

LEGISLATIVE FACT SHEET

DATE: 01/22/20

BT or RC No: _____
(Administration & City Council Bills)

SPONSOR: Office of Economic Development
(Department/Division/Agency/Council Member)

Contact for all inquiries and presentations: Office of Economic Development

Provide Name: Ed Randolph, Director of Business Development Operations

Contact Number: 630-1185

Email Address: edr@coj.net

PURPOSE: White Paper (Explain Why this legislation is necessary? Provide; Who, What, When, Where, How and the Impact.) Council Research will complete this form for Council introduced legislation and the Administration is responsible for all other legislation. (Minimum of 350 words - Maximum of 1 page.)

Commercial Metals Company's wholly-owned subsidiary, CMC Steel US, LLC (A/K/A CMC Steel Florida), which operates a steel long-products manufacturing facility in Jacksonville, Florida, is determining whether it will continue to maintain and/or expand its operation in Jacksonville, or shift some of that production work to another plant location, outside of Florida. The company is evaluating existing facilities in South Carolina, Texas and Alabama, for the project. If the company deems that it is financially prudent to keep investing in the Jacksonville facility, the company would be committed to retaining its 250 existing employees, which have an average annual wage of \$80,140, plus benefits.

Commercial Metals Company and its subsidiaries manufacture, recycle and market steel and metal products, related materials and services through a network of facilities that includes seven electric arc furnace ("EAF") mini mills, two EAF micro mills, two rerolling mills, steel fabrication and processing plants, construction-related product warehouses, and metal recycling facilities in the U.S. and Poland. Currently, CMC Steel Florida has a rolling mill capacity of 600,000 tons, and primarily produces reinforcing bar and wire rod. CMC Steel Florida purchased the subject plant from Gerdau Ameristeel in November of 2018. The City awarded Gerdau Ameristeel a REV Grant in 2006, but the REV Grant was terminated in November of 2018, when CMC Steel purchased the plant.

If the company stays in Jacksonville, it would invest \$30 million over a period of five years. These investments will enhance the facility with the latest innovations for steel long-products manufacturing and provide more efficient operations. The facility's capital program will accommodate its production capability to continue to cost-effectively manufacture high-quality steel products for distribution in Florida and regionally throughout the southeast.

The facility has been JEA's largest single site customer for a number of years. The plant's JEA charges were \$19.9 million in 2017 and \$18.7 million in 2018.

The company has stated that the City of Jacksonville financial incentives are a material factor to continue to invest in its Jacksonville facility.

APPROPRIATION: Total Amount Appropriated \$0 as follows:

List the source name and provide Object and Subobject Numbers for each category listed below:

(Name of Fund as it will appear in title of legislation)

Name of Federal Funding Source(s)	From: _____	Amount: _____
	To: _____	Amount: _____

Name of State Funding Source(s)	From: _____	Amount: _____
	To: _____	Amount: _____

Name of City of Jacksonville Funding Source(s)	From: _____	Amount: _____
	To: _____	Amount: _____

Name of In-Kind Contribution(s)	From: _____	Amount: _____
	To: _____	Amount: _____

Name & Number of Bond Account(s)	From: _____	Amount: _____
	To: _____	Amount: _____

PLAIN LANGUAGE OF APPROPRIATION / FINANCIAL IMPACT / OTHER:

Explain: Where are the funds coming from, going to, how will the funds be used? Does the funding require a match? Is the funding for a specific time frame? Will there be an ongoing maintenance? ... and staffing obligation? Per Chapters 122 & 106 regarding funding of anticipated post-construction operation costs.

(Minimum of 350 words - Maximum of 1 page.)

<p>The City of Jacksonville proposes to provide:</p> <ul style="list-style-type: none"> • A City Recapture of Enhanced Value (REV) Grant will be provided. The REV Grant will be a refund of 50 percent of the increase in ad valorem taxes paid by the company, over the next five years of operation. The maximum amount of the REV Grant will be \$450,000. • The project has a positive ROI for the City of Jacksonville.

ACTION ITEMS: Purpose / Check List. If "Yes" please provide detail by attaching justification, and code provisions for each.

ACTION ITEMS:

	Yes	No
Emergency?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Justification of Emergency: If yes, explanation must include detailed nature of emergency.

--

	Yes	No
Federal or State Mandate?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Explanation: If yes, explanation must include detailed nature of mandate including Statute or Provision.

Fiscal Year Carryover?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
------------------------	--------------------------	-------------------------------------

Note: If yes, note must include explanation of all-year subfund carryover language.

CIP Amendment?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Contract / Agreement Approval?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Attachment: If yes, attach appropriate CIP form(s). Include justification for mid-year amendment.

Attachment & Explanation: If yes, attach the Contract / Agreement and name of Department (and contact name) that will provide oversight. Indicate if negotiations are on-going and with whom. Has OGC reviewed / drafted?

Office of Economic Development to provide oversight and administration.

Related RC/BT?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Waiver of Code?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Attachment: If yes, attach appropriate RC/BT form(s).

Code Reference: If yes, identify code section(s) in box below and provide detailed explanation (including impacts) within white paper.

A waiver of the Public Investment Policy (PIP) (Ord. 2016-382) is needed, in that the project is receiving a REV Grant and not creating a minimum of 10 new jobs.

Code Exception?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
-----------------	--------------------------	-------------------------------------

Code Reference: If yes, identify code in box below and provide detailed explanation (including impacts) within white paper.

Related Enacted Ordinances?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
-----------------------------	--------------------------	-------------------------------------

Code Reference: If yes, identify related code section(s) and ordinance reference number in the box below and provide detailed explanation and any changes necessary within white paper.

ACTION ITEMS CONTINUED: Purpose / Check List. If "Yes" please provide detail by attaching justification, and code provisions for each.

ACTION ITEMS:	Yes	No
Continuation of Grant?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Explanation: How will the funds be used? Does the funding require a match? Is the funding for a specific time frame and/or multi-year? If multi-year, note year of grant? Are there long-term implications for the General Fund?

Surplus Property Certification?

Attachment: If yes, attach appropriate form(s).

Reporting Requirements?

Explanation: List agencies (including City Council / Auditor) to receive reports and frequency of reports, including when reports are due. Provide Department (include contact name and telephone number) responsible for generating

Division Chief: /s/ Ed Randolph


(signature)

Date: 1/22/2020

Prepared By: /s/ Ed Randolph


(signature)

Date: 1/22/2020

ADMINISTRATIVE TRANSMITTAL

To: MBRC, c/o Roselyn Chall, Budget Office, St. James Suite 325

Thru: Brian Hughes, Chief Administrative Officer, Mayors Office, Fourth Floor, City Hall at St. James
(Name, Job Title, Department)
Phone: _____ E-mail: _____

From: Kirk Wendland, Executive Director, Office of Economic Development (OED)
Initiating Department Representative (Name, Job Title, Department)
Phone: 630-2455 E-mail: kwendland@coj.net

Primary Contact: Ed Randolph, Director of Business Development Operations, Office of Economic Development
(Name, Job Title, Department)
Phone: 630-1185 E-mail: edr@coj.net

CC: Jordan Elsbury, Director of Intergovernmental Affairs, Office of the Mayor
E-mail: jelsbury@coj.net

COUNCIL MEMBER / INDEPENDENT AGENCY / CONSTITUTIONAL OFFICER TRANSMITTAL

To: Peggy Sidman, Office of General Counsel, E-mail: psidman@coj.net
St. James Suite 480
Phone: 904-630-4647

From: _____
Initiating Council Member / Independent Agency / Constitutional Officer
Phone: _____ E-mail: _____

Primary Contact: _____
(Name, Job Title, Department) E-mail: _____
Phone: _____

CC: Jordan Elsbury, Director jelsbury@coj.net
904-630-1825 E-mail: _____

Legislation from Independent Agencies requires a resolution from the Independent Agency Board approving the Resolution.

Independent Agency Action Item: Yes No
Boards Action / Resolution? Yes No
Attachment: Yes No
If yes, attach appropriate documentation.

FACT SHEET IS REQUIRED BEFORE LEGISLATION IS INTRODUCED