

\$289 MILLION PROJECT

## **One Daytona seeks \$40M in public funds**

By **ANDREW GANT** and **EILEEN ZAFFIRO-KEAN**

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**DAYTONA BEACH** — The developers behind the \$289 million first phase of One Daytona, an ambitious vision of shops, restaurants, hotels and apartments across the street from Daytona International Speedway, are asking for roughly \$40 million in public funding from Volusia County and the city of Daytona Beach.

The wheels are in motion to provide the money, with both governments piecing together funding proposals that would help pay for new infrastructure such as roads and water lines near the aggressively expanding race track. The proposals will be discussed at City Commission and County Council meetings this week and voted on within the next few weeks.

"This next week will be the most important week for the project," said Brian Leary, managing director for Atlanta-based Jacoby Development, which

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is heading up the project along with International Speedway Corp. "This is the key week for us to really form this win-win, public-private partnership." While most city and county officials like the proposals, at least one has concerns about handing over \$40 million.

"One Daytona has been out there for a very long period of time, and now at the last minute they're coming to the city and county for money," County Councilman Doug Daniels said Friday. "There must have been a surprise somewhere along the way that made them realize: We need public money to make this work. And it must have been something they weren't anticipating, otherwise we would've heard from them before now." The idea is for the city and county to each give \$20 million to help cover the project's estimated \$52.9 million in infrastructure costs.

A \$20 million grant would represent roughly 3 percent of Volusia's operating budget and almost 11 percent of Daytona Beach's.

The developer, JV Partners, a pairing of ISC and Jacoby Development, will pay the remaining \$13 million or so, Leary said. With plans to start infrastructure work by this summer and open the first phase by early 2016, he hopes city and county leaders make their decisions soon.

"Timing is vital for One Daytona," Leary said. "We understand that there's a process and there's things that they have to do, but we need to get moving and we've got some prospects and tenants and folks who are

kind of sitting on the sidelines ready to get going."

## **HIGH-PROFILE PROJECT**

In a county and city that have long been chasing an economic turnaround, it hasn't taken long for the promise of One Daytona to build momentum. The city's and county's private financial consultant, Florida Economic Advisors, wrote in a report that the project "would represent one of the largest mixed-use projects developed in the Daytona Beach-Tampa Interstate 4 corridor since the state and national recession of 2007-09." The firm estimated a fully built One Daytona would create more than 7,200 direct jobs and more than 2,100 "spinoff" jobs while increasing airport traffic by 11,000 passengers a year. Florida Economic Advisors also projects One Daytona's first phase will bring in \$57.6 million in combined tax revenues. At full buildout, that tax revenue estimate is \$164.3 million.

"The economic impact to the entire region is huge in terms of jobs created and recurring revenues," Daytona Deputy City Manager Paul McKittrick wrote in a memo Friday to the city manager.

To help spur that burst of development, the county is considering a \$20 million grant and the city is exploring giving another \$20 million through a mix of multiyear property tax abatements and a one-time impact fee reimbursement.

After crunching numbers on several financing scenarios, including borrowing money from a bank and issuing bond debt, by Friday city staff had settled on suggesting Daytona give \$2 million in impact fee reimbursements this year and something in the neighborhood of \$18 million in property tax reimbursements over a multiyear period. The proposal is similar to incentives the city is giving the Hard Rock Hotel project.

While the Daytona proposal is fluid and could change before it's put in front of city commissioners for a vote Wednesday night, city officials say it appears to be their best option. They particularly like not using any existing taxpayer dollars, not exposing the city to risk and not gambling on revenues into the future.

"It was the only way I could have participated without causing adverse impacts in the city," said City Manager Jim Chisholm, who noted the city is also spending \$4.5 million to build a lift station that will benefit the site.

"It's quite a commitment on our part ... but it's wise to do it," said Mayor Derrick Henry.

## **NOT 'FREE MONEY'**

Still, the significant public investment raises critical questions about whether this area has the market to support such a large commercial development. No one wants to kill the project, but neither do they want to spend public dollars without feeling fairly certain of a return on the investment. Daniels said he hasn't seen enough projections to know for sure.

He said he believes the County Council will support the project, but would prefer some type of "pay-for-performance" incentive plan or a tax-increment financing deal that would reward the project based on what it achieves.

The county's draft proposal does come with some conditions. It includes "clawback" terms the developer already agreed to: The arrival of a major movie theater chain (like Cobb Theatres), a national outdoor-outfitter store (like Bass Pro Shops) and at least 50,000 square feet of public plaza space.

The county's draft also requires that more than half of One Daytona's retail and commercial space be occupied by businesses that weren't anywhere in Volusia at the beginning of this year. Leary said the plan is to far exceed half, and not "shuffle the deck (of businesses) from one end of the county to the other, or even down the street." Leary said the developers aren't only seeking new-to-Volusia businesses, though. They also want to attract local businesses that are opening second locations.

"My personal belief is that we should provide even more support for local companies to expand," agreed Volusia County Councilman Josh Wagner, who said he supports the county's early proposal and "partnering with the Speedway with a grant for public infrastructure to bring one of the most exciting projects to ever be built in our community." The county's proposal would allow it to recoup half the \$20 million if the clawback terms aren't met. If the project fails altogether, Volusia would get all of its money back.

Volusia County Manager Jim Dinneen said the plan so far, while detailed, is subject to change when the County Council debates it Thursday.

"What I tried to show them was: This is what we'd do" to fund a \$20 million grant, he said. "But this isn't like we have free money floating around. This would be making a decision to use this money for this, and not something else." The tentative plan for Volusia involves pulling \$5 million from reserves and economic development funds, then financing the rest over 20 years, backed by sales-tax revenue. The county estimates it would pay about \$600,000 a year for the first four years in interest only, then \$1.3 million a year in principal plus interest starting in the fifth year.

In return for the city and county's possible \$40 million, the developer and ISC expect to sink more than \$812 million into the project by final buildout.

"It's a milestone for the city," Chisholm said. "It's one of those things that comes along once in a lifetime."

## City OKs One Daytona funding

By EILEEN ZAFFIRO-KEAN

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**DAYTONA BEACH** — The planned \$812 million project across from Daytona International Speedway that promises to lure big-name businesses and create more than 10,000 new jobs is getting a \$20 million helping hand from the city.

Looking out at dozens of community leaders wearing large "Vote Yes" buttons on their shirts, city commissioners voted unanimously Wednesday night to support giving International Speedway Corp. and its development partner on the project — dubbed One Daytona — \$20 million over the next three decades that will go toward infrastructure costs.

"In my opinion, it's a no-risk proposition for the city of Daytona Beach," City Commissioner Carl Lentz said, pointing out the city's contribution will come from money that wouldn't exist without the project. "The gateway of our community will be completely redefined." Today, County Council members will discuss giving another \$20 million to the project, and if that proposal is approved when it comes up for a final vote April 3, One Daytona will get \$40 million in public funds to help cover its

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### FUNDING

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\$52.9 million infrastructure bill.

Before commissioners voted, International Speedway Corp. CEO Lesa France Kennedy pointed out the new development of hotels, shops, restaurants, loft apartments, a movie theater, grocery store and offices will give back to the community millions of dollars in wages, property taxes and fees.

Combined with the \$400 million project overhauling the grandstands at the Speedway, Daytona Beach will catapult into a new stratosphere when both projects open in 2016, France Kennedy said.

"It'll be the biggest ribbon-cutting this city has ever seen," France Kennedy told commissioners.

Brian Leary, managing director for Atlanta-based Jacoby Development, which is partnering with International Speedway Corp. on the One Daytona project, pointed out the rarity of the \$1.2 billion of investment coming to the track area.

"But for the Middle East, there's no other place getting that kind of investment right now," Leary told commissioners.

Commissioners approved giving One Daytona \$2 million in the near future that will come from a

SUMMER GROUNDBREAKING PLANNED

## Coun OKs 20M

### Volusia gives initial grant approval for One Daytona

By DINAH VOYLES PULVER

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**DELAND** — Backers of One Daytona, the \$289 million hotel, dining and shopping destination across from Daytona International Speedway, hope to begin turning dirt this summer after winning the promise of \$40 million this week from Volusia County and the city of Daytona Beach to help defray the cost of roads and parking garages.

The Volusia County Council agreed in concept Thursday to a \$20 million grant, less than 24 hours after the city of Daytona Beach agreed to give the project \$20 million in tax abatements.

After hearing from several community leaders sporting big blue and white “Vote Yes” badges, the County Council gave its initial approval on a 5-to-1 vote with Councilman Doug Daniels voting no. Pat Northey was absent. Daniels said he supports One Daytona, just not the terms of the deal, which will come back to the council at its April 3 meeting.

The combined \$40 million to help with the \$52.9 million in infrastructure costs means construction can start as planned this summer, said officials with One Daytona, a partnership between International Speedway Corp. and the Atlanta-based

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Brian Leary, left, managing director of Jacoby Group, chats with Lesa France Kennedy, CEO and vice chairwoman of International Speedway Corp., before the Volusia County Council meeting Thursday morning. At center is Daytona Beach City Manager Jim Chisholm. Daytona Beach approved \$20 million for One Daytona on Wednesday night and the County Council OK'd another \$20 million Thursday.

News-Journal photos/ **PETER BAUER**

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Dozens of supporters for the One Daytona project wore these Vote Yes buttons during the Volusia County Council meeting.

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development company Jacoby Group.

The partners said Thursday they're racing against the clock so the project's opening could coincide with the completion of the Speedway's \$400 million renovation, called Daytona Rising.

Lesla France Kennedy, CEO and vice chairwoman of ISC, said after the vote she's pleased with the support from the city and the county, and the "willingness to invest in the future of Daytona Beach and Volusia County." "This gives us all great confidence in moving forward with One Daytona," Kennedy said.

"We need to get going on this project today," Kennedy said. "It's time to start moving dirt as quickly as possible." Brian Leary, managing director of Jacoby Group, has said the 75-acre first phase of development, to be anchored by a Bass Pro Shops store and a Cobb Theatres multiplex, is expected to create more than 4,000 construction-related jobs and more than 4,000 permanent jobs.

Leary estimated it would take six to nine months of moving earth and building infrastructure to begin. By early 2015, he said, they'll begin putting pads on the ground for their clients.

Leary said he expects they'll need the money from the county and city in 2015 to begin building the roads, utility lines and other infrastructure. He said they hope to have the building shells completed 90 to 120 days prior to the opening in early 2016 to give the clients and tenants time to complete the insides and have them ready to go.

Under the tentative agreement reached Thursday, the county will issue 60 percent of the money to One Daytona when the infrastructure improvements begin and the remaining 40 percent when construction starts on a parking garage.

The council plans to use \$5 million from two reserve funds and then borrow \$15 million against future sales tax revenues for the remainder of its contribution.

The grant won't come without caveats. One Daytona will be required to pay half the county money back if more than half of the new tenants aren't from outside the area, and 100 percent if for some reason the project isn't completed.

Charlene Weaver, the deputy county manager who oversees finance, said the staff evaluated a number of options and believed this plan was the best reflection of county policy, and capitalizes on budget reductions the county has made previously and on debt reductions the county will see in 2019.

Councilman Josh Wagner called the project "the best thing that could ever happen." "It's an amazing thing that we'll see in our lifetime only once, maybe twice," Wagner said.

During the County Council's discussion, Daniels and Councilwoman Deb Denys both offered support for the project, but questioned Leary closely on some of the details.

Daniels tried to pin Leary down about the number of signed letters of intent they have with prospective tenants. Leary said he couldn't remember, but thought it was about 20. Daniels said he would have liked more time to negotiate the deal and greater performance-based assurances. He said banks that would loan the developers money would know more than the county knows about the project.

"The way we negotiated leaves a lot to be desired," Daniels said.

Daniels and Denys made it clear they expect the project to attract new businesses or provide expansion opportunities for local businesses, rather than luring businesses to relocate from other locations in the county.

Denys asked if the grant will preclude the county from helping out with other economic development projects, for example helping build infrastructure if a commercial spaceport is approved for Oak Hill.

"I appreciate the city's position," she said, but "we're like parents up here with 16 kids, do we give one child the lion's share of the finances?" County Manager Jim Dinneen said it would not affect the county's ability to fund other projects, especially if One Daytona performs "anywhere close" to what the backers estimate.

"You totally retain the ability to borrow as much money as you did before," Dinneen said.

Only a couple of citizens spoke against the proposal, including Morton Culligan, a DeBary man who argued the county shouldn't be giving tax money to a private company. "They should loan them the money," Culligan said after the meeting.

Dozens of community leaders and activists attended the council meeting to support what some called an investment in the county's future. Speakers included Daytona Beach Mayor Derrick Henry and Tony Ledbetter and Stan Escudero, two men who have led the Volusia County Republican Executive committee.

Deals like this "come down to verified trust," Escudero said. And in this case, the community should look at what the France family has already done.

"Bill France said he'd build a speedway in a bit of swamp and a cow pasture," Escudero said. "Nobody has done as much, nobody has done better."

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reimbursement of utility impact fees. The remaining \$18 million will come from property tax rebates.

Like a tax increment financing district, the property tax money given to One Daytona will come from the increased value of the 190-acre project site as it's covered with new buildings that should start rising in a year, public spaces, fountains that will be choreographed to music, parking garages, roads and sidewalks. The city will continue to receive the same property tax dollars for that land that it did in 2013 for the next 30 years or so as the agreement plays out.

"We're investing in the future," City Manager Jim Chisholm said.

The county is contemplating offering a \$20 million grant that would come from reserves, savings from unfilled positions and a \$15 million loan that would be paid back with sales tax proceeds.

To receive that \$20 million in county help, among other things more than half of the tenants in One Daytona would have to be businesses not already in Volusia County and at least 50,000 square feet of public space would have to be created.

Nonetheless, some County Council members are still concerned about the proposed deal.

"I don't know what other provisions of accountability you could have," Leary said in an interview before Wednesday's meeting. "The reason we're willing to go along on this is we have no doubt we'll perform." In addition to help from the city and county, One Daytona's infrastructure will also be paid for with money raised by its new community development district. The district is like a miniature government with a board and power to raise money through taxes and bonds.

The community development district held its first meeting last week, but hasn't yet begun to discuss specifics of raising funds. One option would be to implement a 1 percent public infrastructure fee on sales within One Daytona that could raise about \$13 million.

Most people who spoke at Wednesday's commission meeting said they're behind One Daytona and the city's coming financial help.

"I don't have to tell you what the France family and ISC have meant to this community over the past 60 years," said Daytona Beach Kennel Club President Dan Francatti. "Their community involvement is second to none. You know when they say they're going to do something, they do it."

ECONOMIC GROWTH

## **New projects could attract national firms to Daytona**

By **JEFFREY CASSADY**

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**DAYTONA BEACH** — Development projects that took major steps forward last week and others unveiled over the past 18 months could help put Daytona Beach on the national radar, not just as a tourist destination or NASCAR mecca, but as a place to do business.

"You have to go back to prior to the recession to find this kind of energy," said local consultant Phil Ehlinger, who served as Volusia County's economic development director from 2009 to 2011.

The situation here mirrors activity elsewhere in a state poised to be a national leader in job growth this year, observers say.

Volusia County officials revealed on Wednesday that national upscale grocery store chain Trader Joe's wants to build a massive distribution center in Daytona Beach that could bring more than 450 jobs.

The announcement was followed by votes by both the Daytona Beach City Commission and Volusia County Council to commit \$40 million in public funds to help defray the cost of building infrastructure for One Daytona, a \$289 million mixed-use development that promises to plant 75 new stores and restaurants across the street from Daytona International Speedway.

The County Council vote was preliminary, with a final vote on the funding next month.

These projects join the \$400 million "Daytona Rising" Speedway renovation that is underway and a pair

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### **PROJECTS**

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of large hotel-and-condominium complexes, including a Hard Rock Hotel, planned for the beachside.

The new distribution center will help raise Daytona Beach's national profile, said Keith Norden, president and CEO of Team Volusia Economic Development Corp., a public-private organization that works to attract new businesses to Volusia County.

"That will mean much for our area because (Trader Joe's) is a national name," Norden said. "We will work ... to bring other projects of that type to the area." At first blush, Daytona Beach, with its access to Interstate 95 and Interstate 4, might seem like an ideal place to put a distribution center, and Ehlinger said he always wondered when he led the county's economic development department why companies never put one here.

Being an hour from Port Canaveral and an hour and 15 minutes from the Port of Jacksonville, the two closest seaports, hurt Daytona Beach's chances in the past, Norden said.

"It was partly the economy and partly from people not viewing us as the greatest distribution (point)," Norden said. "But (the Trader Joe's center) will be feeding the Southeast and will help do away with the notion that we aren't a great place for distribution." The distribution center also raises the likelihood that a Trader Joe's store will open in the area, said J'Amy Owens, a Seattle-based national retail consultant and owner of The J'Amy Owens Group.

"The odds are good there will be (Trader Joe) stores in the area," Owens said. "I wouldn't open a distribution center in Florida unless I were going to open a lot more stores in Florida." Trader Joe's is building stores in Tampa, Boca Raton and Orange County. The chain already has stores in Gainesville, Miami, Naples, Sarasota and Tallahassee.

Though the announced projects brighten the local economic outlook, they don't make Daytona Beach a unique hotbed of economic activity, especially in a state Moody's Analytics projects to be No. 5 in the nation in job growth this year.

"It fits with the overall view of the state," said University of Florida economist Dave Denslow, of Daytona Beach's developments. "The state seems to be recovering pretty broadly. The farther south you go and the more toward the Atlantic you go, the faster it is." The announced Daytona Beach projects are also in industries that are leading the state's hiring push.

"What's leading the recovery is hospitality and leisure," Denslow said. "That has pluses and minuses. It creates jobs, but a lot of the jobs created tend to be low-wage.

"But better low-wage jobs than none," he said.

Still, Daytona Beach hasn't seen this many projects in the pipeline in a long time, said George Mirabal, a local consultant who served as president of the Daytona Regional Chamber of Commerce from 1987 to early 2007.

"All the stars are in alignment right now," he said. "I suspect this kind of activity will never again exist."