



ONE CITY. ONE JACKSONVILLE.

City of Jacksonville, Florida

Lenny Curry, Mayor

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Ferrosorce, LLC Project Summary September 6, 2022

Company:

Ferrosorce, LLC
27 Union Square, W, Suite 300
New York, NY 10003

Background:

Ferrosorce, LLC is a Delaware Limited Liability Company providing global procurement and distribution business specializing in supply chain and risk management services for the ferrous metals market. They procure, distribute, and customize a variety of steel products for domestic users of hot and cold rolled steel, pipe, tube and long products such as wire, rebar, wire rods, tubes, steel bar and steel sections. They arrange for value added services such as slitting, cut to length, multi-blanking and stretcher leveling custom steel items for their customer base. They have been in business since 2016 and currently employ 20 persons. Ferrosorce has offices in Chicago, IL, Fort Wayne, IN, Birmingham, AL, Dallas/Fort Worth, TX and Los Angeles, CA. Their primary US affiliates handling the processing and distribution of the ferrous materials in the US include Midwest Pipe & Steel, Paragon Steel, Paragon Tube Corporation and HK Hanwa Steel.

The company is interested in establishing a metal fabricating facility in Jacksonville to manufacture fabricated steel products to support their customer’s needs. Additionally, they propose to create within their facility a free trade zone to import and store steel before its fabricated into structural steel parts and rebar. In year 1 they propose to lease 20,000 SF of the vacant 44,000 SF steel building located at 1011 Blanche Street, Jacksonville, FL 32204. They propose to convert the vacant steel warehouse building into a multi-line steel fabrication facility to manufacture the products desired by their customer base. Initially they propose to invest approximately \$2.269 million in Phase 1 of the project and create up to 15 new jobs. Their five-year plan includes an ultimate investment of \$10 million and creation of an additional 35 jobs.

The estimated costs associated with Phase I of the project is estimated to be \$2,269,000 and summarized as follows:

• Leasehold & Infrastructure Improvements	\$ 219,000
• Machinery & Equipment	1,550,000
• IT Equipment	<u>500,000</u>
Total	\$ 2,269,000

Ferrosorce proposes to initially hire 15 employees in year 1 at an average wage of \$58,000 (\$27.88 hr), plus benefits \$18,000. Average annual payroll is \$870,000 plus benefits. Within the first five years they anticipate hiring an additional 35 employees at the average wage of \$58,000 plus benefits. Annual payroll in year five would average \$2,900,000 plus benefits.

Ferrosorce is requesting City of Jacksonville support to offset a portion of the building improvements needed to provide the manufacturing infrastructure to create a multi-line metal fabrication facility to manufacture component parts to support its growing customer base within the Southeastern Portion of the U. S. The incentive requested is a material factor for Ferrosorce to locate its proposed metal manufacturing and fabrication facility within this Level 2 Economically Distressed Area.

# of Jobs To Be Created	Capital Investment	Intangibles
Ferrosorce will create 15 new jobs @ an average wage of \$58,000, no later than Dec. 31, 2023.	Estimated to be \$2.269 million comprised of Leasehold Improvements \$.219 million, Machinery & Equipment \$1.55 million, IT infrastructure and equipment \$.5 million	Supports the attraction of a new manufacturing and steel fabrication facility within a Level 2 Economically Distressed Area in the Northwest Economic Development Fund boundary area.

Project Rationale & Benefits:

1. Supporting Ferrosorce will assist a new metal manufacturing and fabricating business to lease a vacant industrial building within Jacksonville’s Northwest Jacksonville Economic Development Fund area, create 15 new manufacturing jobs generating an annual payroll of \$870,000 per year plus benefits with the goal of creating up to 50 jobs within five years.
2. The project will result in new private capital investment of \$2.269 million within a Level 2 Economically Distressed Area in the Urban Core and Northwest Jacksonville with the potential to increase the private capital investment up to \$10 million within the first five years.

Project Incentives:

The City of Jacksonville proposes to provide:

- Ferrosorce is seeking public investment through the Northwest Jacksonville Economic Development Fund Business Infrastructure Grant (BIG) Program in the amount of \$100,000 to offset a portion of the infrastructure costs associated with the interior renovations associated with converting the former warehouse constructed in 1941 into a manufacturing facility and meet the current building code requirements.
- The Northwest Economic Development Fund Advisory Board unanimously approved the request at their August 16, 2022, meeting.
- The project has an ROI of 2.06:1, for the City of Jacksonville.

The total amount of City incentives would be up to \$100,000.