,360 indirect impact (.04 multiplier)
- \$444,340 Induced (.26 multiplier)



Local Services and Vendors

For a new company coming in to the local marketplace such as this, payments and purchases applying to the basic operations of the business and property are added benefits to our local economy. Those local services can include areas such as:

- Banks and Professional Services, i.e. CPAs, attorney firms
- Basic facility upkeep and maintenance such as janitorial and grounds/lawn maintenance
- Purchases of maintenance and office supplies
- Continued education and training

Conclusion

Diamond Drinks of Florida’s expansion into Indian River County brings both tangible and intangible positive economic attributes that advance our county’s goals for economic diversification, job creation and positive economic impact.

The tax exemption will not erode the current tax base. There are no homeowner subsidies and there is no reduction or elimination of current taxes on real property. There would be an immediate increase in tax revenues for schools and special taxing districts, and the full tax revenues would be received following the exemption period.

The Indian River County Chamber of Commerce supports the project and recommends that the EDC and County Commission consider all the positive contributions this project brings to Indian River County.

Definitions

Direct Impact - Direct effects from the initial spending, creating additional activity in the local economy.

Indirect Impact - The of business-to-business transactions indirectly caused by the direct effects. Businesses initially benefiting from the direct effects will subsequently increase spending at other local businesses.

Induced Impact - Induced effects are the results of increased personal income caused by the direct and indirect effects. Businesses experiencing increased revenue from the direct and indirect effects will subsequently increase payroll expenditures (by hiring more employees, increasing payroll hours, raising salaries, etc.). Households will, in turn, increase spending at local businesses.