



City of New Bedford

IN COMMITTEE

November 12, 2020

The Honorable City Council
133 William Street
New Bedford, MA 02740

Dear Honorable Members of the City Council:

The Committee on Finance at a Meeting held on Monday, October 19, 2020, considered a COMMUNICATION, Derek Santos, Executive Director, New Bedford Economic Development Council, to the City Council, submitting the New Bedford Tax Increment Financing Board's Annual Program Report for 2019. (Copy all Councillors – January 31, 2020.) (Ref'd 02/13/2020)

On motion by Councillor Lopes and seconded by Councillor Giesta, the Committee VOTED: To recommend to the City Council to take "No Further Action" on the COMMUNICATION, Derek Santos, Executive Director, New Bedford Economic Development Council, to the City Council, submitting the New Bedford Tax Increment Financing Board's Annual Program Report for 2019. This motion passed on a voice vote.

IN COMMITTEE ON FINANCE

Linda M. Morad

Councillor Linda M. Morad, Chairperson

LMM: dmb



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LMM: dmb

 **New Bedford
Economic Development Council**

Open for Business!

1213 Purchase Street
2nd Floor
New Bedford, MA 02740
www.nbedc.org

January 30, 2020

Joseph P. Lopes, President
New Bedford City Council
133 William Street
New Bedford, MA 02740

**RE: New Bedford Tax Increment Financing Program
Annual Program Report for 2019**

Council President Lopes,

Please find attached the annual activity report for the TIF Program.

Included in this report is an overview of the program, the TIF Board activity for the year, the current TIF Program guidelines (as amended on 2.1.19), and a complete listing of all active certified projects.

Should you require any additional information, please do not hesitate to call or email with any questions.

Sincerely,



Derek Santos
Executive Director

Cc: New Bedford City Council
Mayor Mitchell's Office



Jonathan F. Mitchell, Mayor

**CITY OF NEW BEDFORD
TAX INCREMENT FINANCING BOARD**

1213 Purchase Street
New Bedford, MA 02740

Tel: (508) 991-3122
Fax: (508) 991-7372

**TIF BOARD ANNUAL REPORT – 2019
01.31.2020**

Overview

Since the inception of the Tax Increment Financing (TIF) Program in New Bedford in 1996 a total of 115 projects have been certified. These projects ensure a certain level of investment and job creation by the private sector while the Commonwealth and the City have provided a measure of incentive on new short-term taxes.

In 2019, 19 such agreements remained active and compliant with the program's reporting requirements. These projects have added more than \$109 million in new private sector investment, have created 299 new jobs, and have ensured that an additional 872 jobs have been retained in New Bedford.

In 2019 the TIF Board, City Council, and the Commonwealth have approved one certified project:

- Northern Wind, Inc. for a 10-year TIF agreement

This project has a value of more than \$8.4M and will result in the creation of 15 full time jobs over the first two years of the agreement and the retention of the 100 jobs.

TIF Board Activity

The TIF Board met once in 2019 and the minutes of the February 1, 2019 meeting are attached.

New amendments to the TIF guidelines were presented, reviewed, and approved by the TIF Board after review from the Solicitor's office. The modifications proposed create a higher minimum threshold for eligible projects (jobs, minimum investment, and "but for" evidence) and require projects be consistent with the guiding principles expressed in the New Bedford Works policy statement. A copy of the new guidelines are attached.

Throughout the year staff interacts with the Assessor on pending applications to determine estimated value of proposed projects to present the most accurate estimate of values possible at the time of presentation to the TIF Board and City Council.

Staff has also conducted site visits for three companies with active agreements. These companies included; Northern Wind, Inc., SERVPRO, and Quality Custom Packing, Inc.. Letters have also been sent to twelve companies that are not up to date with annual reporting for the current year or have not yet met investment/job creation requirements. Copies of all communications are attached.

Certified Projects List

Attached is a listing of all 19 active certified projects from FY01 to FY2020.



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Jonathan F. Mitchell, Mayor

MINUTES OF THE TIF BOARD

2.01.19

**133 William Street
Ashley Room**

Members Present:

Mayor Jonathan F. Mitchell, Chairman
Linda Morad, City Council President
Ari Sky, City of NB CFO
Carlos Amado, Assessor's Office
Derek Santos, NBEDC

Members Absent:

Guests:

Michael Fernandes, President of Northern Wind, Inc.
Anthony Castro, CFO/Controller of Northern Wind, Inc.

Staff:

Ramon Silva, NBEDC

-
1. Call to order:
Mayor Mitchell called the meeting to order at 1:05 p.m., calling the role of board members in attendance and confirming a quorum.
 2. Approval of minutes:
The Mayor confirmed that all members received the minutes of the previous meeting with their meeting materials from staff via email. **A motion to approve the minutes of the 03.01.18 meeting as written was moved by Mr. Amado and seconded by Mr. Sky. All voted in favor and the motion passed.** The reading of the minutes was waived.
 3. Certified Project Applications:

Northern Wind Inc. at 75 MacArthur Drive—proposed 10-year TIF agreement

Staff presented all application materials including the hypothetical calculations and project overview—first submitted to the members via email. Mr. Silva reviewed the documents and provided a general overview of the proposal by Northern Wind Inc. to expand and stay in New Bedford with the extensive renovation/expansion of the currently vacant 75 MacArthur Drive. Mr. Silvia stated that the company had explored several out-of-state options for expansion in Rhode Island and Connecticut given their relationships

with fishing vessels in those states, however given the state and local incentives available, they prefer to expand in New Bedford. The project includes the renovation of the existing facility, construction of a 21,600 sq. ft. freezer facility, equipment, and moving expenses. He also noted that the new facility will house a state-of-the-art IQF freezer tunnel and grading machinery, and Mr. Fernandes provided additional detail to the board members on how the technology is used during processing, packaging, and distribution.

The construction, equipment, moving, and other capital investment total approximately \$8,400,000. New construction and renovation are valued at \$6,300,000 and equipment and machinery is valued at \$2,100,000. Mr. Silva stated that after reviewing the proposal with the Assessor's office, that a TIF structure is proposed, since these investments are new construction and extensive renovations.

Mr. Silva continued by stating that the 100 current employees will be retained, and 15 new fulltime employees will be hired over the next two years. The average wage for the for new hires will be \$38,000 annually, and the company does offer health insurance to its employees.

After a brief Q&A session between board members, Mr. Silva and Mr. Fernandes, and having no other questions relating the application for the proposed project, Mayor Mitchell asked for a motion on the TIF requested.

A motion to approve the Northern Wind Inc. certified project application at 75 MacArthur Drive for a 10-year TIF agreement and submit to City Council was moved by Mr. Santos and seconded by Mr. Amado. All voted in favor and the motion passed.

Mayor Mitchell thanked Mr. Fernandes and Mr. Castro for their expansion in New Bedford as well as their role in being leaders as outstanding corporate citizens and asked that they continue to demonstrate their leadership by being fully engaged in the ongoing civic development and growth of New Bedford. Mr. Fernandes offered his thanks and stated, "this is a great city, and we are proud to be a part of it."

4. Old Business:
No old business was discussed, and no motions were made at this time.
5. New Business:
New amendments to the TIF guidelines were presented in final draft form after review from the Solicitor's office. The modifications proposed create a higher minimum threshold for eligible projects (jobs, minimum investment, and "but for" evidence) and require projects be consistent with the guiding principles expressed in the New Bedford Works policy statement.

After a brief discussion and review of the final draft, **a motion to approve the amendments to the TIF Program Guidelines as written was moved by Mr. Amado and seconded by Mr. Sky. All voted in favor and the motion passed.**

No further new business was discussed, and no motions were made at this time.

6. There being no further business, **a motion to adjourn was moved by Mr. Sky and seconded by Ms. Morad. All voted in favor and the motion passed.** The meeting was adjourned at 1:35pm.



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TAX INCREMENT FINANCING BOARD

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TAX INCREMENT FINANCING PROGRAM
POLICY AND GUIDELINES
City of New Bedford, Massachusetts

Approved as Amended 1.10.07--11.20.16--8.2.17--1.22.19

I. Introduction

The City of New Bedford is concerned with how best to address blighted, distressed, and underutilized areas. Many of the sites contain abandoned or contaminated facilities. Other is characterized by rundown infrastructure or commercial operations that are not longer economically viable. Such locations create a decrease in assessed property values, a decline in municipal revenue and they are a drain upon municipal services. Traditionally, it has been difficult for the city to attract private investment into these areas. A viable solution is the utilization of the Tax Increment Financing Program (TIF), which has been authorized through the Massachusetts legislature.

II. TIF Program

Based upon economic development and land use planning principles, the City of New Bedford may designate appropriate locations as TIF Zones. Local designations of TIF Zones help in enabling the City to encourage private development with the assistance of public infrastructure improvements, and property tax incentives. TIF incentives are offered in order to create available capital that will facilitate the financing of designated projects.

All provisions of the City of New Bedford TIF policy are in accordance with M.G.L. c. 40, § 59 and its implementing regulations found under 760 CMR 22.01.

III. TIF Eligibility and Guidelines

1. A minimum of 10 jobs must be created that pay a minimum hourly wage equal to 110% of the State minimum hourly wage or equivalent.
2. A minimum project investment of \$250,000.
3. Detailed written supporting evidence that "but for" this initiative, the commercial enterprise would not undertake the proposed expansion project in New Bedford or the commercial enterprise will relocate out of the City of New Bedford. Such written evidence may include; letter of intent that clearly state the enterprise's other options out of New Bedford, evidence that demonstrates that funding or financing of the proposed project would not materialize without the requested incentive, or other relevant documentation.

4. Applicants investment shall be guided by the principles expressed by the City of New Bedford to ensure New Bedford is a place where opportunity abounds for all its residents.
 - a. These guiding principles between the City and the private and public partners who invest here ensure that expectations of both parties are clear and that economic opportunities are available for the City's minority and women businesses, veterans, and workers.
 - b. The City will work will partners to utilize tax increment financing (TIF) assistance in ways that honor local hiring and local content goals and recognize best efforts of partners to meet these goals.
 - c. Investment partners pledge their best effort to hire qualified New Bedford residents for job openings in the City.
 - d. Investment partners pledge their best effort to contract qualified New Bedford companies for services that can be delivered at a high level of quality, on time and on budget.
5. Applicants eligible for TIF consideration shall be:
 - a. Manufacturing.
 - b. Retail, wholesale, or service industries which fit one of the following criteria:
 - (1) Located in a distressed area as defined through a city policy.
 - (2) Located in a neighborhood which is demonstrably not served or underserved by the proposed use and said use has been defined by City of New Bedford policy as a critical need in that neighborhood.
 - (3) Return of a non-performing parcel to the tax rolls.
 - (4) Project includes applicant absorbing the cost of remediation for a Brownfield site.
 - c. Other commercial/industrial projects.
 - d. Projects with a demonstrated benefit to the environment.
6. Applicant ineligibility for TIF consideration shall include:
 - a. Professional Services including medical, legal, financial and real estate.
 - b. Fast food businesses and outlets.
 - c. Franchises.
 - d. Uses pertaining to questionable health benefits or practices.

- e. National chains.
 - f. Condominium complexes where the commercial use portion of the Condominium is less than 33% of the assessed value of the entire Condominium complex.
 - g. Residential only condominium complexes.
 - h. Subsidized Housing Projects.
 - i. Projects that create less than ten jobs.
 - j. An exception to the above listed ineligible applicant ineligibility may be allowed should the project demonstrate that it serves a critical economic development need that is identified by city policy. Such an applicant should offer real, defined potential for additional growth stimulation, and it should offer job creation and/or retention in excess of minimum standards defined within sections below, and written out in the TIF Agreement between the City of New Bedford and the TIF applicant.
7. Job retention and/or creation shall be used as a measure to determine the value of savings to be offered using the following minimum guidelines:
- a. The equivalent of ten new jobs for every \$1.00 through \$100,000.00 in assessed value of TIF relief.
 - b. The equivalent of ten full time retained jobs for every \$1.00 through \$50,000.00 in assessed value of TIF relief.
 - c. The City's interest in job creation or retention is for a reasonably significant numbers of jobs. While it is possible that an applicant creating a minimum or retaining a minimum number of jobs or in some cases less than the minimum number of jobs provided in these guidelines may be successful such applications must be supported by documentation of a majority of the factors enumerated below at paragraph 4, in the application. In all events the minimum level of one full-time job is created as is consistent with state requirements for Certified Projects.
 - d. To be considered for designation as a certified project, the project proposal must provide for job creation and new investment in a way that is consistent with the guiding principles expressed by the City in its New Bedford Works policy statement to ensure that opportunities abound for all its residents.
6. Something equal to or less than the minimum job creation or retention guidelines per value of incentive may be successful but only if the applicant can demonstrate factors beneficial to the overall economic development goals of the City of New Bedford. These factors may include, but are not limited to the following:
- a. Ten new full time equivalent jobs with a starting wage at least 125% above the minimum wage, or ten retained full time equivalent jobs with a starting wage of at least 125% above the minimum wage.
 - b. Health care coverage for new or retained jobs.

- c. Entails an extraordinary risk for the company (i.e. first new business to locate in a blighted area; first to locate on a Brownfield or redevelopment area; first in a specific type of business or industry to locate in the City of New Bedford).
- d. Applicant will incur remediation costs for a clean up of a designated Brownfield site.
- e. No other incentives, such as a reduction in taxes, or a similar benefit to the current owner or previous owner of the subject property, if recently acquired.
- f. The project will not overburden or harm the City's existing infrastructure.

IV. TIF Agreements

1. TIF Agreements must include:

- a. A plan for the life of the Agreement that demonstrates jobs retention, and/or jobs creation and a timetable for same.
- b. In the case of jobs created, there must be a provision included within the Agreement, illustrating that at least 51% of the jobs must be afforded the opportunity to be filled by City of New Bedford residents with the employer working through established public and quasi-public employment service entities throughout the City of New Bedford such as MassHire.
- c. The jobs created or retained to meet project eligibility guidelines must pay a minimum hourly wage equal to 110% of the State minimum hourly wage or equivalent.
- d. A description of the total capital to be expended by the applicant for the project and its general category purposes.
- e. If public improvements are involved, it is necessary to include a description of the public improvements as well a total costs apportioning the amount that can be attributed to the benefit of the project's applicant.
- f. If an exception to the eligibility requirement is a factor, a recitation of those exceptions with a description is necessary.
- g. The property owner agrees to pay City of New Bedford taxes and municipal invoices prior to the end of the fiscal year in which invoice for payment is received.

2. Term of the TIF Agreement:

- a. The standard length of the TIF Agreement shall be for 5 years. Extenuating circumstances, demonstrating a benefit to an articulated city community improvement objective, neighborhood revitalization strategy, and/or economic development goal may result in an extension of the TIF period.

- b. Standards to be applied in extending a TIF agreement beyond 5 years must include some or all of the following:
 - (1) Reuse of vacant Brownfield property.
 - (2) Jobs to be saved or retained exceed the minimum guidelines by 50% or more.
 - (3) The project is to be located in a distressed neighborhood as measurably defined through government standards (i.e. CDBG Target Neighborhood).
 - (4) There is a verifiable, written offer from another community which would render the five year TIF Agreement as non-competitive.
 - (5) The applicant's project shall convert a non-conforming property to a conforming property.
 - c. All applications must include detailed "but for" reasoning which is to explain how if it were not for assistance offered through this program, it could not reasonably be expected for the project to succeed.
3. All applications are reviewed initially by the New Bedford Economic Development Council, Inc., who may consult with others prior to presenting the application to the TIF Board for its vote. Once the application has been approved by the TIF Board and the TIF contract signed by the applicant, then the contract shall be presented to the City Council for its vote to approve or disapprove the contract. Following an affirmative City Council vote, the Mayor shall execute the TIF contract on behalf of the City of New Bedford. All projects are subject to final approval by the E.A.C.C.
4. All TIF agreements shall contain grounds for revocation of the agreement by the City. These grounds shall include, but not be limited to, violation of the terms of the agreement, nonpayment of real estate taxes and to the City and non-compliance with targeted job creation projections.
5. TIF agreements will not be entered into for investments that have already been made as of date of the agreements and are for prospective investments only.
6. At the City's discretion, TIF Agreements may also provide for a repayment of the difference between the total amount of tax which would have been due without the TIF and what was due with the TIF in the event the TIF agreement is revoked and the project decertified. This difference will become immediately due and payable as a "payment in lieu of taxes".
7. The Company shall submit annual written reports on Job creation, job retention, and new investments at the Property to City of New Bedford Board of Assessors, Mayor, and the New Bedford Economic Development Council by the end of July of each year with respect to the immediately preceding fiscal year during which a TIF Agreement is in effect.
8. The City reserves the right to alter these guidelines from time to time or at anytime, in the best interests of the City of New Bedford.



City of New Bedford

Tax Increment Financing Board

Jonathan I. Mitchell, Mayor

TIF/STA - Active Certified Projects

Certified Projects	Agrmt Type	Years	Assessment Schedule	Prvt. Invest.		Jobs Created / Agrmt.	Jobs Retained / Agrmt.	Jobs Created To Date	Jobs Retained To Date	Jobs Held By NB	Status Of Agrmt.	
				Invest. Agrmt.	To Date							
FY2020												
Plumber's Supply Company	TIF	15	95-95-95-90-80-70-60-50-40-30-20-15-5-5-5	\$18,000,000	\$7,788,505	7	43	5	43	170	Last Reported FY2018	
429 Church St												
Parcel(s): 114-03												
Northern Wind, Inc.												
	TIF	10	95-90-85-65-55-45-35-15-10-5	\$8,400,000		15	100	0	0	0	NEW	
50 Hassey St.												
Parcel(s): 37-329												
Subtotals for FY 2020				\$26,400,000	\$7,788,505	22	143	5	43	170		
FY2019												
Quality Custom Packing, Inc.	STA	5	100-75-50-25-0	\$1,400,000	\$1,574,000	40	1	8	1	9	Last Reported FY2018	
25 Wright												
Parcel(s): 31-268												
Ocean Fleet Fisheries, Inc.	STA	5	100-75-50-25-0	\$1,700,000	\$1,592,000	19	6	0	6	0	Last Reported FY2017	
20 Blackmer Street												
Parcel(s): 25A - 46												
Subtotals for FY 2019				\$3,100,000	\$3,166,000	59	7	8	7	9		

January 29, 2020

Mr. Dennis Saluti
Quality Custom Packing, Inc.
25 Wright Street
New Bedford, MA 02740

RE: STA Compliance Review – Parcel 31-268

Dear Mr. Saluti,

As part of our annual review of the City's Tax Increment Financing (TIF) Program, we review each file for compliance with the reporting, investments and jobs as required per the TIF agreement.

Based on your last report submitted for 2018, we can see that your investments of \$904,000 exceeds the required investment of \$900,000, however you have not yet met the requirement to create 21 new jobs with the reporting of 5 jobs being created to date. You may have met your job requirements in 2019, however you have not yet filed the 2019 report. We would ask that you take a few minutes to submit your 2019 report as soon as possible.

Please contact Nancy Durant, our Lending and Compliance Specialist should you have any questions or concerns. Ms. Durant can be reached at 508-971-0223 or 508-991-3122 Ext. 119.

Yours truly,



Ramon Silva
Director of Financial Incentives
Senior Lending Officer