



CITY OF NEW BEDFORD TAX INCREMENT FINANCING BOARD

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Jonathan F. Mitchell, Mayor

TIF/STA PROJECT OVERVIEW

Project: STA - proposed 5-year agreement Darn It! Inc. 88-90 Hatch Street New Bedford, MA 02745	Contact Information: Jeffrey Glassman, President jeff@darnit.com Darn It! Inc. 686 Belleville Avenue New Bedford, MA 02745
Company Background <p>Darn It! was founded in 1996 by the owners of Ronnie Manufacturing, a longtime New Bedford apparel manufacturer that had closed its doors in the face of a rapidly changing business environment. Jeffrey Glassman and his father Norman saw the opportunity to respond and react to these changes. They combined their expertise and network in the garment industry with quality control and distribution strengths and the skilled and experienced New Bedford workforce to create Darn It!</p> <p>Darn It! represents the family's third generation employing workers in this industry in New Bedford. Some of the existing employees have been with the company since the early days of Ronnie Manufacturing, more than 30 years ago. Darn It! Inc. is a Massachusetts corporation and is owned and operated by Jeffrey Glassman.</p> <p>Darn It! is a unique provider of quality control and post-production, repair, warehousing and distribution services to global retailers, catalogue companies, manufacturers and wholesalers. Darn It! provides its customers with a diverse set of outsourcing services including garment re-work, shoe storage, toy inspection, apparel laundering, spot cleaning, warehousing and distribution, with sales of \$3.3 million in sales in 2014.</p> Current Employment <p>Darn It! employs over 50 people, approximately 95% of which are residents of New Bedford and has an annual payroll of \$1,469,734. The average hourly wage of non-managerial employees is \$12.29. Their Belleville Avenue building also has 12 small business tenants that employ 55 people, most of whom are New Bedford residents.</p> Proposed Project <p>Darn It! is purchasing 88-90 Hatch Street, an underutilized office and artist workspace building in New Bedford's North End. Darn It! plans to retain all 30 tenants and build out the currently vacant 30,000 square feet to create at least 15 more units for artist studios and small business tenants. The company sees great opportunity in expanding offerings for small businesses and artists in the city and this building can serve as the hub of small business and cultural business growth in the North End. The project represents Darn It!'s continued commitment to the city of New Bedford to creating jobs and business growth for New Bedford residents.</p>	

Proposed Investment

The proposal requires the acquisition and improvements to the building of investment of \$800,000 in total. Building and land purchase is \$550,000 and total renovation cost for the building itself is \$250,000.

The property has a total assessed value of \$761,500 (FY15).

Employment Projections

The project proposes the retention of 50 jobs at the Belleville Avenue facility and the creation of 2 permanent full-time jobs relating to the management of the property. It should also be noted that 15 new units would be created for creative enterprises as leased spaces.

EDIP Participation

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

Corporate Citizenship

Mr. Glassman serves on the Board of Directors of the Greater New Bedford Chamber of Commerce.

Hypothetical STA Calculation: Darn It! Inc. 90 Hatch Street Project - owner Darn It Landing LLC

Proposed Term		Current Tax Structure with New Investment							Proposed STA Structure		
Fiscal Year	Year	Base Value	New Investment	New Assessment (BV+NI)	Current Tax Rate	Tax on Base Value	Tax on New Investment	Total Tax Paid w/o STA	Tax % Paid on Total Value	Tax Benefit	Total Tax Paid
2015	Base	\$761,500.00			\$33.56	\$25,555.94	\$0.00	\$25,555.94			
2017	1	\$761,500.00	\$0.00	\$761,500.00	\$33.56	\$25,555.94	\$0.00	\$25,555.94	0	\$25,555.94	\$0.00
2018	2	\$769,115.00	\$0.00	\$769,115.00	\$33.56	\$25,811.50	\$0.00	\$25,811.50	0.25	\$19,358.62	\$6,452.87
2019	3	\$776,806.15	\$0.00	\$776,806.15	\$33.56	\$26,069.61	\$0.00	\$26,069.61	0.5	\$13,034.81	\$13,034.81
2020	4	\$784,574.21	\$0.00	\$784,574.21	\$33.56	\$26,330.31	\$0.00	\$26,330.31	0.75	\$6,582.58	\$19,747.73
2021	5	\$792,419.95	\$0.00	\$792,419.95	\$33.56	\$26,593.61	\$0.00	\$26,593.61	1	\$0.00	\$26,593.61
Totals						\$130,360.98	\$0.00	\$130,360.98		\$64,531.95	\$65,829.03

Notes

- 1 Base Value and New Assessment Value adjusted for appreciation 1% per year.
- 2 Base value is assessed value at base year 2015.
- 3 New Investment not expected to increase assessed value of property
- 4 Current Tax Rate based on FY15



June 26, 2015

Hon. Jonathan Mitchell, Mayor
New Bedford City Hall
133 William St
New Bedford, MA 02740

RE: Interest in Applying For Massachusetts Economic Development Program (EDIP) in New Bedford

Dear Mayor Mitchell:

Thank you for your leadership and your continued support of Darn It! in New Bedford. We are a proud New Bedford employer and have worked hard to build a thriving business in the North End. We have invested \$2 million over the past 10 years and employ 49 people in our 315,000 square foot Belleville Avenue facility.

We have weathered a difficult economy and are currently considering two expansion investments in the city. We are contemplating the acquisition of two additional buildings for both expansion and for new development purposes. We plan to purchase two significantly underutilized former mills, one in the North End and one in the South End.

These acquisitions will allow us to maintain and expand Darn It!'s distribution and fulfillment business in New Bedford, which is currently at capacity on Belleville Avenue. We will also be revitalizing one building for additional business uses for Darn It! and for other small businesses. In addition to retaining Darn It!'s current employees and the small business tenants in the buildings, the project would mean an additional investment of at least \$3 million and the potential to add more than 4-8 new positions. We are committed to our city and want to stay and grow here. The direct and indirect employment and economic impact will be significant in two key commercial areas of New Bedford.

This would be an ambitious project for us if we move forward. In order to make this investment, we will need the support and assistance of the city in the form of local property tax relief – either Tax Increment Financing or Special Tax Assessment – to provide us both some predictability in our future real estate taxes as well as some financial relief as we undertake these significant investments. Any savings provided by the city and related state tax credits will help us to ensure our project's success.

I look forward to following up with you and your team to discuss our project and potential incentives in more detail. The possibility of these incentives will help us with our financing structure and development planning. This letter is Darn It!'s letter of intent as required pursuant to the Economic Development Incentive Program, (EDIP).

I will be in touch with your office to follow up. Thank you for your consideration and we look forward to meeting with your TIF Advisory Board soon.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Jeffrey Glassman', is written over a horizontal line.

Jeffrey Glassman
President

cc: Neil Mello, Chief of Staff
Derek Santos, Executive Director, NBEDC
Annamarie Kersten, EDIP Director

**Resolution Approving Certified Project Application and Special Tax Assessment
Agreement with Darn It! Inc., and Darn It! Landing LLC**

Whereas, Darn It! Inc., and Darn It! Landing 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, 2021 pursuant to the authority grandly by and meeting the requirements of 402 C.M.R. 2.10(3).

Whereas, Darn It! Inc., and Darn It! Landing 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:

Whereas, the proposed Certified Project is located at Parcel 111 148 on 90 Hatch Street, New Bedford, MA and shown on the City of New Bedford’s real property assessment database on June 26, 2015;

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 Darn It! Inc., and Darn It! Landing 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 Special Tax Agreement Plan is incorporated by reference herein;

Whereas, Darn It! Inc., and Darn It! Landing LLC is going to invest at least \$800,000 in the acquisition of the facility, renovations, equipment, and other capital expenses, and will retain the existing tenants and create 2 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 Darn It! Inc., and Darn It! Landing 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 Darn It! Inc., and Darn It! Landing 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 June 30, 2021.