

CITY COUNCIL RESEARCH DIVISION LEGISLATIVE SUMMARY



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Bill Type and Number: Resolution 2020-0423

Introducer/Sponsor(s): Council President at the request of the Mayor

Date of Introduction: July 28, 2020

Committee(s) of Reference: F

Date of Analysis: July 28, 2020

Type of Action: Making certain findings; amending economic development agreement; authorizing a REV grant; providing for oversight; providing an agreement deadline; requesting two-reading passage

Bill Summary: The resolution provides certain findings made by the City in support of the amended economic development agreement between the City and UPS. The complete details of the agreement can be reviewed within the exhibits attached to this legislation; highlights are in the following section. The office of Economic development will provide oversight of the project. If the agreement approved by this Resolution has not been signed by the UPS within ninety (90) days after the Office of Economic Development delivers or mails the unexecuted agreement to UPS for execution, then the City Council approvals in this Resolution and authorization for the Mayor to execute the agreement are automatically revoked. Two-reading passage of this legislation is requested pursuant to Council Rule 3.305.

Background Information: UPS, an international distribution company, has been making strategic investments in various markets around the U.S. in recent years, to keep up with the demands of the ecommerce marketplace. In 2017, the City of Jacksonville approved a REV Grant for UPS related to a proposed investment of \$196 million at its Imeson Road facility. Of that projected \$196 million, by the end of 2019 UPS had invested approximately \$173 million. UPS is now evaluating its Imeson Road location for an additional \$138 million investment (above the original projection of \$196 million), totaling an overall investment of \$334 million, over a 4-year period. UPS is evaluating sites in several other states to invest the additional \$138 million in proposed improvements. If Jacksonville is selected, they propose to create an additional 240 new full-time jobs no later than December 31, 2024. The average annual wage is \$50,000 plus benefits. UPS has stated that the City of Jacksonville's financial incentive proposed is a material factor in their decision to further develop the logistics, warehouse and distribution center in Jacksonville. The City is proposing to revise the 2017 REV Grant so that it reflects a total investment of \$334 million by the company. The terms of the REV Grant, 5 years at 50%, would remain the same. The cap would be increased from \$4.3 million to \$6.8 million.

Policy Impact Area: UPS; economic development; City partnerships

Fiscal Impact: The City of Jacksonville proposes to provide a REV grant based on 50% of the increase in real and personal property taxes generated at the project site, for 5 years up to a maximum of \$6,800,000; provided the private capital investment is not less than \$300 million and the company creates a minimum of 240 jobs by the end of 2024. The total amount of City incentives would be up to \$6,800,000.

Analyst: Baltiero