

March 5, 2018

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

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

Council President Morad,

The Tax Increment Financing Board has approved the proposed TIF application at their 3.2.18 meeting. This project represents \$18 million of new investment in the City and will be responsible for the retention of 43 existing jobs while creating at least 7 new jobs.

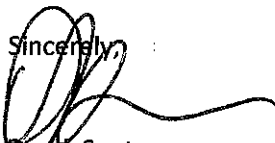
The following proposed project is now ready for submission to City Council:

- Proposed TIF for Plumbers' Supply Company, Inc. – 15 year agreement

On behalf of the TIF Board and the project applicant, 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 Councilor 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,

Dejek Santos
Executive Director

Cc: New Bedford City Council
Mayor Mitchell's Office



Plumbers' Supply Company

Plumbing
Heating
HVAC
Well Supplies

Corporate Office & Distribution Center

429 Church Street • P.O. BOX 51687 • New Bedford, MA 02745

P: (508) 985-4966 F: (508) 985-4992

www.plumberssupplyco.com

Arlington
(781) 648-4430

Brockton
(508) 588-3600 December 15, 2017

Dorchester
(617) 506-8453 Mayor Jonathan F. Mitchell
City of New Bedford
E. Providence, RI 133 William Street
(401) 431-0800 New Bedford, MA 02740

Easton
(508) 238-9250 **RE: Intent to Apply for MA Economic Development Program (EDIP) in New Bedford**

Fall River
(508) 675-7478 Dear Mayor Mitchell:

Central Supply
Lebanon, NH
(603) 448-5116

Leominster
(978) 534-8894

Martha's Vineyard
(508) 693-6263

Middletown, RI
(401) 846-8680

Nantucket
(508) 228-2020

New Bedford
(508) 997-9451

Smithfield, RI
(401) 231-1110

Taunton
(508) 823-0733

Wareham
(508) 295-1533

Watertown
(617) 926-4300

Worcester
(508) 753-1491

The Inspired Bath
N. Dartmouth, MA
(508) 997-5466

The Inspired Bath
Middletown, RI
(401) 846-8680

The Inspired Bath
Waltham, MA
(781) 472-2870

Please accept this Letter of Intent as required pursuant to the MA Economic Development Incentive Program (EDIP). We are interested in applying for this Program and would like to discuss with you any opportunity for municipal support in the form of Tax Increment Financing (TIF) on local property tax and/or personal property or a Special Tax Assessment (STA) on real property for our project at Lot # 10 on with frontage on Flaherty Drive in the New Bedford Industrial Park. As you may be aware, a TIF or STA requires final approval from the MA Economic Assistance Coordinating Council. In addition, we intend to apply for EDIP Credits. If not for the tax incentives available through this program, it would not be possible to complete the project as planned.

Project Description

- Plumbers' Supply Company currently operates an 86,000 square foot corporate headquarters and distribution center located at 429 Church Street in New Bedford.
- Plumbers' Supply Company's operation continues to expand and the company is looking to invest in a site in the Southcoast, 495 South area or out of state in Rhode Island that will accommodate current and future business needs for both the administrative and warehouse staff.
- The proposed investment at Flaherty Drive would be approximately \$16 million;
 - The investment includes;
 - Land & land improvements
 - Building
 - Approximately 150,000 Square Feet of office and warehouse space
 - This would be the initial investment; the site can accommodate future expansion up to approximately 300,000 SF
 - Equipment and racking
- The Flaherty Drive property has capacity for future on-site expansion.



At the sign of the faucet

- Project would start in the summer of 2018 and expect to be completed in the summer of 2019

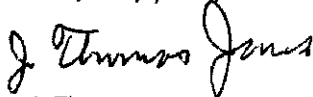
This expansion will keep Plumbers' Supply Company in New Bedford, retain our 40 existing full time jobs. In addition we commit to creating 12 new jobs, offering a majority of these jobs to New Bedford residents. We also commit to working with the City's employment agencies such as New Directions and the Workforce Investment Board in our search for new hires. We pledge to abide by the City's guiding principles for investment in New Bedford as articulated in New Bedford Works.

Company Background

- Plumbers' Supply Company has a long history in New Bedford as it has been doing business in the city since the 1800's. In 1977 the Jones family acquired Plumbers' Supply Company with its one location on Water Street in downtown New Bedford.
- Since that time Plumbers' Supply Company has grown to approximately 200 employees and twenty locations spread throughout Massachusetts, Rhode Island and New Hampshire. The Jones family; currently in its 3rd generation of ownership, continues to own and operate Plumbers' Supply Company.
- The Plumbers' Supply Company is continuing to pursue new branch locations for future growth and expansion. The anticipated branch growth will translate into the hiring of administrative, financial, operational and warehouse staff working out of the company's headquarters to support the growing business.
- In addition to the employment impact, the distribution center and corporate headquarters regularly hosts training events with contractors, planning meetings with national and international manufactures, as well as various onsite engagements with consultants and advisors; all of which drives economic activity in the City.
- Plumbers' Supply Company owns the vast majority of real estate in which it operates; taking great pride in the care, maintenance and appearance of each site. This includes the current headquarters at 429 Church Street. Plumbers' Supply purchased the Church St property in 2005 and invested over \$3 million into the property.
- In addition to Plumbers' Supply Company's current headquarters on Church Street, the company also operates a branch located at 700 Acushnet Avenue in New Bedford.

Plumbers' Supply Company is therefore requesting that you accept this letter as the formal letter of intent required under the Economic Development Incentive Program, (EDIP).

Very truly yours,



J. Thomas Jones
President

Plumbers' Supply Company

cc: New Bedford Economic Development Council



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	Contact Information
TIF - Proposed 15-year agreement	Brian M. Jones, CEO
Plumbers' Supply Company	brian@plumbersupply.com
150 Business Park, Plaquemine Drive, Lot 10	150 Business Park
New Bedford, MA 02745	New Bedford, MA 02745

Company Background

Plumbers' Supply Company's is a third generation family owned plumbing, heating, and HVAC distribution business that was founded in New Bedford in the late 1800's. The company went through a series of ownership changes in its early years and in 1977 the Jones family acquired Plumbers' Supply Company with its one location on Water Street in downtown New Bedford. This became the start of the current ownership of Plumbers' Supply Company with 20 locations (17 wholesale and three kitchen and bath centers) in Massachusetts, Rhode Island, and New Hampshire.

From 1984 to 2005 Plumbers' was headquartered in Fall River, but in 2006 the corporate headquarters and distribution center was located to the current Church Street location in New Bedford. They also operate a branch location (one of 17 wholesale branches) on Acushnet Ave in New Bedford.

The Company is structured as an S-Corporation. 4% of the shares are owned by J. Thomas and Kevin Jones (2nd generation of ownership). 96% of the shares are owned by the 3rd generation of ownership; Ryan, Brian, Mark & Sean Jones. 2017 sales were approximately \$92,000,000. The company has grown significantly over the past few years through a series of acquisitions and branch openings and the proposed project is needed to support the company's future growth while maintaining its corporate headquarters in New Bedford.

Current Employment

Plumbers' Supply Company has an annual payroll of \$14 million and currently employs 190 company wide, with 53 jobs located in New Bedford. The average annual salary of non-managerial employees is \$56,000. The company does offer its employees health insurance, vacation, and a benefits package.

Proposed Project

The company has reached a tentative agreement with the GNB Industrial Foundation on a vacant 45-acre lot. They are planning to build a new larger distribution facility and corporate headquarters on the site. The initial design is for a 175,000 square foot facility; comprised of approximately 20,000 square feet of office/training space and 155,000 square feet of warehouse space. Preliminary project estimates are \$18 million and includes land, building, racking, equipment, office buildout, consulting and moving costs. If this project proceeds Plumbers' Supply would be moving its current corporate headquarters and distribution on Church Street in New Bedford to this new, larger facility. This will retain the current jobs in the city and facilitate future job growth.

Proposed Investment

The proposal requires the acquisition, site/building improvements, equipment, moving, and operation capital investment of \$18,000,000 in total. Building costs are estimated at \$13,200,000, land purchase is \$1,400,000 and consulting and engineering fees are \$400,000. New machinery and equipment costs total \$2,500,000 and furniture and fixtures total \$500,000.

The property (both parcels) is vacant and has a total assessed value of \$1,636,500 (FY18).

Employment Projections

The project proposes the retention of the 43 jobs at the current New Bedford facility and the creation of 20 permanent full time jobs (seven at the New Bedford facility) over the first five years of the agreement. The types of jobs created are wide-ranging and will include management, purchasing, accounting, administration, operations/logistics, IT, marketing, warehousing, and drivers (CDL & non-CDL).

The average wage for the retained jobs is \$87,000 per year.

The average wage for the new hires will be \$58,000 per year.

EDIP Participation

- Local real estate tax incentive beneficiary (hypothetical calculation is attached)
- State investment tax credit

Corporate Citizenship

Plumbers' Supply Company is a member of the Wholesaler Association of the North East and regularly hosts Continuing Education Classes for the Plumbing, Heating & Cooling Contractors of Massachusetts (PHCC) at the Church Street facility at no cost to its members. They also partner with the Red Cross to host Blood drives at their facility which are open to the public.

**Section 3 of the City Application_ Submitted w/ the Form
1/22/18**

Full Time Employees

- Company Wide: 190
- Massachusetts: 165
- City of New Bedford: 53 (this includes the project site and the Acushnet Ave branch)

Managerial

- Company Wide: 26
- Massachusetts: 23
- City of New Bedford: 6 (this includes the project site and the Acushnet Ave branch)

Non-Managerial

- Company Wide: 164
- Massachusetts: 142
- City of New Bedford: 47 (this includes the project site and the Acushnet Ave branch)

Company's total current annual payroll: approximately \$14,000,000

What is Average Wage of Non-Managerial Employees:

Company Wide: \$56,000

How many jobs is this project responsible for retaining = 43 (transferring from Church St facility)

Projected jobs to be created at the project site = 7 (estimated over a 5 year period)

Additional projected jobs to be created company wide as a result of this project = 13 (estimated over a 5 year period)

- The additional job includes those to be created at current and new branch locations as the company expands (can't be accomplished without the new facility).

Health Insurance offered to all Full Time Employees = Yes

Types of Jobs to be created / retained

- Project Site – job types to be created & retained
 - Both corporate and warehouse / distribution staff will be retained by this project. The types of jobs to include;
 - Managerial, Purchasing, Accounting, Administrative, Operations, IT, Marketing, Warehousing, Drivers (CDL & non-CDL)
- Company Wide – anticipated jobs to be created
 - Branch Manager, Counter Sales, Sales, Warehouse, Driver

What is/will be the average wage for those jobs created / retained?

- Average wage for jobs to be retained:
 - \$87,000
 - Ramon this number may seem high, but a good part of what is retained is corporate and management staff which are high paying jobs.
- Average wage for jobs to be created over 5 years:
 - \$58,000

Lot 10 Business Park Hypothetical TIF Schedule

Current
Assessed
Value

Current Tax

Proposed TIF Structure

Fiscal Year	Base Value	Building Investment	Total Assessment	Current Tax Rate	Tax Base on Value	Tax on New Investment	Total Tax Paid w/o TIF	Ratio of New Investment	Tax Base on Value	Tax on New Investment	Tax Benefit	Total Tax Paid
2018	\$ 1,297,100	\$ -	\$ 7,422,100	36.03	\$ 46,735	\$ -	\$ 46,735		\$ 46,735	\$ -	\$ 209,650	\$ 46,735
2020	\$ 1,297,100	\$ 6,125,000	\$ 7,422,100	36.03	\$ 46,735	\$ 220,684	\$ 267,418		\$ 46,735	\$ -	\$ 209,650	\$ 57,769
2021	\$ 1,297,100	\$ 6,125,000	\$ 7,422,100	36.03	\$ 46,735	\$ 220,684	\$ 267,418		\$ 46,735	\$ -	\$ 209,650	\$ 57,769
2022	\$ 1,297,100	\$ 6,125,000	\$ 7,422,100	36.03	\$ 46,735	\$ 220,684	\$ 267,418		\$ 46,735	\$ -	\$ 198,615	\$ 68,803
2023	\$ 1,297,100	\$ 6,125,000	\$ 7,422,100	36.03	\$ 46,735	\$ 220,684	\$ 267,418		\$ 46,735	\$ -	\$ 176,547	\$ 90,871
2024	\$ 1,297,100	\$ 6,125,000	\$ 7,422,100	36.03	\$ 46,735	\$ 220,684	\$ 267,418		\$ 46,735	\$ -	\$ 154,479	\$ 112,940
2025	\$ 1,297,100	\$ 6,125,000	\$ 7,422,100	36.03	\$ 46,735	\$ 220,684	\$ 267,418		\$ 46,735	\$ -	\$ 132,410	\$ 135,008
2026	\$ 1,297,100	\$ 6,125,000	\$ 7,422,100	36.03	\$ 46,735	\$ 220,684	\$ 267,418		\$ 46,735	\$ -	\$ 110,342	\$ 157,076
2027	\$ 1,297,100	\$ 6,125,000	\$ 7,422,100	36.03	\$ 46,735	\$ 220,684	\$ 267,418		\$ 46,735	\$ -	\$ 88,274	\$ 179,145
2028	\$ 1,297,100	\$ 6,125,000	\$ 7,422,100	36.03	\$ 46,735	\$ 220,684	\$ 267,418		\$ 46,735	\$ -	\$ 66,205	\$ 201,213
2029	\$ 1,297,100	\$ 6,125,000	\$ 7,422,100	36.03	\$ 46,735	\$ 220,684	\$ 267,418		\$ 46,735	\$ -	\$ 44,137	\$ 223,282
2030	\$ 1,297,100	\$ 6,125,000	\$ 7,422,100	36.03	\$ 46,735	\$ 220,684	\$ 267,418		\$ 46,735	\$ -	\$ 33,103	\$ 234,316
2031	\$ 1,297,100	\$ 6,125,000	\$ 7,422,100	36.03	\$ 46,735	\$ 220,684	\$ 267,418		\$ 46,735	\$ -	\$ 11,034	\$ 256,384
2032	\$ 1,297,100	\$ 6,125,000	\$ 7,422,100	36.03	\$ 46,735	\$ 220,684	\$ 267,418		\$ 46,735	\$ -	\$ 11,034	\$ 256,384
2033	\$ 1,297,100	\$ 6,125,000	\$ 7,422,100	36.03	\$ 46,735	\$ 220,684	\$ 267,418		\$ 46,735	\$ -	\$ 11,034	\$ 256,384
2034	\$ 1,297,100	\$ 6,125,000	\$ 7,422,100	36.03	\$ 46,735	\$ 220,684	\$ 267,418		\$ 46,735	\$ -	\$ 11,034	\$ 256,384

Totals \$ 747,752 \$ 3,310,256 \$ 4,058,008 \$ 747,752 \$ 1,666,162 \$ 2,391,846

* Value based on comparison with Rhinehart distribution facility with approximately 20% office space. Assessment is approximately \$39,000 per square foot.