



OFFICE OF ECONOMIC DEVELOPMENT
 OFFICE OF MAYOR LENNY CURRY
 JACKSONVILLE, FL

**PROJECT VELO
 SUMMARY
 September 28, 2016**

Company:
 Project Velo

Background: Project Velo is proposing to open a one million square foot product distribution center facility at Cecil Commerce Center. The Company plans to create at least 1200 jobs by the end of 2019, and 325 of the proposed jobs will have an average annual salary of approximately \$50,000. The Company is one of the leaders in the product distribution marketplace.

Project Velo is currently performing due diligence on numerous sites around the nation, that appear to be suitable to serve as a distribution hub, for its diverse array of products. One of the sites it is assessing is an 86 acre parcel at Alliance Florida at Cecil Commerce Center. The Company is planning to make a final decision on whether or not the Cecil Commerce Center site will be selected as a future location for one of its distribution centers, later this year.

# of Jobs To Be Created	Capital Investment	Intangibles
325 jobs @ approximately \$50,000 average wage, and 875 additional jobs, no later than December 31, 2019.	Estimated capital investment of approximately \$115 million in equipment, furniture, land and real estate improvements.	Establishment of a new distribution center will provide an abundant amount of job opportunities.

Project location: Council District: 12

Cecil Commerce Center Master Disposition and Development Agreement (MDDA)

Per the 2010 Master Disposition and Development Agreement (MDDA), between the City and Hillwood, Hillwood has a right to prepare a site at Alliance Florida at Cecil Commerce Center, for future development, before purchasing that site from the City. The MDDA includes a per acre land purchase pricing formula, which is based on the amount of land preparation and infrastructure needed to make a site ready for development. The site is currently wooded and will require a large amount of infrastructure and fill material to accommodate the proposed facility. If project Velo moves forward, Hillwood will purchase the 86 acre development site from the City for \$8,819 per acre, for a total of \$758,000.

Project Rationale & Benefits:

Supporting Project Velo will expand job opportunities in Jacksonville at various wage levels. Additional annual payroll to the Jacksonville area is anticipated to be more than \$39 million annually (excluding benefits). The project location will make jobs accessible to residents in some of Jacksonville's high unemployment areas. Project Velo will make a significant capital investment, adding to the City's commercial tax base. Project Velo will also help further the City's goal of making Alliance Florida at Cecil Commerce Center one of the premier job centers and industrial parks, in the Southeastern U.S.

Project Incentives:

- City QTI 20% Match \$195,000
 - City Local Training Grant \$200,000
 - City REV Grant (Cap) \$6,700,000
- City Total: \$7,095,000**

- State QTI 80% Match \$780,000
 - Florida Flex Training Grant \$420,000
- State Total: \$1,200,000**

Overall Incentives: \$8,295,000

The project ROI ratio for the City of Jacksonville is 1.79.

Description of City of Jacksonville Incentives:

The company is seeking public investment through the Qualified Targeted Industry (QTI) Tax Refund program. The QTI incentive proposed is \$3,000 per job. Based on Velo's application, 325 of the new jobs would qualify for this program. The City portion of the QTI program is 20 percent of the award, or \$600 per job up to \$195,000 in total. The QTI award will be payable after the average wage and jobs created are verified by the Florida Department of Economic Opportunity over the proposed five year payout, beginning in 2018. A City Training Grant up to \$200,000, will be provided. The company will need to provide documentation related to employee training activities. A City Recapture of Enhanced Value (REV) Grant will also be provided. The REV Grant will be equal to 60% of the increase in ad valorem taxes paid by the company, over the first 10 years of operation.

Description of State of Florida Incentives:

The State portion of the QTI program is 80 percent of the award, or \$2,400 per qualified job created up to \$780,000, in total. The QTI award will be payable after the average wage and jobs created are verified by the Florida Department of Economic Opportunity over the proposed five year payout, beginning in 2018. A Florida Flex Training (FFT) grant up to \$1500 per new qualified job created, for up to 280 jobs, with a cap of \$420,000, and a Veterans Florida Business Training Grant up to \$8,000, per veteran employee trained, are also being offered.

For the reasons cited above, legislation for this project will be considered by MBRC on September 26, 2016 and introduced to City Council on October 11, 2016.

Please contact Ed Randolph at 630-1185, if you have any questions on this project.