



SUCCESS STORY

ARCELORMITTAL



PROJECT

Site selection, real estate and incentive negotiations on a steel galvanizing plant.

LOCATION

Decatur, AL



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OBJECTIVE

ArcelorMittal, the world's largest steel producer, required a new 500,000 sq. ft., \$400 million galvanizing plant to process automotive exposed steel, supplying assembly plants in the Southeast.

CHALLENGES

ArcelorMittal's operating and site selection criteria were complex. The company required:

- A 200-acre rail-served site at or near a river port
- Port-side cargo handling infrastructure for sixty ton steel coils
- Proximity to high capacity industrial gas supplies
- Heavy-haul road from port-to-plant for 120 ton truckloads
- Very high capacity electrical infrastructure
- Low operating costs
- Highly skilled labor and a union environment similar to their other operations
- Excellent proximity to automotive assembly plants and steel service centers

The project had to move quickly, as ArcelorMittal believed the U.S. market could support only one additional galvanizing line and the company wanted to lock competitors out of the market.

SOLUTION

The complex site selection requirements for the project were modeled in Indsite®, Colliers' proprietary site selection optimization model.

The model identified all rail-served inland ports with infrastructure for handling steel coils; in close proximity to air separation plants to supply industrial gasses; in communities with optimal labor union profiles and high concentrations of skilled manufacturing jobs; close proximity to the interstate system; low operating costs; and excellent access to the customer base.

Suitable sites were identified in three communities in different states. Construction feasibility was confirmed through implementation of a thorough due diligence process to secure geotechnical analysis, wetlands delineation, Phase 1 environmental study, boundary and topographic surveys, and preliminary rail design. A 10-year NPV of operating costs was prepared to document the lowest cost market and establish a baseline for incentive negotiations.

VALUE ADDED



Located 200-acre site for \$400 million galvanizing plant satisfying complex site selection criteria



Incentive and expense reduction of \$21.5 million: income tax credit, property tax abatement, sales tax abatement, construction of heavy-haul road, cash/grants, employee training, construction of on-site power substation and construction of utilities.