



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 Parallel Products of New England 50 Duchaine Boulevard New Bedford, MA 02745	Contact Information: Timothy Cusson, Vice President of Business Development timc@paralleproducts.com Parallel Products of New England 969 Shawmut Avenue New Bedford, MA 02746
Company Background <p>Parallel Products of New England Inc. reprocesses empty plastic and aluminum beverage containers that come from redemption centers in bottle bill states throughout the New England area. The company grinds, washes and color sorts empty plastic bottles in preparation for the re-manufacture of this plastic into other useful products such as carpeting, strapping, and moldable plastic sheeting.</p> <p>In 2004 a processing plant was acquired by Parallel in Taunton and in 2005, the company purchased a beverage container recycling facility from Container Recycling Alliance, in Bronx, New York. In 2009, operations moved from the Taunton facility to its current location on Shawmut Ave in New Bedford, MA. The company made the move to add another 15,000 square feet of production space, to install state of the art plastics processing equipment, and to lower wastewater management costs.</p> <p>With an investment nearing \$7.5 million the company improved its value position within the recycling industry by installing equipment that ground bales of plastic into flake, sorting it by color and removing impurities such as labels, caps and rings. In doing so the company was able to secure long-term service contracts with major beverage bottlers throughout the New England to process the empty returns in these bottle bill states.</p> <p>PPNE is owned by Parallel Products of Kentucky Inc. and had sales of \$19.9 million in 2014 and projected sales of \$23.5 million in 2015.</p> Current Employment <p>Parallel Products currently employs 82 employees and has an annual payroll of approximately \$5 million. The average hourly wage of non-managerial employees is \$15.50. The company does offer its employees health insurance, vacation, and a benefits package.</p> Proposed Project <p>The acquisition of the vacant building at 50 Duchaine Boulevard in the Business Park will allow the company to expand existing operations and stay in New Bedford. The location needs certain improvements that will include tractor trailer parking, employee parking, loading docks, improved lighting, overhead power service as well as refurbishing 20,000 sq. ft. of office space.</p>	

Proposed Investment

The proposal requires the acquisition, site/building improvements, equipment, moving, and operation capital investment of \$6,000,000 in total. Building and land purchase is \$2,500,000 and total renovation cost for the building itself is nearly \$1,000,000. New machinery, equipment total \$2,500,000.

The property is vacant and has a total assessed value of \$3,927,400 (FY15).

Employment Projections

The project proposes the retention of the 82 jobs at the current facility and the creation of 50 permanent full time jobs over the five years of the agreement. The types of jobs created and wide-ranging and will include management, drivers, mechanics, laborers, and clerical.

The average wage for the new hires will be \$60,000 per year.

EDIP Participation

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

Corporate Citizenship

Parallel Products is a member and contributor to the United Way, the Angel Tree Foundation, and the Greater New Bedford Baseball League. They are also members of the South Coast Business Alliance.

Hypothetical STA Calculation:

Parcel ID

133

15A

PARALLEL PRODUCTS

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	\$3,927,400.00			\$33.56	\$131,803.54	\$0.00	\$131,803.54			
2017	1	\$3,927,400.00	\$0.00	\$3,927,400.00	\$33.56	\$131,803.54	\$0.00	\$131,803.54	0%	\$131,803.54	\$0.00
2018	2	\$3,966,674.00	\$0.00	\$3,966,674.00	\$33.56	\$133,121.58	\$0.00	\$133,121.58	25%	\$99,841.18	\$33,280.39
2019	3	\$4,006,340.74	\$0.00	\$4,006,340.74	\$33.56	\$134,452.80	\$0.00	\$134,452.80	50%	\$67,226.40	\$67,226.40
2020	4	\$4,046,404.15	\$0.00	\$4,046,404.15	\$33.56	\$135,797.32	\$0.00	\$135,797.32	75%	\$33,949.33	\$101,847.99
2021	5	\$4,086,868.19	\$0.00	\$4,086,868.19	\$33.56	\$137,155.30	\$0.00	\$137,155.30	100%	\$0.00	\$137,155.30
Totals						\$672,330.54	\$0.00	\$672,330.54		\$332,820.46	\$339,510.08

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 Current Tax Rate based on FY15



Corporate Office
401 Industry Rd., Suite 100
Louisville, KY 40208
800-883-9100
502-471-2445 fax
www.parallelproducts.com

Mayor Jonathan F. Mitchell
City of New Bedford
133 William Street
New Bedford, Ma 02740

Dear Mayor Mitchell:

Parallel Products is looking at an opportunity to relocate and expand our current business. Parallel Products has identified several sites in south eastern Ma that can accommodate our needs. We have narrowed our location search to two primary locations. The first choice being the old Polaroid site located at 50 Duchaine Blvd. As I'm sure you're aware the site has been vacant and nonproductive for the last several years. We feel that this site can meet our current business and expansions needs.

The acquisition of 50 Duchaine Blvd will allow us to expand our operations and create fifty new jobs over the first five years of operations. Parallel Products would commit to offering at least 51% of these jobs to New Bedford Residents. In addition by locating at 50 Duchaine Blvd in New Bedford, one hundred jobs currently located at our facility at 969 Shawmut Avenue would be retained by our current New Bedford Residents.

The proposed project represents a total new investment of six million dollars. Two million five hundred thousand for site acquisition, one million for building improvement's and two million five hundred thousand for process equipment. The improvements will include tractor trailer parking, employee parking, sixteen loading docks, improved lighting and overhead power service. We will initially refurbish ten thousand sq. feet of office space and eventually the remaining ten thousand sq. feet.

At this time, I am requesting your assistance in applying for a TIF agreement with the City of New Bedford. If not for the tax incentives available through this program, it would not be possible to complete the project as planned.

I want to thank you for your consideration and look forward to working with your office and the New Bedford Economic Development Council on our proposed project.

Sincerely,

Timothy Cusson
Vice President of business Development
Parallel Products of New England
Cc: New Bedford Economic Development Council

Kentucky
1820 Bernheim Lane
Louisville, KY 40210
502-634-0008
502-634-0047 fax

New York
885 E 137th Street
Bronx, NY 10454
718-585-2030
718-585-1967 fax

Massachusetts
969 Shawmut Avenue
New Bedford, MA 02746
508-884-5100
508-884-5106 fax

California
12281 Arrow Route
Rancho Cucamonga, CA 91739
909-980-1200
909-944-0844 fax

Resolution Approving Certified Project Application and Special Tax Assessment Agreement with Parallel Products of New England Inc., and SM Real Estate LLC

Whereas, Parallel Products of New England Inc., and SM Real Estate 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 grandy by and meeting the requirements of 402 C.M.R. 2.10(3).

Whereas, Parallel Products of New England Inc., and SM Real Estate 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 and the New Bedford Industrial Park Zone 10 EOA and shall be expected to benefit significantly from inclusion in said EOA:

Whereas, the proposed Certified Project is located at Parcel 133 15A on 50 Duchaine Blvd., New Bedford, MA and shown on the City of New Bedford’s real property assessment database on June 11, 2015 in the EOA known as Zone 10: New Bedford Industrial Park;

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 Parallel Products of New England Inc., and SM Real Estate 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, Parallel Products of New England Inc., and SM Real Estate LLC is going to invest at least \$6,000,000 in the acquisition of the facility, renovations, equipment, and other capital expenses, and will retain 27 permanent full time jobs and create 50 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 Parallel Products of New England Inc., and SM Real Estate 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 Parallel Products of New England Inc., and SM Real Estate 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.