



June 20, 2017

The Honorable Lauren Poe
The Honorable Helen Warren
The Honorable Harvey Budd
The Honorable Charles Goston
The Honorable Harvey Ward
The Honorable David Arreola
The Honorable Adrian Hayes-Santos
Gainesville City Commission
200 East University Avenue
Gainesville, FL 32601

Dear Mayor Poe and Commissioners Warren, Budd, Goston, Ward, Arreola, and Hayes-Santos:

Since the Gainesville City Commission and City of Gainesville staff are actively considering the status of the Gainesville Enterprise Zone Program and related economic development issues, we wanted to share related insights about our company that may help to inform your deliberations.

Double Envelope has been located at the corner of NE 39th Avenue and Waldo Road in East Gainesville since 1973. We are in the business of envelope manufacturing and employ a diverse workforce of 85 employees – 51 of whom live in the City of Gainesville. Since our parent company, BSC Ventures, utilizes an Employee Stock Ownership Program (ESOP), our employees are also shareholders and the company is 100% employee owned. These employee/owners have an average tenure of 12 years and an average salary of \$48,000 per year.

Our company has invested \$4 million in new machinery and equipment and hired 23 additional employees to support a 70% growth in sales since 2012. We hope to continue that growth. However, as much as we would like to remain in Gainesville, we are actively considering relocation outside the city limits. Double Envelope cannot sustain our operations here given the current Gainesville Regional Utilities (GRU) commercial rate structure, which currently costs Double Envelope approximately \$300,000 more in annual utility expenses than we would pay if located just a short distance away.

We have engaged in conversations with GRU, City of Gainesville staff, and more recently with Mayor Poe to address this challenge, and greatly appreciate the time that has been invested in those discussions. However, we are quickly approaching the point where we will have to decide whether to extend our current lease for an additional 10-15 years – or move to a new location outside Gainesville where the utility rate structure better fits Double Envelope's needs. Our customers are not local, and we compete with other manufacturers throughout the Southeast that are operating in a much lower cost environment.

We believe that Double Envelope is an attractive utility customer. Our energy usage is consistently more than 400,000 kWh of electricity per month. We operate our Gainesville manufacturing facility 24 hours a day/7 days a week, meaning that we are utilizing power during many off-peak hours when most GRU customers are off the grid. In 2015, we made a \$300,000 investment in energy efficient vacuum pumps, saving 1.5 million kWh which is approximately 1/3 of the Double Envelope plant power consumption.

Ironically, our active efforts to be more energy efficient have worked against us in attempting to utilize existing economic development incentive programs. For example, we do not qualify for the Economic Development Incentive (EDI) rate memorialized in Section 27-38, City of Gainesville Ordinance Code, because that rate requires customers to increase baseline energy usage by 20 percent or more.

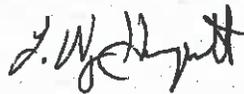
Our challenge could be at least partially addressed if the City Commission directed GRU and the City of Gainesville staff to modify the current commercial rate incentive programs, neither of which appears to be working as intended, to make those programs more responsive to the goal of retaining large customers who satisfy other criteria consistent with the City of Gainesville's stated economic development goals. These reforms would refresh the EDI rate as well as the Retained, Expanded or Attracted Load (REAL) service rider outlined in City of Gainesville Ordinance Code Section 27-21. We also recommend that the City Commission empower GRU to enter into long-term service agreements with Gainesville businesses which are eligible to utilize the modified EDI and REAL rates.

Our suggested modifications are not novel. As demonstrated in a document we have previously circulated to GRU and City of Gainesville staff, numerous other Florida public utilities have adopted similar approaches to retaining or attracting commercial customers as long-term utility partners.

Additionally, since you are considering the status of the Gainesville Enterprise Zone, please note that Double Envelope is located just outside the current Gainesville Community Redevelopment Agency (CRA) boundaries and thus does not qualify for the current CRA incentives.

Thank you very much for your time and consideration of these concerns. Please let us know if we can provide additional information or answer any questions. We look forward to working with you.

Sincerely,



Wayne Honeycutt
General Manager

Cc: Anthony Lyons, City Manager, City of Gainesville
Ed Bielarski, General Manager, GRU
Brian Sass, BSC Ventures, Chairman and CEO