



## CITY OF NEW BEDFORD TAX INCREMENT FINANCING BOARD

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Jonathan F. Mitchell, Mayor

### TIF/STA PROJECT OVERVIEW

**Project:**

TIF - proposed 10-year agreement

Northern Wind Inc.  
75 MacArthur Drive  
New Bedford, MA 02740

**Contact Information:**

Tony Castro – CFO  
tcastro@northernwind.com

16 Hassey Street  
New Bedford, MA 02740

**Company Background**

Founded in 1987 by Kenneth Melanson and Michael Fernandes, Northern Wind Inc. is a direct off-loader, processor, and distributor of fresh and frozen scallops, and other seafood products.

Since its inception, Northern Wind Inc., has grown to approximately 100 employees operating two BRC facilities on New Bedford's waterfront.

Northern Wind Inc., products are sold wholesale and retail through regional and national suppliers, supermarkets, and warehouse club stores. Northern Wind Inc., brands include Five Star Premium, Captain's Call, Mariner's Choice, Sea Spray, Bon Cuisine, and Emperor's Choice. The Northern Wind team is dedicated to supplying customers with high quality product and superior service at competitive prices, while consistently being a good neighbor and leader in the community.

In 2018, the company's gross sales were \$118MM.

**Current Employment**

Northern Wind Inc., currently employees 15 managerial employees and 85 non-managerial employees. In 2018 the company payroll was approximately \$5.5 MM. The average wage of non-managerial employees was \$34,500 annually and 75% of the company's workforce are New Bedford residents.

**Proposed Project**

Northern Wind Inc., has ongoing relationships with fishing vessels from Rhode Island and Connecticut and distributes a substantial amount of its products to the New York area. Northern Wind Inc., has been pursuing expansion options within southern Rhode Island, (Point Judith) and New Bedford. Based upon the incentives available through the state EDIP program Northern Wind Inc., prefers to expand within the City. This proposed project will entail the renovation of the vacant building at 75 MacArthur Drive, the construction of a 21,600 ft<sup>2</sup> freezer facility. The new facility will house a state of the art IQF Freezer Tunnel and Grading machinery.

Northern Wind Inc., would like to commence construction as soon as feasible and expects this project will take 6-7 months to complete.

**Proposed Investment**

The proposal requires an investment of approximately \$8.4MM. New construction and renovation is valued at \$6.3MM and equipment and machinery at \$2.1MM.

The property has a total assessed value of \$913,900 (FY19).

**Employment Projections**

The project proposes the retention of 100 and the creation of 15 permanent full-time jobs over the next 2 years. The types of jobs retained and created be management, professional, skilled and non-skilled labor.

The average annual wage for the new hires will be \$38,000.

The company does offer health insurance to its employees.

**EDIP Participation**

- Local real estate tax incentive beneficiary (hypothetical calculation is attached)
- Abandoned building tax credit
- EDIP State Income Tax Credits

**Corporate Citizenship**

Northern Wind Inc., is a member of the American Scallop Association and Fair Trade Association.

Norther Wind Inc., also supports with direct donations, the Prince Henry Society, Salvation Army, Friendly Sons of St. Patrick, Shepard's Pantry, YMCA, Mo-Life, PACE, and the Community Boating Center.

## 75 MacArthur Street Hypothetical TIF Schedule

		Current Assessed Value	Current Tax				Proposed TIF Structure						
Fiscal Year	Year	Base Value	Incremental Assessed Value	Total Assessment	Current Tax Rate	Tax Base on Value	Tax on New Investment	Total Tax Paid w/o TIF	Tax % Paid on New Investment	Tax Base on Value	Tax Paid on New Investment	Tax Benefit	Total Tax Paid
2019	Base	\$ 913,900	\$ -	\$ 1,663,900	34.84	\$ 31,840	\$ -	\$ 31,840		\$ 31,840	\$ -		\$ 31,840
2020	1	\$ 913,900	\$ 750,000	\$ 1,663,900	34.84	\$ 31,840	\$ 26,130	\$ 57,970	5%	\$ 31,840	\$ 1,307	\$ 24,824	\$ 33,147
2021	2	\$ 913,900	\$ 750,000	\$ 1,663,900	34.84	\$ 31,840	\$ 26,130	\$ 57,970	10%	\$ 31,840	\$ 2,613	\$ 23,517	\$ 34,453
2022	3	\$ 913,900	\$ 750,000	\$ 1,663,900	34.84	\$ 31,840	\$ 26,130	\$ 57,970	15%	\$ 31,840	\$ 3,920	\$ 22,211	\$ 35,760
2023	4	\$ 913,900	\$ 750,000	\$ 1,663,900	34.84	\$ 31,840	\$ 26,130	\$ 57,970	35%	\$ 31,840	\$ 9,146	\$ 16,985	\$ 40,986
2024	5	\$ 913,900	\$ 750,000	\$ 1,663,900	34.84	\$ 31,840	\$ 26,130	\$ 57,970	45%	\$ 31,840	\$ 11,759	\$ 14,372	\$ 43,599
2025	6	\$ 913,900	\$ 750,000	\$ 1,663,900	34.84	\$ 31,840	\$ 26,130	\$ 57,970	55%	\$ 31,840	\$ 14,372	\$ 11,759	\$ 46,212
2026	7	\$ 913,900	\$ 750,000	\$ 1,663,900	34.84	\$ 31,840	\$ 26,130	\$ 57,970	65%	\$ 31,840	\$ 16,985	\$ 9,146	\$ 48,825
2027	8	\$ 913,900	\$ 750,000	\$ 1,663,900	34.84	\$ 31,840	\$ 26,130	\$ 57,970	85%	\$ 31,840	\$ 22,211	\$ 3,920	\$ 54,051
2028	9	\$ 913,900	\$ 750,000	\$ 1,663,900	34.84	\$ 31,840	\$ 26,130	\$ 57,970	90%	\$ 31,840	\$ 23,517	\$ 2,613	\$ 55,357
2029	10	\$ 913,900	\$ 750,000	\$ 1,663,900	34.84	\$ 31,840	\$ 26,130	\$ 57,970	95%	\$ 31,840	\$ 24,824	\$ 1,307	\$ 56,664
<b>Totals</b>						<b>\$ 350,243</b>	<b>\$ 261,300</b>	<b>\$ 611,543</b>		<b>\$ 350,243</b>	<b>\$ 130,650</b>	<b>\$ 130,650</b>	<b>\$ 480,893</b>

\* Value based on construction of a 21,600 ft2 addition. Assessment is approximately \$35 per square foot.

**Resolution Approving Certified Project Application and Special Tax Assessment Agreement with Northern Wind Inc., and Streetside Realty LLC.**

**Whereas, Northern Wind Inc.,** 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 **Ten (10)** years ending in **FY2029** pursuant to the authority granted by and meeting the requirements of 402 C.M.R. 2.10(3).

**Whereas, Northern Wind Inc.** meets 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 **75 MacArthur Drive**, New Bedford, MA and shown on the City of New Bedford’s real property assessment database as Parcel ID **31 248** on **July 1, 2018**;

**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 the EOA;

**Whereas,** the City of New Bedford has agreed to offer **Northern Wind Inc.** a Tax Increment Financing Agreement for the project described in the application proposal that will have a reasonable chance of increasing employment 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, Northern Wind Inc.** is going to invest at least **\$8,400,000.00** in the **construction, renovation, and equipping of 75 MacArthur Drive**, and will **create fifteen (15)** permanent full time jobs over a period of **two (2)** years;

**Now Therefore be it Resolved** that the City Council of the City of New Bedford approves the Certified Project application of **Northern Wind Inc.,** 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 Tax Increment Financing agreement between the City of New Bedford and **Northern Wind Inc., and Streetside Realty LLC.** Said Agreement will provide for an exemption on property taxes on the assessed valuation of improvements to the property at **95%** for year one, **90%** for year two, **85%** for year three, **65%** for year four, **55%** for year five, **45%** for year six, **35%** for year seven, **15%** for year eight, **10%** for year nine, **5%** for year ten, of a fifteen-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 **FY2020** through **FY2029.**