

VOLUSIA ECONOMIC DEVELOPMENT

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‘GOOD JOBS’

The vacant lot at the northeast corner of 1-95 and Dunn Avenue could become home to a food distribution center that would bring 450 jobs and an \$88 million local investment.

Daytona Planning Board will consider zoning change tonight

By EILEEN ZAFFIRO-KEAN

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DAYTONA BEACH — A large vacant field on the city’s west side could soon be home to an 800,000-squarefoot food distribution center for a national retailer that would create 450 new jobs and give Daytona Beach a shot at luring more high-caliber warehouse operations.

The name of the company has been guarded by a tight circle of city and county leaders, and some government officials who’ve worked on the project — with square footage equal to more than four Walmart Supercenters — have heard it referred to only under its code name, Alpha.

Pending a small handful of loose ends that need to be nailed down, including incentive packages from the city and Volusia County, the company is expected to announce within the next few weeks that it’s coming to town and giving Daytona Beach one more big-name business to add to its list of expected arrivals.

“It’s looking extremely promising,” said City Commissioner Rob Gilliland, who has been talking to officials with the company and the landowner. “I think we’re very, very close; probably a few weeks away.” The targeted site is a treeless 76.5acre property just north of Dunn Avenue between Interstate 95 and Williamson Boulevard. Members of the city’s Planning Board will decide tonight whether to OK a zoning change that would allow the project to move forward.

City commissioners will take a final vote in early April on the proposed zoning change, from multifamily residential to planned commercial development, and approvals are still needed for site plans and permits. It’s unclear how soon construction could start and the operation could be up and running.

The property, which is near

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The vacant lot at the northeast corner of I-95 and Dunn Avenue could become home to a food distribution center that would bring 450 jobs and an \$88 million local investment.



Cars drive along I-95 next to a 76.5 acre site near Williamson Boulevard where a huge warehouse and distribution center is proposed in Daytona Beach.

News-Journal/ **JIM TILLER**



The site of the proposed distribution center would house buildings similar to those shown above right.

City of Daytona Beach

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JOBS

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Teledyne Oil & Gas and several apartment complexes, is owned by Consolidated-Tomoka Land Co. The plan for the site outlined in city documents calls for a 523,760-square-foot warehouse, 101,760-squarefoot freezer building, 6,000-square-foot truck wash and 178,275-squarefoot future building expansion. There is also mention of an 8-foot-tall chain-link fence that could be hidden by landscaping to comply with U.S. Food and Drug Administration requirements.

"The developer and end user of the distribution center will be investing more than \$88 million in capital improvements to construct the project, thereby substantially increasing the ad valorem tax base which will provide tax relief to residents of the city," Rob Merrell, a Daytona Beach attorney representing Consolidated-Tomoka, wrote in a Feb. 20 letter to the city's principal planner.

"The project will also be a catalyst for similar future development in and around the city," Merrell noted in

the letter.

Mark Soskin, a University of Central Florida associate economics professor, agreed the sprawling distribution center could prompt similar operations to take a look at locating in Daytona Beach.

"This is a signal this is a favorable environment for this type of development," Soskin said. "It's definitely a good sign." Landing a company that supplies food - something much less vulnerable to market ups and downs than other goods - and getting the company to put a huge warehouse here would be a coup for Daytona, he said.

Distribution "is an area I've been pushing for 25 years," Soskin said. "We're so anemic in that sector. ... It's a critical sector that has blocked the further development of our economy while the rest of Florida has passed us by." The average salary for employees of the distribution center - \$28,222 annually, or \$13.57 per hour - is lower than Volusia County's average annual private sector wage of \$33,494 cited by the state Department of Economic Opportunity. But Soskin noted it's still a decent wage for the area and a chance for permanent employment in a town that has temporary jobs for special events.

With I-95 running through Daytona and I-4 on the western edge of town, the city is a great location for a distributor, Soskin said. He said he's cringed every time he's seen a big box store snatch up a spot near an interstate off-ramp, calling it "an obscenity and a blight" that "encourages sprawl." Daytona has been competing with other cities for the company's warehouse, and being near I-95 and I-4 is an advantage, Gilliland said.

"There's only five places in Florida where interstates connect and we're one of them," he said.

The city, county and state are all trying to do their part to close the deal, Gilliland said. The state and the company worked out an incentive agreement a month ago, and the city is looking at offering property tax abatements over several years, he said.

County Manager Jim Dinneen said he and his staff are working on an incentive package for the project that's in the million dollar range and focused on public infrastructure.

Like other local officials, Dinneen wouldn't confirm the name of the company, saying he promised he wouldn't. But he did say he's excited about the prospect.

"It's a good company," he said. "These are good jobs." "It's a huge economic development benefit to the community," Merrell agreed. "The hope is this project will have a ripple effect." *Staff Writer Andrew Gant contributed to this report.*

Food distribution center plan advances

By EILEEN ZAFFIRO-KEAN

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DAYTONA BEACH — A measure crucial to building an 810,000-square-foot food distribution center on the city's west side was approved Thursday night by the city's Planning Board with a slam dunk.

With the 10-0 vote, the proposal to create the massive complex — roughly the size of four Wal-Mart Supercenters — will push toward final approvals at City Hall this spring and keep hope alive of welcoming to town a major national retailer that promises to create 450 new jobs.

"I don't think you'll find anyone opposed to this," Planning Board member Larry Moore said.

"I'm thrilled to be here to bring this to you," said local attorney Rob Merrell, who's representing the site's landowner and the retailer, which has been adamant about remaining anonymous for a few more weeks while more approvals are locked down.

"What we're bringing is something we've never seen here before," Merrell told board members. "We just don't get this. We haven't had this — ever." The measure Planning Board members voted on was to re-zone the 76.5-acre distribution center site just east of Interstate 95 and north of Dunn Avenue from multifamily residential to planned commercial development. The City Commission is slated to take an initial vote on the rezoning March 19 and a final vote April 2. The \$88 million project will also need approvals for the site plan and permits from various agencies.

Additional votes will be taken by the City Commission and Volusia County Council on incentive agreements that would help the retailer's bottom line on the project.

The city is looking at offering property tax abatements over several years, and the county is considering roughly \$1 million in assistance for infrastructure on the site, which is near Teledyne Oil & Gas and several apartment complexes. The state and company worked out an economic incentive agreement a month ago.

If all goes as hoped, the company will do most of its construction in the first phase that calls for a 523,760-square-foot warehouse, 101,760-square-foot freezer

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building and a 6,000-squarefoot truck wash. The second phase would be required to go up within five years and would bring a 178,275-square-foot expansion to the freezer building, which would be on the north end of the vacant, treeless property owned by Consolidated-Tomoka Land Co.

Plans call for the site to be encircled by an 8-foottall chain link fence to comply with U.S. Food and Drug

Administration requirements. The fencing would be hidden by natural landscaping, which will also hide the boxshaped buildings designed mainly for function.

The engineer on the project, Parker Mynchenberg, said at Thursday's meeting he's suggesting 500 oak trees be planted along with crepe myrtles and other vegetation. The property is somewhat hidden from Williamson Boulevard by the Carolina Club apartments, and passersby on I-95 will see a wall of landscaping, Mynchenberg said.

Jim Cameron, senior vice president of government relations for the Daytona Regional Chamber of Commerce, came to the meeting to say his organization supports the project and is excited about the prospect of hundreds of new jobs that would have an average annual salary of \$28,222.

"We're at a great strategic location. Somebody's discovered that," Cameron said, referring to the city's positioning near both I-95 and I-4. "It's a good fit for Daytona Beach." Planning Board member James Neal agreed, saying "It's a pleasure to see something of this magnitude come to Daytona Beach for the first time."

VOLUSIA ECONOMY

County: It's Trader Joe's

Distribution center to supply national grocery chain

By DINAH VOYLES PULVER

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Volusia County officials finally revealed Wednesday the name of the national grocery chain they and the city of Daytona Beach have been working with for months: Trader Joe's is proposing a huge distribution center that could bring at least 450 jobs.

A communitywide effort — with the promise of about \$8 million in economic incentives — is on the brink of convincing the California-based company to build its planned Southeastern regional distribution center off Interstate 95 in Daytona Beach.

The deal isn't final. The Volusia County Council is expected to consider its incentive contributions next week and the company is in the final stages of its negotiations with landowner Consolidated Tomoka. But officials across the community already are celebrating what it could mean for economic growth in the long-term.

The county, the city and local economic development groups, including Team Volusia and the CEO Business Alliance, have worked with Trader Joe's and the property owner since last summer. But the identity of the grocery retailer was a closely guarded secret. The proposed center was known only as "project alpha" until agenda documents for the County Council's March 13 meeting were released Wednesday.

"This is the coolest thing we've had going in a long time," said County

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Councilman Josh Wagner, delighted to finally be able to talk about the company.

The popular and growing grocery chain has an almost cult-like following, with stores that attract tourists and locals to shop an eclectic mix of foods and beverages. It consistently ranks high on at least one national consumer service survey.

'Besides the fact that the company is awesome, this distribution center is going to be almost like an incubator,' Wagner said. 'They're going to buy from local companies.'

Trader Joe's already is talking with local producers about the potential for buying local products, one of the company's hallmarks, county officials said.

A Trader Joe's spokeswoman declined to comment about the company's plans on Wednesday night. In an unrelated January news release, the company reported it has more than 400 stores in 35 states. Several of those stores are in Florida and new stores are planned in the coming months.

The chain of neighborhood grocery stores ranked second on the 2014 Temkin Experience Ratings released Tuesday, the second year in a row that Trader Joe's has ranked near the top. The research and consulting firm studied 10,000 consumers and rated their experiences across industries for publication of the annual list.

The distribution center's estimated 450 direct jobs would pay an average wage of about \$28,000, county officials said. The center would immediately become one of the county's largest employers. Fewer than 1 percent of the businesses or governments in the county employ more than 250 people, said Rob Ehrhardt, Volusia's economic development manager.

Officials do not know whether Trader Joe's plans to open a grocery store in Volusia County, but county officials said the One Daytona developers have reached out to the grocer to explain their planned shopping and residential complex across from Daytona International Speedway.

A nationally known site selection company working with Trader Joe's contacted the city last summer to inquire about potential sites and from there the company reached out to Consolidated Tomoka. Team Volusia, the CEO Business Alliance and Volusia County all got involved in trying to make the deal happen, said Ehrhardt.

Last week, the city planning board unanimously approved rezoning 76 acres along the east side of Interstate 95, north of Dunn Avenue for the proposed 810,000-square-foot food distribution center.

The groups have crafted an incentive package that includes the extension of Mason Avenue to Dunn Avenue, as well as entrances and exits to the property and a variety of cash incentives, to help attract the major retailer.

'This is a great opportunity,' said Volusia County Manager Jim Dinneen, but ultimately the package the county put together must still be approved by the County Council.

The distribution center plans call for a first phase that includes a warehouse, freezer building and truck maintenance facility. A second phase would go up within five years, adding another 17,275 square foot expansion to the freezer building.

Here are the incentives being considered:

- Up to \$2.9 million in road improvements, including

From Volusia County:

the extension of Mason Avenue and a new traffic light, to be reimbursed later through a state economic development fund.

- Up to \$558,780 in county impact fees on behalf of Trader Joe's once the project is complete.
- About \$1.1 million cash in three performance-based payments to Consolidated Tomoka in exchange for attracting jobs and spending money to improve its own property for development.

•From the CEO Business Alliance:

• A commitment of \$400,000 cash.

•From the city of Daytona Beach:

• Considering at least \$1.5 million in tax abatements and infrastructure improvements.

From the state:

• Up to \$1.75million from a separate incentive fund known as the Quick Action Closing Fund.

County Councilman Doug Daniels said he hasn't seen the economic incentive package yet. However, he said the distribution center sounds like 'a terrific project.'

'If Trader Joe's moves in, then a lot of other companies will begin to look at Daytona as a place to move,' said Daniels.

One of the things that has the area's economic development officials so excited is that Volusia County beat out other areas in Florida and Georgia to land the project, Dinneen said.

'It was a tough competition,' he said.

That bodes well for things to come, county officials said Wednesday, as additional companies take note of the interest from Trader Joe's.

Little information about Trader Joe's is publicly available. A 2010 Fortune magazine profile reported the company has been owned since 1979 by the Albrecht family of Germany, which also controls the international Aldi supermarket chains.

- *Staff Writer Eileen Zaffiro-Kean contributed to this report.*



A Trader Joe's presence in Florida is growing.

Photo by Paul Stephen

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."

GROCERY DISTRIBUTION CENTER

\$4.7M OK'd for

Trader

Joe's

By **ANDREW GANT**

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DELAND — Volusia County swiftly approved a major incentive package Thursday to bring a Trader Joe's regional distribution center to Daytona Beach, the result of months of confidential negotiations to put a high-profile commercial project in an area near Interstate 95 seen as underused for a long time.

County officials, still getting used to saying "Trader Joe's" instead of the top-secret code name "Project Alpha," were optimistic about the deal, which will cost the county about \$1.7 million with nearly \$3 million more coming from state Department of Transportation grants.

"This one is really done right," Councilman Doug Daniels said of the

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TRADER JOE'S

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package, built to pay for the project's impact fees along with job-creation incentives. "This is the way that economic development deals should be done.

We've got public infrastructure for a qualified project ... then we put in money after performance. That's the great thing.

We don't speculate about what's going to happen. After the performance occurs, then we've got the check." "I think there's only one downside," County Manager Jim Dinneen said, "and I told Trader Joe's this: They're going to have everybody in their company wanting to relocate here." The total value of the package is about \$4.7 million, but close to \$3 million of that has already been approved for reimbursement in an FDOT economic development transportation grant. That grant will go toward road improvement costs around the project.

The project site's location along the eastern edge of Interstate 95 north of Dunn Avenue, with quick access to I-4, was one of its major selling points.

Rob Merrell, an attorney for the landowner, Consolidated Tomoka, said the lack of commercial projects in that area "has dumbfounded me forever." "I think others will follow," Merrell said. "This is the type of company that others follow their lead." Councilwoman Pat Northey said she, too, hasn't understood why Daytona's I-95/I-4 access point hasn't drawn more commercial interest. She said the county's recent stimulus project to extend Dunn over I-95 "sent a signal to everybody that this area is prime for development." Then she added Volusia residents already want more than a distribution center. "We need a grocery store. People are really excited about the idea of Trader Joe's, but they would really like to see a grocery store, too." Trader Joe's, which traditionally has been reticent to speculate on where it might open retail stores, hasn't indicated whether that might be a possibility in Daytona Beach.

The county estimates the company will make a capital investment of \$80 million in the project, which could generate \$2.5 million in property taxes over 10 years. It's also estimated to create 450 new jobs on-site and 100 more jobs trucking food in and out of the warehouse.

The company also is known for buying from local food producers, and Councilman Josh Wagner said that impact will be significant, too. "One thing I don't think people grasp is the engine that this truly is," he said. "It isn't just the box this is in; it isn't just the distribution.

It's the fact that our neighbors are going to be able to expand" and sell to it.

Thursday's vote was 6-0 - Councilwoman Deb Denys was absent - and it followed last week's vote to provide a much larger \$20 million public infrastructure investment in One Daytona, a giant two-phase retail and residential project across from Daytona International Speedway. That caught the attention of DeBary resident Morton Culligan, who attended Thursday's meeting to ask the council members to put their own money into private projects instead of the taxpayers' money. "It's tax and spend, tax and spend, tax and borrow from the future," Culligan said.

"This is something every single one of you - and every taxpayer, although some may not agree - should be proud of," Wagner responded. "This is how it's supposed to work."