



CITY OF NEW BEDFORD TAX INCREMENT FINANCING BOARD

1213 Purchase Street
New Bedford, MA 02740

Tel. (508) 991-3122
Fax (508) 991-7372

Jonathan F. Mitchell, Mayor

TIF/STA PROJECT OVERVIEW

Project:

STA - proposed 5-year agreement

SERVPRO of Dartmouth/New Bedford
South
1476 Purchase Street
New Bedford, MA 02740

Contact Information:

Doug Glassman – Proprietor
doug@servprodartmouthnewbedford.com

SERVPRO of Dartmouth/New Bedford South
485 Kempton Street
New Bedford, MA 02740

Company Background

Founded in 1967, the Servpro Industries, Inc. Franchise System is a national leader and provider of fire, water, mold, and other specialty cleanup and restoration services.

In April 2013, Doug Glassman started Glassman Services Inc. and purchase the rights and licenses for the 2 Servpro territories covering much of the Southcoast Massachusetts. (SERVPRO of Dartmouth/New Bedford & SERVPRO of Marion/Middleborough.

SERVPRO specializes in disaster restoration, cleanup, and repair services and helping to remediate fire or water damage for both commercial and residential customers. In addition to these services, residential and commercial customers can take advantage of SERVPRO's wide variety of cleaning services including carpets, floors, on-site dry cleaning of draperies, furniture, and upholstery, and ductwork systems.

In 2015 the company's gross sales were \$1.6 Million.

Current Employment

SERVPRO currently employs 8 full time employees and has a total annual payroll of \$360,000 with a non-managerial payroll of approximately \$210,000. The average hourly wage for non-managerial employees is \$14.50.

Proposed Project

Since 2013 SERVPRO has outgrown its Kempton Street location. The company performed an extensive suitable property search with a strong desire to remain in New Bedford and SERVPRO has purchased the vacant property located at 1476 Purchase Street. SERVPRO plans to invest \$112,000 in renovations and improvements to the property including, an interior office buildout, replacing the roof, installing signage, and upgrading the parking lot and perimeter fencing.

Proposed Investment

The proposal requires the acquisition, renovation, equipment, moving, and operation capital investment of \$612,000 in total. Building and land purchase was \$500,000 and total renovation cost is \$112,000.

The property has a total assessed value of \$386,300 (FY16).

Employment Projections

The project proposes the retention of 8 and the creation of 5 permanent full time jobs over the next 5 years. The types of jobs retained and created be supervisory and service technicians.

The average wage for the new hires will be \$14.50 per hour.

EDIP Participation

- Local real estate tax incentive beneficiary (hypothetical calculation is attached)
- Abandoned building tax credit

Corporate Citizenship

SERVPRO is a member of the Greater New Bedford Chamber of Commerce, Fall River Chamber of Commerce, Cranberry County Chamber, SCYPN, SCBA, SEMA, IICRC, & BBB.

SERVPRO also supports with direct donations, the South Coast Business Alliance, Boys & Girls Club, Schwartz Center, and UMASS Dartmouth, and local school athletic programs.

Hypothetical STA Calculation: **1476 Purchase Street**

Proposed Term		Current Tax Structure with New Investment							Proposed STA Structure		
Fiscal Year	Year	Base Value	New Investment Value	New Assessment (BV+NI)	Current Tax Rate	Tax on Base Value	Tax on New Investment Value	Total Tax Paid w/o Incentive	Tax % Paid	Tax Benefit	Total Tax Paid
2016	Base	\$386,300			\$35.83	\$13,841	\$0	\$13,841			
2017	1	\$386,300	\$0	\$386,300	\$35.83	\$13,841	\$0	\$13,841	0%	\$13,841	\$0
2018	2	\$386,300	\$0	\$386,300	\$35.83	\$13,841	\$0	\$13,841	25%	\$10,381	\$3,460
2019	3	\$386,300	\$0	\$386,300	\$35.83	\$13,841	\$0	\$13,841	50%	\$6,921	\$6,921
2020	4	\$386,300	\$0	\$386,300	\$35.83	\$13,841	\$0	\$13,841	75%	\$3,460	\$10,381
2021	5	\$386,300	\$0	\$386,300	\$35.83	\$13,841	\$0	\$13,841	100%	\$0	\$13,841
Totals						\$83,047	\$0	\$83,047		\$34,603	\$34,603

Notes:

- 1 Base Value is current assessed value for FY **2016** Current Commercial Tax Rate \$ **35.83**
- 2 The Acquisition of the property for approximately \$500,000 and approximate property improvement investment of \$100,000 are the program qualifying investment.
- 3 Per conversation with the Assessor's Office, the property improvement investment will have negligible effect on the assessed value.



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Jonathan F. Mitchell, Mayor

MINUTES OF THE TIF BOARD

5.13.16

133 William Street

Mayor's Office

DRAFT

Members Present:

Mayor Jonathan F. Mitchell, Chairman
Linda Morad, City Council President
Carlos Amado, Assessor's Office
Ari Sky, City of NB CFO
Derek Santos, NBEDC

Members Absent:

Guests:

Doug Glassman, SERVPRO

Staff:

Ramon Silva, NBEDC

1. Call to order:
Mayor Mitchell called the meeting to order at 12:31 p.m., calling the role of board members in attendance and confirming a quorum.
2. Approval of minutes:
The Mayor confirmed that all members received the minutes of the previous meeting with their meeting materials from staff via email. **A motion to approve the minutes of the 8.27.15 meeting as written was moved by Mr. Amado and seconded by Mr. Sky. The motion passed.** Council President Morad abstained since she was not in attendance at the 8.27 meeting. The reading of the minutes was waived.
3. Certified Project Application:
SERVPRO Purchase Street—proposed 5-year STA agreement
Staff presented all application materials including the hypothetical calculations and project overview—first submitted to the members via email. Mr. Silva reviewed the documents and provided a general overview of the SERVPRO proposal to acquire and refurbish the vacant property at 1476 Purchase Street for use as their new headquarters. The project includes the acquisition of the building and renovations and improvements that include interior build-out, new roofing, signage, and a variety of needed site improvements. The acquisition is \$500,000 and the total new investment is \$112,000. Mr. Silva stated that after reviewing the proposal with the Assessor's office, that an STA

structure is proposed, since these investments would not add to the current assessed valued. A separate parking lot parcel is not part of this agreement.

Mr. Silva continued by stating that all eight employees will be retained and five new fulltime employees (at a minimum) will be hired with an average hourly wage of \$14.50.

Members asked about the number of current employees that are New Bedford residents and if this is a new location or a re-location. Mr. Glassman of SERVPRO stated that five of the eight employees are New Bedford residents and this will provide him an opportunity to go from renting space to owning his own facility—one that allows for future growth. Mr. Glassman also committed to offering all new jobs to New Bedford residents and hiring a majority of New Bedford residents for the new jobs stated in this proposed agreement.

Members also asked about how this investment will impact the neighborhood. Mr. Glassman stated that no equipment will be stored outside (aside from vehicles) and he has already made an effort to clean the lot and parcels that face Route 18.

Having no other questions relating the application for the proposed project, Mayor Mitchell asked for a motion on the STA requested.

A motion to approve the SERVPRO Purchase Street certified project application for a 5-year STA agreement, and submit to City Council was moved by Mr. Sky and seconded by Mr. Amado. All voted in favor and the motion passed.

4. Old Business:

Staffed briefed members on the status of the application for the proposed boutique hotel on Union Street. The attorneys are drafting the management agreement for the hotel and restaurant functions and we expect to have everything in place for the EDIP preliminary application in the next two weeks. At that point a TIF Board meeting can be scheduled. No further old business was discussed and no motions were made at this time.

5. New Business:

Council President Morad asked staff to review the standing of companies that are not current with their annual reporting (as of the TIF Program annual report submission on 2.3.16) and report back any areas of concern. Staff agreed to have this completed by the next TIF Board meeting. No further new business was discussed and no motions were made at this time.

6. There being no further business, **a motion to adjourn was moved by Mr. Sky and seconded by Ms. Morad. All voted in favor and the motion passed.** The meeting was adjourned at 12:48 p.m.

**Resolution Approving Certified Project Application and Special Tax Assessment
Agreement with Glassman Services, Inc. dba Servpro and DGRE LLC**

Whereas, Glassman Services, Inc. dba Servpro and DGRE LLC have applied for designation as a Certified Project under the Massachusetts Economic Development Incentive Program created by Chapter 23A of Massachusetts General Laws; within an Economic Opportunity Area ("EOA") within the New Bedford Economic Target Area ("ETA") for a period of 5 years ending June 30, 2020 pursuant to the authority grandy by and meeting the requirements of 402 C.M.R. 2.10(3).

Whereas, Glassman Services, Inc. dba Servpro and DGRE LLC meet the minimum standards and is consistent with the Economic Development Incentive Program and the local economic development goals and criteria established as part of the documents creating the Greater New Bedford Economic Target Areas shall be expected to benefit significantly from inclusion in said ETA;

Whereas, the proposed Certified Project is located at Parcel 72 134 on 1476 Purchase Street New Bedford, MA and shown on the City of New Bedford's real property assessment database on January 6, 2016;

Whereas, the project, together with all other projects previously certified and located in the same expansion project EOA will not overburden the City's infrastructure and utilities servicing he EOA;

Whereas, the City of New Bedford has agreed to offer Glassman Services, Inc. dba Servpro and DGRE LLC a Special Tax Assessment Agreement, for the project described in the application proposal that will have a reasonable chance of increasing employemtn opportunities for residents of the expansion project area, ETA. Said Agreement is hereby approved by the City Council and the STA Plan is incorporated by reference herein;

Whereas, Glassman Services, Inc. dba Servpro and DGRE LLC is going to invest at least \$612,000 in the acquision of the facility, repairs, renovations, and other capital expenditures, and will retain 8 permanent full time jobs and create 5 new permanent full time jobs over a period of five years;

Now Therefore be it Resolved that the City Council of the City of New Bedford approves the Certified Project application of Glassman Services, Inc. dba Servpro and DGRE LLC and forward said application for certification to the Massachusetts Economic Assistance Coordinating Council for its approval and endorsement.

Further, the City Council of the City of New Bedford authorizes the Mayor to enter into a Special Tax Assessment Agreement between the City of New Bedford and Glassman Services, Inc. dba Servpro and DGRE LLC. Said Agreement will provide for an exemption on property taxes on the full assessed valuation of the property at 100% for year one, 75% for year two, 50% for year three, 25% for year four, 0% for year five of a five-year Agreement according to the requirements and regulations established which govern the implementation of such Special Tax Assessment Agreements. The Agreement will be in effect as of FY2017 through FY2021.



**New Bedford
Economic Development Council**

Open for Business!

1213 Purchase Street
2nd Floor
New Bedford, MA 02740
www.nbedc.org

May 16, 2016

Linda Morad, President
New Bedford City Council
133 William Street
New Bedford, MA 02740

**RE: New Bedford Tax Increment Financing Program
Proposed STA Agreement**

Council President Morad,

The Tax Increment Financing Board has approved the proposed STA applications at their 5.13.16 meeting and the City Solicitor and applicant's attorneys have reviewed draft agreements and associated documents. This project represents \$612,000 of new investment in the City and will be responsible for the retention of 8 existing jobs while creating at least 5 new jobs over the next 12-60 months.

The following proposed projects are now ready for submission to City Council:

- SERVPRO of Dartmouth/New Bedford, 1476 Purchase Street – 5 year agreement

On behalf of the TIF Board and the project applicants, we are requesting that this item be placed on the City Council agenda for referral to the Finance Committee.

Attached are 12 copies of the project overview, hypothetical calculation, and City Council Resolution for the above-mentioned projects for the City Council's review. Should any City Councillor request to visit the sites we would be pleased to arrange the details with the company representatives.

Thank you and please do not hesitate to call with any questions.

Sincerely,



Derek Santos
Executive Director

Cc: New Bedford City Council
Mayor Mitchell's Office

May 16, 2016

Linda Morad, President
New Bedford City Council
133 William Street
New Bedford, MA 02740

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Derek Santos
Executive Director

Cc: New Bedford City Council
Mayor Mitchell's Office

CITY CLERK
2016 MAY 17 P 2:42
CITY OF NEW BEDFORD
MA 02740