

on the island continued, Deltona became increasingly tangled in legal and regulatory disagreements.

"We were caught very much in the middle of the environmental movement," says Frank Mackle III. "We sold land and promised to deliver in eight years. In the middle of those eight years the government invented new laws and didn't offer us grandfather clause protection. They just applied the law retroactively.

"The environmental movement was a good one. I am a supporter of the concern and the protection we have today." Adds his father, "Our quarrel never has been with the environmentalists. Our quarrel is that if the government wants to protect this land for the public, then they should buy it. But don't make us pay for it."

**B**ut without a Corps of Engineers permit, Deltona could not begin the dredging which would create many of the lots which they already had sold. The lot-owners were notified: 35% were willing to trade their properties for other Deltona properties, 46% wanted their money back and 19% were undecided.

Although Deltona had assets of \$316 million, its cash was limited. When the company started to pay off claims against it, its cash was quickly depleted.

"We were in a very serious position," says Frank Mackle III. "Had we not had the strong support of the customers on Marco and our lenders, we very definitely would have had to consider Chapter 11 proceedings.

"Still, we refused to believe that we were in a terminal condition. We had confidence in our customers and our lenders, and we had confidence that we could bail ourselves out. But it was a lot of seven-day weeks and 20-hour days for several years before we managed to get on our feet."

In 1976 the company charged \$14.7 million against operating income for customer refunds, which pushed the 1976 loss to \$10 million. Subsequently, the company has put aside another \$21 million for refunds.

Deltona also devised a plan to reorganize its debts. In 1978 it sold such properties as its Marco Island Hotel and \$15 million of gulf front land in return for capping interest on some loans and deferring interest on others. During 1979 the company continued to reduce its debt from \$122.2 million to \$89.4 million.

The sum of the last two decisions is that the Corps has the right not to issue

Deltona certain development permits; but if that happens, Deltona has the right to recover money damages. Although Deltona, which could make more money by developing the land than by being compensated for it, may appeal, the company is not entirely unhappy with the current situation. Deltona spokesman James Aphorp told the *Wall Street Journal* "We couldn't expect to get both the permits and money damages for denial of the permits."

Regardless of the Marco Island outcome, Deltona spokesmen say the company is back on its feet. Housing revenues increased in 1977 by \$9 million to \$29.7 million. In 1978 they jumped to \$35.6 million and in 1979 to \$49.6 million. In 1980 they are expected to exceed \$100 million. The company's total revenues rose to record highs: \$93.3 million in 1977, \$117 million in 1978, \$121.8 million in 1979 and nearly \$200 million in 1980.

(Some analysts are not wholly sanguine about Deltona, despite its rapidly rising revenues. Income has not kept pace with revenues, they note, and an \$8.4 million gain from the sale of the Marco Beach Hotel to Marriott is the only thing which kept the company out of the red in 1979.)

But Deltona executives say the company is a lot tougher for its recent tribulations. Just a few years ago nearly 700 sales and management positions were eliminated in a thorough personnel shake-up. Only one of Deltona's ten key sales managers was with the company in 1976. Overseas, only one manager in three survived and 80% of the staff was replaced.

"Before 1976 our sales staff was interested in selling Marco Island property above all else," says vice president Shulte. "We had salespeople who decided they liked South Florida waterfront property, and that was all they were going to sell. Most of those people are no longer with the company. The new sales staff now concentrates on Deltona's Central Florida communities, stressing housing sales above mere lot sales.

**T**he road ahead is not perfectly smooth. Interest rates are still high; so are the costs of labor and materials. And the Mackles are not the only Florida developers to have survived the crash of 1974.

But Frank Mackle III, who became president of Deltona in 1979 at 35, sees his company as the dominant force in the construction field. "A typical build-

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## The recession was a stunning blow to Deltona.

### 'Sales were here one day, gone the next,' says Frank Mackle Jr.

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er might build 30 to 40 houses a year," he says. "He doesn't have the chance to build the rhythm and establish the continuity of employment that we have. We've been building 1,000 homes a year, give or take a few hundred, for 15 years. We have the crews, supervisors and subcontractors who have been with us for quite a long time.

"We offer a house for \$30,000: the lot, the appliances, the whole package. With that pricing, we can reach a much broader market than most builders."

**F**urthermore, Mackle believes Deltona has developed ancillary skills which are increasingly important in the formation of leisure communities. "We have the ability to manage golf courses, build and manage hotels and construct all types of recreational facilities," he says. In addition, he notes that the company's growing utility, lumber and airline subsidiaries, while currently minor contributors to total revenues, are expected to play a significant part in Deltona's next decade.

With such multifamily dwelling communities as Tampa Palms planned for the future, Deltona Corporation seems to be easing out of the single-family market and into townhouses and condominiums. A trace of sadness crosses Frank Jr.'s face, as though he were a bit hurt by the very suggestion.

"The single-family home will be predominant in Florida," says the man who has spent a lifetime proving the point. "We have plenty of land in this state, and as long as land is inexpensive, a single-family home will be less expensive than a condominium.

"Florida is a place for single-family residences. I firmly believe that," he repeats. "Give a guy a single-family lot, and he will say, 'By God, that's mine!'" And the Mackles would love to build him a house on it.