



ONE CITY. ONE JACKSONVILLE.

City of Jacksonville, Florida

Lenny Curry, Mayor

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Florida Mechanical Systems, Inc. Project Summary March 7, 2022

Company:

Florida Mechanical Systems, Inc.
524 Stockton Street
Jacksonville, FL 32204

Background:

Florida Mechanical Systems, Inc. (FMS) is a privately held property and rental management, crane and mechanical equipment rental and fleet management business established in 1968. FMS owns the real property to be redeveloped for W. W. Gay Mechanical Contractor, Inc. as the primary tenant of the proposed new building. The president of W. W. Gay Mechanical Contractor, Inc., Mr. Paul Jones is also the president of FMS. FMS and W. W. Gay Mechanical are both registered Florida for Profit Corporations in the State of Florida.

FMS submitted a Northwest Jacksonville Economic Development Fund application to support the construction of a two story 49,200 sq. ft. office and administrative building at 524 Stockton St., Jacksonville, FL 32204. The development cost is estimated to be \$15.3 million and will result in the creation of up to 60 new full-time jobs within five years after project completion at an average wage of \$83,700 plus a generous benefit package. The building is being constructed by FMS for lease to W. W. Gay Mechanical Contractor to replace their corporate headquarters which was destroyed by fire in August 2020. Project site location is within a designated Level 2 Economically Distressed Area within Northwest Jacksonville.

The costs associated with constructing the building within an urban infill site is designed to meet the current building code and accommodate the needs of W. W. Gay to serve as their corporate headquarters. W. W. Gay desires to remain a tenant within FMS's 20-acre campus. The proposed building fronts Stockton Street and is bounded by the CSX rail-line, Acosta Street, Edison Avenue and adjacent to I-10. The costs associated with the construction and renovation is estimated to be \$15,313,339 and summarized as follows:

• Building Construction	\$	10,458,700
• Renovations		1,441,153
• Site Development		622,700
• Furniture & Fixtures		2,369,950
• Contingency		<u>420,836</u>
Total	\$	15,313,339

FMS is requesting City of Jacksonville support to reconstruct the corporate headquarters for W. W. Gay Mechanical Contractor and retain this business and support its expansion within the Rail Yard District Area. The incentives requested are a material factor for W. W. Gay to relocate their corporate headquarters within this Level 2 Economically Distressed Area.

# of Jobs To Be Created	Capital Investment	Intangibles
The tenant W. W. Gay will create 60 new jobs @ an average wage of \$83,700, no later than Dec. 31, 2028.	Estimated to be \$15.3 million comprised of \$12.9 million R/E and \$2.4 million, furniture and fixtures, etc.	Supports the retention of a corporate headquarters within a Level 2 Economically Distressed Area in the Northwest Economic Development Fund boundary area.

Project Rationale & Benefits:

1. Supporting FMS will assist in retaining and supporting the expansion of the corporate headquarters of W. W. Gay Mechanical Contractor, Inc. and create 60 new full-time high wage jobs generating an annual payroll of an additional \$5 million per year, plus benefits. W. W. Gay Mechanical, Inc. currently employs over 600 employees in Jacksonville.
2. The project will result in new private capital investment of \$15.3 million within a Level 2 Economically Distressed Area in the Urban Core and Northwest Jacksonville.

Project Incentives:

The City of Jacksonville proposes to provide:

- FMS is seeking public investment through the Northwest Jacksonville Economic Development Fund Large Scale Economic Development Fund (LSEDF) Grant in the amount of \$500,000 to offset a portion of the site development costs associated with the project.
- The company is also seeking public investment through the City of Jacksonville Recapture Enhanced Value (REV) Grant at the level of 50% of the net increase in real and tangible property taxes based upon the net private capital investment of \$15.3 million for the first ten years after completion of the 49,200 square foot headquarters and administrative facility to support W. W. Gay Mechanical Contractor, Inc. The REV Grant requires a minimum \$10 million capital investment in the project site no later than December 31, 2023. Project location is within Northwest Jacksonville. The REV Grant is capped at \$700,000 over the ten-year REV Grant period.
- The project has an ROI of 1.34 : 1, for the City of Jacksonville.

The total amount of City incentives would be up to \$1,200,000.