

DEPARTMENT OF ECONOMIC DEVELOPMENT

SUMMARY FOR THE LEGISLATIVE FILE

ORDINANCE NO: 938-17

Recipient: Nova Tube and Steel LLC and/or designee
Project Manager: Esther Kim
Ward/Councilperson: 12 / Brancatelli
City Assistance: Enterprise Zone Tax Abatement (10 year/60%)
Project Site: Cuyahoga Valley Industrial Center: I-77 & Pershing

**Company Background**

Nova Tube and Steel LLC ("Nova Steel") is a steel distribution and processing company founded in 1979 in Montreal, Canada with 19 locations throughout Canada, the United States and Mexico. The company processes, sells and distributes carbon steel, stainless steel and aluminum products, operating as an intermediary between primary steel producers and manufacturers that require processed metal. Through its operating units across North America, Nova Steel produces steel tubing for a variety of markets and offers a wide range of steel service solutions for its customers.

Project Summary

Nova Steel is in a growth phase and has been exploring locations in the United States to build a new manufacturing facility. The company has identified the 40 acre site at the Cuyahoga Valley Industrial Center as a potential location for their growth. The approximately 220,000 SF facility will allow the company to increase its market share of tubular products in the United States. They plan to open a top of the line tube mill facility that will offer their customers high quality products.

In order to offset the costs of development and additional infrastructure costs the company will incur due to the nature of the site, the Department is proposing to impose a 10-year, 60% tax abatement on the Project Site. This tax abatement will allow the project to be economically viable for the company and impact their decision to locate here. Based on an estimated \$20M investment, the value of the abatement is approximately \$2,819,520. The project is expected to generate \$1,387,500 in income tax and \$1,879,680 in property tax revenues over the term of the abatement. The company will create 74 new, W-2 jobs in the City of Cleveland with an additional total new payroll of approximately \$5.5M.

After almost ten years readying the Cuyahoga Valley Industrial Center for development, this Enterprise Zone Tax Abatement will support the construction of a new 220,000 SF tube mill facility on the last 40 acres remaining on the site. Upon the sale of this land, the entire 60 acre site assembled through the community improvement corporation will be under private ownership, with all 3 owners expecting to begin construction before year end 2017.

Proposed City Assistance

- City will provide a 10 year/60% Enterprise Zone Tax Abatement

Economic Impact

- Creation of 74 full-time equivalent jobs, with an annual payroll of \$5,500,000
- Estimated \$138,750 annual income tax revenue
- Estimated \$187,968 annual property tax revenue
- Redevelopment of remediated brownfield to productive use on the largest development-ready site in the City of Cleveland

City Requirements

- Project is subject to Chapter 187: MBE/FBE/CSB requirements
- Project is subject to Chapter 188: Fannie Lewis Cleveland Resident Employment Law
- Project is subject to a Workforce Development Agreement
- Project is subject to a Community Benefits Agreement