



ECONOMIC DEVELOPMENT  
**GROWTH ENGINE**  
FOR MEMPHIS & SHELBY COUNTY

## Jobs PILOT

### Project Summary

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|                       |                                 |
|-----------------------|---------------------------------|
| Company/Applicant:    | Cleveland Track Materials, Inc. |
| Capital Investment:   | \$ 6,030,000                    |
| Jobs:                 | 51                              |
| Annual Average Wage:  | \$ 47,380                       |
| PILOT Length: (years) | 7                               |
| Tax Incentive:        | \$ 653,465                      |
| Local Tax Benefit:    | \$ 2,176,616                    |
| Benefit/Cost Ratio:   | 3.33                            |

**City of Memphis, Shelby County, TN  
Cleveland Track Materials, Inc.  
Tax Incentive Eligibility Analysis**

| Category  | Project Data | Points      |
|---|--------------|-------------|
| Job Creation  | 51           | 10.2        |
| Wages*  | \$47,380     | 19.4        |
| Capital Investment  | \$6,030,000  | 3.0         |
| Location: City of Memphis - 10 Points   | Yes          | 10.0        |
| Location: New Market Tax Credit<br>Eligible census tract - 20 Points                              | 20           | 20.0        |
| Headquarters - 20 Points  | No           | 0.0         |
| Local Business Participation Plan - 10 Points<br>Up to 20 additional points for exceptional plans | Yes          | 10.0        |
| <b>Total</b>  |              | <b>72.6</b> |

**Length of tax incentive: (years)**

**7**

**\*Wages Calculation**

|               |    |        |
|---------------|----|--------|
| Target Wages  | \$ | 38,000 |
| Project Wages | \$ | 47,380 |

|   |      |
|---|------|
| Meets Target Wage? Yes, 10 Points; No, Zero Points              | 10   |
| Extra Points: 1 Points for Each Additional \$1,000 above target | 9.4  |
| Total Points  | 19.4 |

**City of Memphis, Shelby County, TN**  
**Cleveland Track Materials, Inc.**  
**Economic Impact and Benefit/Cost Analysis**

| <b>Annual Impact of Operations</b>                                |    |           |
|---|----|-----------|
| Employment, Direct (full-time equivalent jobs)                    |    | 51        |
| Wages & Benefits, Direct  | \$ | 3,020,475 |
| Employment Multiplier <sup>1</sup>                                |    | 2.3323    |
| Total Employment  |    | 119       |
| Employment, Indirect  |    | 68        |
| Shelby County Annual Average Wage <sup>2</sup>                    | \$ | 53,932    |
| Wages, Indirect   | \$ | 3,667,376 |
| Total Wages   | \$ | 6,687,851 |
| Indirect Local Sales Tax Revenue <sup>3</sup>                     | \$ | 76,292    |
| Indirect Local Other Tax Revenue <sup>4</sup>                     | \$ | 22,506    |
| Indirect Residential/Commercial Property Tax Revenue <sup>5</sup> | \$ | 108,273   |
| Total Indirect Tax Revenue  | \$ | 207,071   |
| Direct Property Tax Paid on Existing Property*                    | \$ | 62,907    |

*\*Based on the current assessment of property utilized by this project.*

**City of Memphis, Shelby County, TN**  
**Cleveland Track Materials, Inc.**  
**Economic Impact and Benefit/Cost Analysis**

| One Time Expansion Impact                          |    |            |
|--|----|------------|
| Total Capital Investment                           | \$ | 6,030,000  |
| Building - Real Property (construction/renovation) | \$ | 3,195,000  |
| Economic Impact Multiplier <sup>6</sup>            |    | 1.8157     |
| Economic Impact                                    | \$ | 5,801,162  |
| Equipment Purchase/Set-up - Personal Property      | \$ | 2,835,000  |
| Economic Impact Multiplier <sup>7</sup>            |    | 1.7269     |
| Economic Impact                                    | \$ | 4,895,762  |
| Total Economic Impact                              | \$ | 10,696,924 |
| Indirect Local Sales Tax Revenue <sup>3</sup>      | \$ | 53,238     |
| Indirect Local Other Tax Revenue <sup>4</sup>      | \$ | 15,705     |
| Total Indirect Tax Revenue                         | \$ | 68,943     |

**Cleveland Track Materials, Inc.**

**Shelby County Tax Schedule**

| Shelby County<br>Tax Rate: \$4.05 | Real Property       |                 |                            |                   |
|-----------------------------------|---------------------|-----------------|----------------------------|-------------------|
|                                   | Full Taxes          | % of taxes paid | Taxes Paid after Abatement | Taxes Abated      |
| <b>Value</b>                      | <b>\$ 3,195,000</b> |                 |                            |                   |
| Year 1                            | \$ 51,759           | 25%             | \$ 12,940                  | \$ 38,819         |
| Year 2                            | \$ 51,759           | 25%             | \$ 12,940                  | \$ 38,819         |
| Year 3                            | \$ 51,759           | 25%             | \$ 12,940                  | \$ 38,819         |
| Year 4                            | \$ 51,759           | 25%             | \$ 12,940                  | \$ 38,819         |
| Year 5                            | \$ 51,759           | 25%             | \$ 12,940                  | \$ 38,819         |
| Year 6                            | \$ 51,759           | 25%             | \$ 12,940                  | \$ 38,819         |
| Year 7                            | \$ 51,759           | 25%             | \$ 12,940                  | \$ 38,819         |
| Year 8                            |                     | 25%             | \$ -                       | \$ -              |
| Year 9                            |                     | 25%             | \$ -                       | \$ -              |
| Year 10                           |                     | 25%             | \$ -                       | \$ -              |
| Year 11                           |                     | 25%             | \$ -                       | \$ -              |
| Year 12                           |                     | 25%             | \$ -                       | \$ -              |
| Year 13                           |                     | 25%             | \$ -                       | \$ -              |
| Year 14                           |                     | 25%             | \$ -                       | \$ -              |
| Year 15                           |                     | 25%             | \$ -                       | \$ -              |
| <b>Total</b>                      | <b>\$ 362,313</b>   |                 | <b>\$ 90,580</b>           | <b>\$ 271,733</b> |

**City of Memphis Tax Schedule**

| City of Memphis<br>Tax Rate:<br>\$3.19590 | Real Property       |                 |                            |                   |
|---|---------------------|-----------------|----------------------------|-------------------|
|   | Full Taxes          | % of taxes paid | Taxes Paid after Abatement | Taxes Abated      |
| <b>Value</b>                              | <b>\$ 3,195,000</b> |                 |                            |                   |
| Year 1                                    | \$ 40,844           | 25%             | \$ 10,211                  | \$ 30,633         |
| Year 2                                    | \$ 40,844           | 25%             | \$ 10,211                  | \$ 30,633         |
| Year 3                                    | \$ 40,844           | 25%             | \$ 10,211                  | \$ 30,633         |
| Year 4                                    | \$ 40,844           | 25%             | \$ 10,211                  | \$ 30,633         |
| Year 5                                    | \$ 40,844           | 25%             | \$ 10,211                  | \$ 30,633         |
| Year 6                                    | \$ 40,844           | 25%             | \$ 10,211                  | \$ 30,633         |
| Year 7                                    | \$ 40,844           | 25%             | \$ 10,211                  | \$ 30,633         |
| Year 8                                    |                     | 25%             | \$ -                       | \$ -              |
| Year 9                                    |                     | 25%             | \$ -                       | \$ -              |
| Year 10                                   |                     | 25%             | \$ -                       | \$ -              |
| Year 11                                   |                     | 25%             | \$ -                       | \$ -              |
| Year 12                                   |                     | 25%             | \$ -                       | \$ -              |
| Year 13                                   |                     | 25%             | \$ -                       | \$ -              |
| Year 14                                   |                     | 25%             | \$ -                       | \$ -              |
| Year 15                                   |                     | 25%             | \$ -                       | \$ -              |
| <b>Total</b>                              | <b>\$ 285,908</b>   |                 | <b>\$ 71,477</b>           | <b>\$ 214,431</b> |

Total Real Property Taxes Abated: \$ 486,164

Payments Made in Lieu of Taxes: \$ 162,057

**Cleveland Track Materials, Inc.**

**Shelby County Tax Schedule**

| Shelby County<br>Tax Rate:<br>\$4.05 | Personal Property - All Categories |                   |                 |                            |                  |
|--------------------------------------|------------------------------------|-------------------|-----------------|----------------------------|------------------|
|                                      | Full Taxes                         | Depreciation Rate | % of taxes paid | Taxes Paid after Abatement | Taxes Abated     |
| <b>Value</b>                         | <b>\$ 2,835,000</b>                |                   |                 |                            |                  |
| Year 1                               | \$ 30,761                          | 0.88              | 25%             | \$ 7,690                   | \$ 23,071        |
| Year 2                               | \$ 26,217                          | 0.75              | 25%             | \$ 6,554                   | \$ 19,663        |
| Year 3                               | \$ 22,022                          | 0.63              | 25%             | \$ 5,506                   | \$ 16,516        |
| Year 4                               | \$ 17,478                          | 0.50              | 25%             | \$ 4,370                   | \$ 13,108        |
| Year 5                               | \$ 13,283                          | 0.38              | 25%             | \$ 3,321                   | \$ 9,962         |
| Year 6                               | \$ 8,739                           | 0.25              | 25%             | \$ 2,185                   | \$ 6,554         |
| Year 7                               | \$ 6,991                           | 0.20              | 25%             | \$ 1,748                   | \$ 5,243         |
| Year 8                               |                                    | 0.20              | 25%             | \$ -                       | \$ -             |
| Year 9                               |                                    | 0.20              | 25%             | \$ -                       | \$ -             |
| Year 10                              |                                    | 0.20              | 25%             | \$ -                       | \$ -             |
| Year 11                              |                                    | 0.20              | 25%             | \$ -                       | \$ -             |
| Year 12                              |                                    | 0.20              | 25%             | \$ -                       | \$ -             |
| Year 13                              |                                    | 0.20              | 25%             | \$ -                       | \$ -             |
| Year 14                              |                                    | 0.20              | 25%             | \$ -                       | \$ -             |
| Year 15                              |                                    | 0.20              | 25%             | \$ -                       | \$ -             |
| <b>Total</b>                         | <b>\$ 125,491</b>                  |                   |                 | <b>\$ 31,374</b>           | <b>\$ 94,117</b> |

**City of Memphis Tax Schedule**

| City of<br>Memphis Tax<br>Rate: \$3.1959 | Personal Property - All Categories |                   |                 |                            |                  |
|--|------------------------------------|-------------------|-----------------|----------------------------|------------------|
|  | Full Taxes                         | Depreciation Rate | % of taxes paid | Taxes Paid after Abatement | Taxes Abated     |
| <b>Value</b>                             | <b>\$ 2,835,000</b>                |                   |                 |                            |                  |
| Year 1                                   | \$ 23,919                          | 0.88              | 25%             | \$ 5,980                   | \$ 17,939        |
| Year 2                                   | \$ 20,386                          | 0.75              | 25%             | \$ 5,097                   | \$ 15,289        |
| Year 3                                   | \$ 17,124                          | 0.63              | 25%             | \$ 4,281                   | \$ 12,843        |
| Year 4                                   | \$ 13,591                          | 0.50              | 25%             | \$ 3,398                   | \$ 10,193        |
| Year 5                                   | \$ 10,329                          | 0.38              | 25%             | \$ 2,582                   | \$ 7,747         |
| Year 6                                   | \$ 6,795                           | 0.25              | 25%             | \$ 1,699                   | \$ 5,096         |
| Year 7                                   | \$ 5,436                           | 0.20              | 25%             | \$ 1,359                   | \$ 4,077         |
| Year 8                                   |                                    | 0.20              | 25%             | \$ -                       | \$ -             |
| Year 9                                   |                                    | 0.20              | 25%             | \$ -                       | \$ -             |
| Year 10                                  |                                    | 0.20              | 25%             | \$ -                       | \$ -             |
| Year 11                                  |                                    | 0.20              | 25%             | \$ -                       | \$ -             |
| Year 12                                  |                                    | 0.20              | 25%             | \$ -                       | \$ -             |
| Year 13                                  |                                    | 0.20              | 25%             | \$ -                       | \$ -             |
| Year 14                                  |                                    | 0.20              | 25%             | \$ -                       | \$ -             |
| Year 15                                  |                                    | 0.20              | 25%             | \$ -                       | \$ -             |
| <b>Total</b>                             | <b>\$ 97,580</b>                   |                   |                 | <b>\$ 24,396</b>           | <b>\$ 73,184</b> |

|  |                   |
|--|-------------------|
| <b>Total Personal Property Taxes Abated:</b> | <b>\$ 167,301</b> |
| <b>Payments Made in Lieu of Taxes:</b>       | <b>\$ 55,770</b>  |

*For the purpose of this analysis all personal property is included into one group using a standard depreciation table.*

**City of Memphis, Shelby County, Tennessee  
Cleveland Track Materials, Inc.  
Economic Impact and Benefit/Cost Analysis**

**Payback Summary**

|   |    |             |
|---|----|-------------|
| Length of PILOT (years)   |    | <b>7</b>    |
|   |    |             |
| Total Taxes Forgone   | \$ | 653,465     |
| Hard Costs  | \$ | -           |
| Total Taxes Forgone and Hard Costs  | \$ | 653,465     |
|   |    |             |
| Tax Revenues From Construction  | \$ | 68,943      |
| Tax Revenues From Operations During PILOT Period                                      | \$ | 1,449,497   |
| New Property Tax Revenues Received During PILOT Period (Payments made in Lieu of Tax) | \$ | 217,827     |
| Existing Property Tax Revenue Received During PILOT Period                            | \$ | 440,349     |
| Total Tax Revenues Received During PILOT Period                                       | \$ | 2,176,616   |
|   |    |             |
| Benefit/Cost Ratio  |    | <b>3.33</b> |

**Projected Costs:**

*Hard Costs* (land, infrastructure, etc.)

None.

*Opportunity Costs*

Local government is requested to forgo for a period of years the opportunity to collect taxes on site improvement, building, and industrial equipment that are a part of the project.

Benefit/Cost Ratio: The sum of tax revenues from construction, operations and property during the PILOT period divided by the total taxes forgone.

**City of Memphis, Shelby County, Tennessee  
Cleveland Track Materials, Inc.**

| <b>Estimated Fees</b>   |                  |
|---|------------------|
| Application Fee   | \$ 3,000         |
| Closing Fees - 5% of Total Taxes Forgone<br>(Maximum of \$300,000) (Less Application Fee)   | \$ 29,673        |
| City of Memphis Personal Property Fees for PILOT<br>(5% of Taxes Abated) (Maximum \$50,000) | \$ 3,659         |
| Shelby County Personal Property Fees for PILOT<br>(5% of Taxes Abated) (Maximum \$50,000)   | \$ 4,706         |
| <b>Total Fees</b>   | <b>\$ 41,038</b> |