



## Legislation Text

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**File #:** 2024-0741, **Version:** 1

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Department: Growth Management

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### **STAFF RECOMMENDATION (Motion Ready):**

Approve an Economic Investment Program agreement between the City of Ocala and Averitt Express, Inc. with a total investment not to exceed \$150,000

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### **OCALA'S RELEVANT STRATEGIC GOALS:**

Economic Hub

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### **PROOF OF PUBLICATION:**

N/A

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**BACKGROUND:** The purpose of the Economic Investment Program (EIP) is to create economic growth within Ocala through the attraction of new businesses and encouraging existing businesses to grow and expand. On August 1, 2023, Averitt Express Inc. (Averitt) applied for incentives through the EIP to support the expansion of their business to Ocala. Averitt is headquartered in Cookeville, Tennessee, and is an industry leader in supply chain management. The company specializes in delivering customized solutions for service offerings that include retail distribution, transportation management, and fulfillment services.

Staff previously presented Averitt's EIP Application for City Council approval on October 17, 2023. The agreement was approved by City Council; however, the agreement was not executed. The developer and its board met following the original approval and concluded they would be completing the project in a single phase rather than in the initially proposed multiple phases. Averitt's pivot to a larger building increased their capital investment and their job projections. After reviewing the proposed changes, staff concluded the changes would not significantly impact the intent of the project. City staff met with the City's legal team, agreed that amending the unexecuted contract was not necessary, and invited Averitt to submit a revised application. The revised application was submitted on January 19, 2024, and included a request for increased incentives given the increase in the investment and job commitments. The key changes are summarized below.

| Current and Proposed Changes |                        |                        |
|------------------------------|------------------------|------------------------|
|                              | Initial                | Revised                |
| Number of Jobs               | 34 FTEs                | 50 FTEs                |
| Average Wages                | \$69,112.00            | \$67,524.00            |
| Capital Investment           | \$11,650,000.00        | \$19,968,000.00        |
| Square Footage               | 20,000 sq ft           | 36,000 sq ft           |
| Incentive Amount             | \$96,000.00            | \$150,000.00           |
| Payback Period               | 1.63 years (20 months) | 1.50 years (18 months) |

Averitt is now proposing to construct a new 36,000-square-foot logistics and service center inclusive of docking, warehouse, and office space. The project will be developed on a 15.41-acre parcel located along NW 35<sup>th</sup> Street Road (Parcel ID 13717-001-00). The subject property is a part of the Ocala/Marion County Commerce Park and was purchased by the Applicant on September 6, 2023. Averitt's proposed expansion project in Ocala will serve as a mid-way point between existing Orlando and Jacksonville operations.

City staff met with the applicant to review the revised project details and negotiate the agreement's terms. The Financial Review Committee (FRC) originally met on September 22, 2023, evaluating the project's financial aspects. The FRC unanimously approved the application, determining Averitt had sufficient financial ability to successfully execute the project. The findings from the original FRC proved that Averitt would be self-funding the development of the project. The attached memorandum contains the written recommendation and feedback on the revisions. The facility construction and site improvements are expected to be completed no later than January 2025. The attached agreement is revised to reflect the new business commitments and the new incentive obligation for the City of Ocala.

**FINDINGS AND CONCLUSIONS:** The applicant will employ a minimum of 50 new full-time employees at an average annual salary (or hourly equivalent) of \$67,524. The jobs will exceed 150 percent of the average salary in the Ocala Metropolitan Statistical Area (MSA).

The property is currently vacant and unimproved thereby limiting tax revenue available to the City. The development of the facility is expected to provide a significant increase in tax revenue resulting in a Net Present Value of approximately \$2.3 million in expected ad valorem tax revenue to the City over 30 years. The City is expected to recoup the proposed investment within 18 months of project completion; see attached analysis. The subject property is zoned Medium Industrial (M-2) and is within an Employment Center (EC) Future Land Use category, as identified in the City of Ocala Comprehensive Plan.

The project will be 100 percent self-funded. Given this, the applicant is seeking an incentive of \$150,000 to offset project costs. Averitt will spend approximately \$19 million to construct the new facility.

The proposed project provides significant benefit to the community in terms of the expected capital investment and quality jobs, staff recommends approval.

**FISCAL IMPACT:** The grant payment will be budgeted in the appropriate financial year in account 674-099-

999-559-81-82010.

**PROCUREMENT REVIEW:** N/A

**LEGAL REVIEW:** This Agreement will be reviewed and approved for form and legality by City Attorney, William E. Sexton.

**ALTERNATIVE:**

- Approve with changes
- Table
- Deny