



ONE CITY. ONE JACKSONVILLE.

City of Jacksonville, Florida

Lenny Curry, Mayor

City Hall at St. James
117 W. Duval St.
Jacksonville, FL 32202
(904) 630-CITY
www.coj.net

CMC STEEL US, LLC SUMMARY January 17, 2020

Company:
CMC Steel US, LLC

Background:

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.

Capital Investment	Intangibles
Estimated to be \$30M comprised of, real estate improvements, equipment and machinery	Supports a target industry business (Manufacturing) in Jacksonville, and the retention of 250 existing jobs.

Project Rationale & Benefits:

- 1. Supporting CMC Steel Florida will retain 250 existing manufacturing jobs, and expand the commercial tax base.**
- 2. The annual payroll from the 250 retained jobs is \$20 million (excluding benefits).**

Project Incentives:

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 legislation will include a request for a waiver of the Public Investment Policy (PIP), in that companies receiving a REV Grant are required to create a minimum of 10 new jobs.
- The project has a positive ROI for the City of Jacksonville.

The total amount of City incentives would be up to: \$450,000