



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

Shuster Corporation
55 Samuel Barnett Boulevard
New Bedford, MA 02745

Contact Information:

Justin Bouley, Controller
jbouley@shustercorp.com

Shuster Corporation
4 Wright Street
New Bedford, MA 02740

Company Background

Shuster Corporation was founded in 1916 as a distributor of industrial products to local manufacturing and marine customers. Since it's founding the company has grown to become a recognized leader in the bearing industry.

Shuster Corporation is a US based, multinational supplier of industrial bearings with products applied into industrial, agricultural, oil and gas, and automotive applications throughout the world. In addition to their bearing expertise, Shuster is a distributor for many of the world's primary manufacturers for industrial and filtration applications.

The Shuster family owned the company until 2007 when it acquired by Motion Industries. Sales for 2014 were \$20 million and are projected to grow to \$21 million for 2015.

Current Employment

Shuster Corporation currently employs 37 (including 6 managerial) employees and has an annual payroll of \$3 million. The average hourly wage of non-managerial employees at Shuster Corporation is \$15.00 and a health insurance and benefits package is provided.

Proposed Project

Shuster Corporation proposes to lease the vacant building at 55 Samuel Barnett Boulevard for the purpose of expansion in New Bedford, rather than relocate out of state. This property is approximately 64,300 sq. ft. and will require interior and exterior improvements by the building owner to make the space ready for occupancy as well as new pallet racking systems and associated expenses for relocation and infrastructure.

With this relocation the company has its new home and the footprint for future growth along with new jobs in accounting, inventory management, and warehouse.

Proposed Investment

The proposal requires the renovation, equipment, moving, and operation capital investment of \$134,500 in total. The property has a total assessed value of \$2,025,200. (FY15).

Employment Projections

The project proposes the retention of 37 and the creation of 4 permanent full time jobs over the first year of the agreement. The types of jobs retained and created are wide ranging and will include sales, general administrative, accounting, inventory management, and warehouse.

The average wage for the new hires will be \$16.00 per hour.

EDIP Participation

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

Corporate Citizenship

Shuster Corporation is a member of the Greater New Bedford Chamber of Commerce and a supporter of the Community Boating Center and the Working Waterfront Festival.

They are also members of the Bearing Specialists Association and the American Gear Manufacturers Association.

Hypothetical STA Calculation:

Parcel ID

133

36

SHUSTER CORP

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
2015	Base	\$2,025,200.00			\$33.56	\$67,965.71	\$0.00	\$67,965.71	0%	\$67,965.71
2017	1	\$2,025,200.00	\$0.00	\$2,025,200.00	\$33.56	\$67,965.71	\$0.00	\$67,965.71	0%	\$67,965.71
2018	2	\$2,045,452.00	\$0.00	\$2,045,452.00	\$33.56	\$68,645.37	\$0.00	\$68,645.37	25%	\$51,484.03
2019	3	\$2,065,906.52	\$0.00	\$2,065,906.52	\$33.56	\$69,331.82	\$0.00	\$69,331.82	50%	\$34,665.91
2020	4	\$2,086,565.59	\$0.00	\$2,086,565.59	\$33.56	\$70,025.14	\$0.00	\$70,025.14	75%	\$17,506.29
2021	5	\$2,107,431.24	\$0.00	\$2,107,431.24	\$33.56	\$70,725.39	\$0.00	\$70,725.39	100%	\$0.00
Totals						\$346,693.44	\$0.00	\$346,693.44		\$171,621.94

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



Shuster Corporation • 4 Wright Street • New Bedford, MA 02740

Toll Free: 800-343-8409 • Fax: 508-990-2157 • www.shustercorp.com

June 10, 2015

Mayor Jonathan Mitchell
City of New Bedford
133 William Street
New Bedford, MA 02740

Dear Mayor Mitchell:

The Shuster Corporation is planning to lease the property located at 55 Samuel Barnett Boulevard (in the NB Industrial park and intends to locate and expand the business in New Bedford.

This expansion and relocation will create 4 new jobs in the first year and retain (by staying local) at least 37 jobs. We commit to offering at least 51% of these new jobs to New Bedford residents. There is great potential for us to have additional hires as we grow in upcoming years due to the expanded footprint of the Shuster Corporation in its new location. The proposed project represents an investment of \$75,000 for new pallet racking, \$36,000 for relocation expense and infrastructure for Shuster. The leasehold improvements to be made to the property (by the landlord) which will update the interior and exterior (paint \$5,500, Carpet and VCT- \$11,000, demo \$12,000), will be approximately \$28,500. The total investment would be at \$134,500.

At this time, we are 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,

Justin Bouley

Justin Bouley
Controller
Shuster Corporation

Resolution Approving Certified Project Application and Special Tax Assessment Agreement with Shuster Corp., and Highland Samuel Barnet Assoc. Limited

Whereas, Shuster Corp., and Highland Samuel Barnet Assoc. Limited 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 granted by and meeting the requirements of 402 C.M.R. 2.10(3).

Whereas, Shuster Corp., and Highland Samuel Barnet Assoc. Limited 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 133 36 on 55 Samuel Barnet Blvd., New Bedford, MA and shown on the City of New Bedford’s real property assessment database on June 30, 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 Shuster Corp., and Highland Samuel Barnet Assoc. Limited a Special Tax Assessment 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 Special Tax Agreement Plan is incorporated by reference herein;

Whereas, Shuster Corp., and Highland Samuel Barnet Assoc. Limited is going to invest at least \$134,500 in the renovation of the facility, machinery, equipment, and moving expenses, and will retain 37 permanent full time jobs and create 4 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 Shuster Corp., and Highland Samuel Barnet Assoc. Limited 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 Shuster Corp., and Highland Samuel Barnet Assoc. Limited. 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.