## 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:	<b>Total Amount</b>	Appropriate	d	\$0		as follo	WS:	
List the source name	and provide	Object and S	Subobject	Numbers fo	r each	category	listed b	elow:

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

Name of Federal Funding Source(s)	From: To:	Amount:
Name of State Funding Source(s):	From:	Amount:
	То:	Amount:
Name of City of Jacksonville	From:	Amount:
Funding Source(s):	To:	Amount:
Name of In-Kind Contribution(s):	From:	Amount:
	To:	Amount:
Name & Number of Bond	From:	Amount:
Account(s):	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.

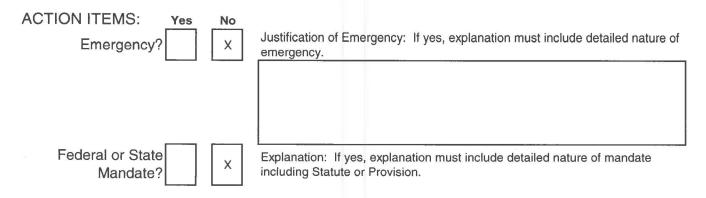
(Minimum of 350 words - Maximum of 1 page.)

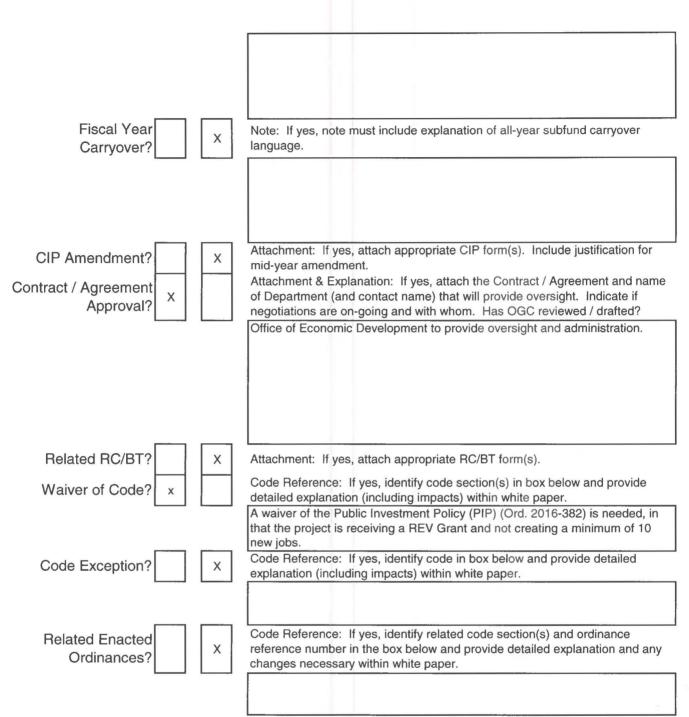
The City of Jacksonville proposes to provide:

• 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.





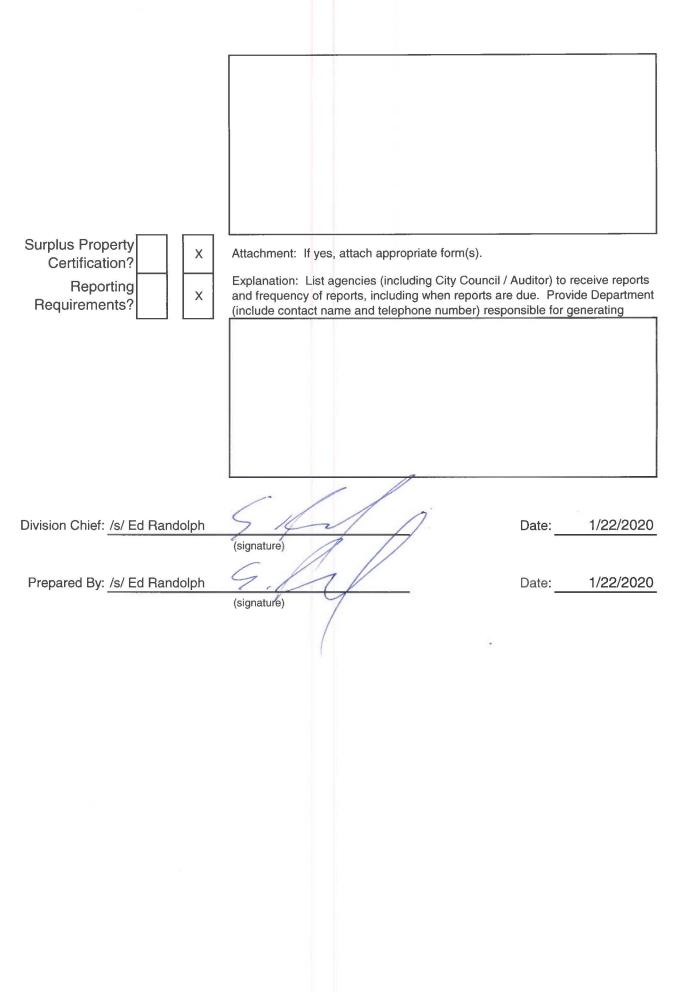
ACTION ITEMS CONTINUED: Purpose / Check List. If "Yes" please provide detail by attaching justification, and code provisions for each.

No

X

ACTION ITEMS: Yes Continuation of Grant?

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?



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. Ja (Name, Job Title, Department)	ames					
	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: <u>kwendland@coj.net</u>						
Primary Contact:	Ed Handolph, Bhostor of Bachood Bottolophion operations, emice of Economic Bottolophion						
	Phone: 630-1185 E-mail: edr@coj.net						
CC:	Jordan Elsbury, Director of Intergovernmental Affairs, Office of the Mayor						
	E-mail: jelsbury@coj.net						
<u>cou</u>	OUNCIL MEMBER / INDEPENDENT AGENCY / CONSTITUTIONAL OFFICER TRA	ANSMITTAL					
To:	Peggy Sidman, Office of General Counsel, <u>E-mail: psidman@coj.net</u> St. James Suite 480 Phone: 904-630-4647						
From:							
	Initiating Council Member / Independent Agency / Constitutional Officer Phone: E-mail:						
Primary Contact:							
Contact.							
	Phone:						
CC:	Jordan Elsbury, Director <u>jelsbury@coj.net</u> 904-630-1825 E-mail:						
Legislation from Independent Agencies requires a resolution from the Independent Agency Board approving the Resolution.							
Independent Agency Action Item:							
- <b>-</b>	ds Action / Resolution? If yes, attach appropriate documentation	n.					

## FACT SHEET IS REQUIRED BEFORE LEGISLATION IS INTRODUCED