

CITY OF AMESBURY

# 24 South Hunt Road TIF Proposal

December 2022



# Tonight's Presentation

- Amesbury's TIF Process
- Who is Munters?
- Project Overview
- Site Details
- TIF Agreement Details
- Project Benefits
- Meeting Amesbury's Economic Development Goals
- Timeline



# Amesbury's TIF Overview

- Approved by City Council in 2014: *Amesbury Economic Incentives Strategy*
- TIF Steps:
  - Coordinate with City and MA Office of Business Development
  - LOI, Pre-Application and Supplemental Application to State
  - Review by EIC and Chamber of Commerce
  - Approval by City Council and MA Economic Assistance Coordinating Council
- Four TIFs approved between 2014 and 2018
  - 2014 – 284 Elm Street: 10-year, in year 8 at 35% exemption
  - 2015 – 2 Industrial Way: 15-year, in year 7 at 35% exemption
  - 2016 – 77 Elm Street: 10-year, never active, decertified in 2021
  - 2018 – 24 South Hunt Road: 15-Year, not active



# Who is Munters?

- International Company with 4 locations in the U.S.
- Manufacture climate control solutions for food, pharmaceutical and lithium battery industries
- Established in Amesbury in 1967 (Oakland Street)
  - Based at 79 Monroe Street since 1979
  - 2021 Property Assessment: \$7,552,300
  - Current taxes: \$137,170
  - 6+ acres/building is 137,218 square feet
- ~300 Employees (1/3 are Amesbury residents)
- Munters' staff support local hotels and restaurants
- Supports community through charitable donations, STEM, donations of time and equipment



# Project Overview

- Relocate to 24 South Hunt Road
- 400,000 square feet of manufacturing and office space
- 70 new jobs over 3 years
- 15-year lease valued at \$128 million
- Assessed value: \$40,000,000
- \$28,000,000 in capital equipment
- \$8,600,000 in solar and battery storage
- Sustainability goals: net zero by 2030 and increased diversity, equity and inclusion



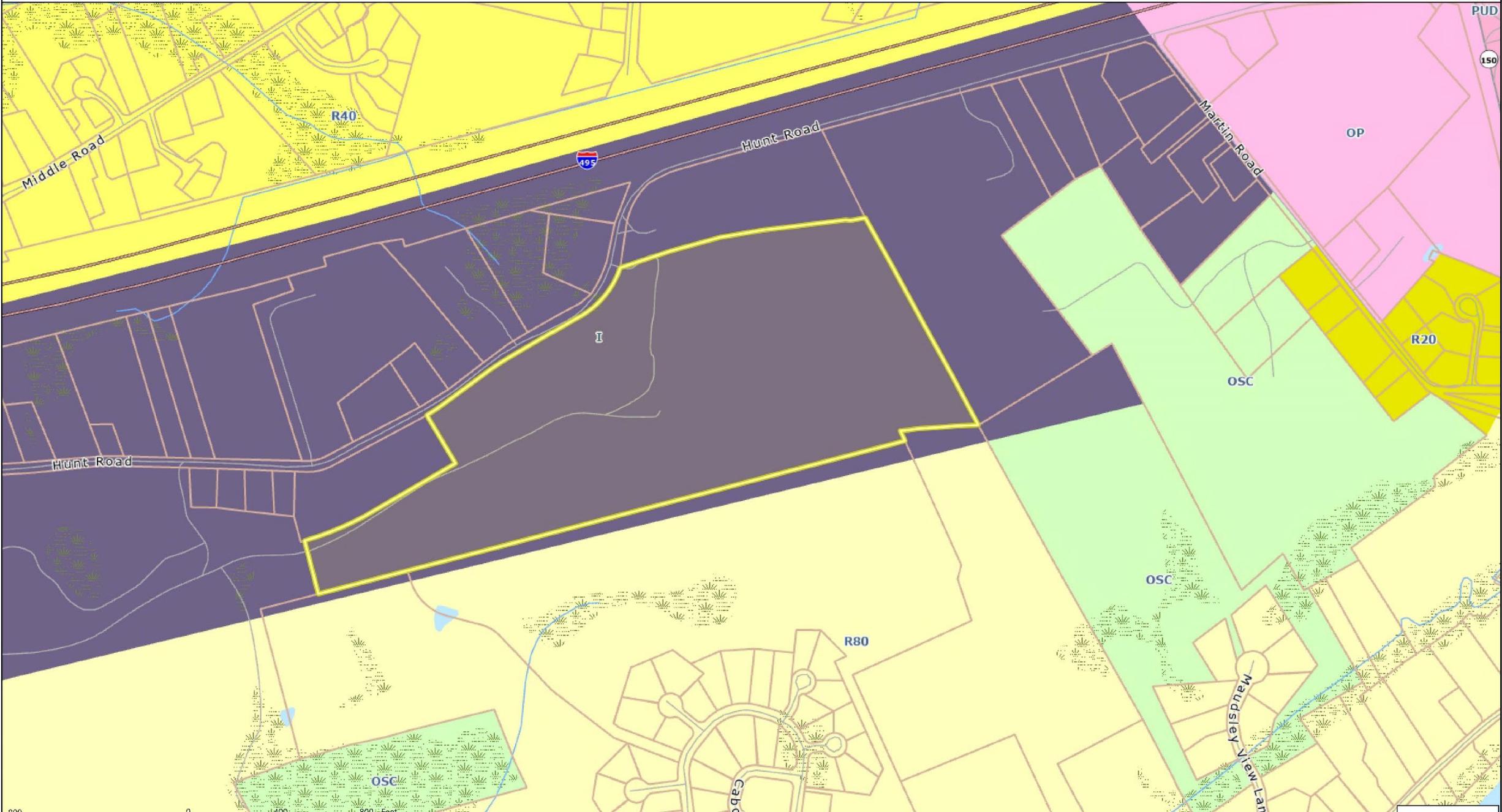
# Site Details

- Address: 24 South Hunt Road
- Acreage: 50.74 Acres
- Zoning: Industrial and several Overlay Districts
- Ownership: Global Property Developers Corporation
- Access: South Hunt Road
- Site development needs: new entrance, wetlands, stormwater runoff mitigation, 45+ foot retaining walls



Exhibit A: Location Map for Munters Corporation, 24 South Hunt Road - Map 95 Parcel 5/B

12/1/2022



PUD

150

OP

R20

OSC

OSC

R80

OSC

R40

Middle Road

Hunt Road

Martin Road

Hunt Road

Maudsley Lane

Capo

# TIF Agreement Details

- 15-Year tax incentive
- \$5,271,620 exempted property taxes
- Exemptions range from 100% in Year 1, to 15% in Year 15
- Full taxes: ~\$707,600 in Year 16
- Local recruitment for new jobs
- Joint agreement: City/Munters/Global





# Project Benefits

- Generate \$5,342,380 additional tax revenue over 15 years
- Business retention/expansion
- Retain and increase living wage jobs
- Address a key market (lithium batteries)
- Retain a company committed to sustainability
- Creates a redevelopment opportunity at 79 Monroe Street
- Realize investments the City has made with S Hunt Road improvements



# TIF Justification

- Existing site constraints at 79 Monroe Street, existing backlog and future growth opportunities = need new facility
- Developments costs at 24 S Hunt Road
- Growing business in Amesbury/Massachusetts is retained
- Increase in Industrial tax revenue starting in Year 2 (\$132,675) for both properties
- Munters will manage 2 facilities from 2024 to ~2025. 100% exemption in 2025 allows smoother transition in first year of operation at 24 S Hunt Road



# Tax Benefits with the TIF

Year of TIF	Projected Annual Property Tax Bill	TIF Yearly Exemption %	Exempted Annual Property Taxes	Estimated Annual Property Taxes Owed
Year 1	\$707,600	100%	\$707,600	\$0
Year 2	\$707,600	80%	\$566,080	\$141,520
Year 3	\$707,600	80%	\$566,080	\$141,520
Year 4	\$707,600	80%	\$566,080	\$141,520
Year 5	\$707,600	80%	\$566,080	\$141,520
Year 6	\$707,600	50%	\$353,800	\$353,800
Year 7	\$707,600	50%	\$353,800	\$353,800
Year 8	\$707,600	50%	\$353,800	\$353,800
Year 9	\$707,600	50%	\$353,800	\$353,800
Year 10	\$707,600	50%	\$353,800	\$353,800
Year 11	\$707,600	15%	\$106,140	\$601,460
Year 12	\$707,600	15%	\$106,140	\$601,460
Year 13	\$707,600	15%	\$106,140	\$601,460
Year 14	\$707,600	15%	\$106,140	\$601,460
Year 15	\$707,600	15%	\$106,140	\$601,460
Year 16	\$707,600	0%	\$0	\$707,600
		<b>TOTALS</b>	<b>\$5,271,620</b>	<b>\$5,342,380</b>



# Tax Benefits Scenario

Tax Year	Property Taxes at 24 South Hunt Road	Property Taxes at 79 Monroe Street	Taxes Collected on Properties before TIF	Estimated Taxes at 24 South Hunt Road after the TIF	Total estimated Taxes on both Properties after the TIF
2022	\$8,845	\$137,170.03	\$146,015.03		
2023	\$8,845	\$137,170.03	\$146,015.03		
2024	\$8,845	\$137,170.03	\$146,015.03		
Year 1		\$137,170.03	\$137,170.03	\$ -	\$137,170.03
Year 2		\$137,170.03		\$ 141,520.00	\$278,690.03
Year 3		\$137,170.03		\$ 141,520.00	\$278,690.03
Year 4		\$137,170.03		\$ 141,520.00	\$278,690.03
Year 5		\$137,170.03		\$ 141,520.00	\$278,690.03
Year 6		\$137,170.03		\$ 353,800.00	\$490,970.03



# Tax Benefits Scenario

Before Munters Expansion/TIF				After Munters Expansion/TIF	
Current Property Taxes @ 24 South Hunt Road over next 18 years	\$168,055	Current Combined Property Taxes @ 24 South Hunt Road/79 Monroe	\$2,774,286	Combined Property Taxes After Munters Move/TIF	\$8,244,700



# Meeting Amesbury's EconDev Goals

*Stimulate private capital investment in commercial and industrial properties resulting in a substantive increase in net taxable property value*

Munters will be leasing 24 South Hunt Road. The developer will build a turnkey building based on Munters specifications and layout. Munters will be adding ~ \$37 million in capital investments. Site improvements to the currently vacant land will result in an increased assessed value of \$40 million (per City Assessor). The TIF will defray some of the redevelopment of the property and operating costs of the facility, especially in the early years where the investment burden is most significant.



# Meeting Amesbury's EconDev Goals

*Encourage qualifying existing businesses to expand within the City of Amesbury*

Munters has been doing business in Amesbury since 1967 and is the largest employer in the City. Due to significant business growth and the constraints of the 79 Monroe street campus, Munters cannot meet the market expectations from the current facility. The only viable land to accommodate a new, 400,000 sf facility in Massachusetts is at 24 South Hunt Road. The TIF will directly help Munters remain in the City of Amesbury and in Massachusetts.



# Meeting Amesbury's EconDev Goals

*Foster reconstruction and renovation of vacant or underutilized commercial properties*

Expansion at 79 Monroe Street is prohibited because of adjacent wetlands and abutting neighbors. Munters looked throughout the seacoast, including Southern New Hampshire, to find suitable parcels of land that can accommodate a 400,000-sf facility. 24 South Hunt Road is currently vacant and represents a significant opportunity to be developed and increase the City's tax revenue.



# Meeting Amesbury's EconDev Goals

*Diversify the tax base and reduce the burden on residential properties.*

In FY2022, 73.56% of Amesbury's revenue was from real estate taxes, primarily residential. By assisting a world-class manufacturing facility to expand, the City will provide the opportunity to add \$40 million of incremental assessed real estate to the City's taxable base. This helps diversify the tax base and directly reduces the burden on the residents of Amesbury. Moving to 24 South Hunt Road, also frees up 79 Monroe Street for a new or expanding business.

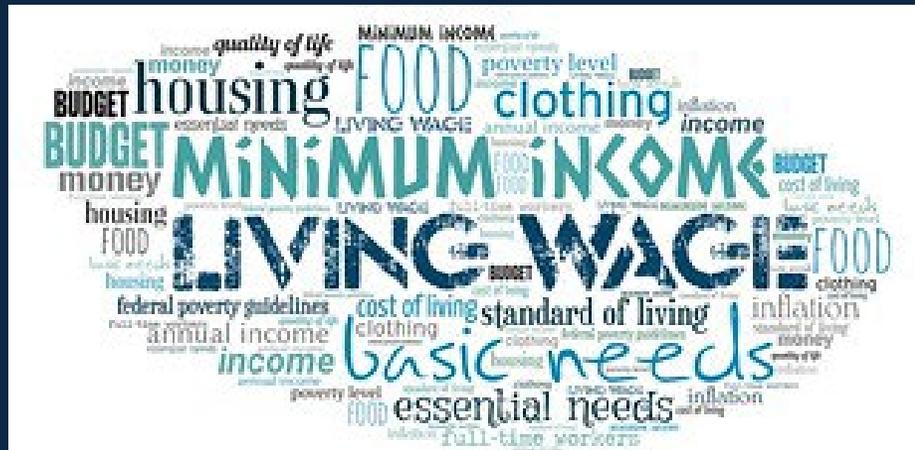
FY2022	Value	Tax Rate	Revenue
Residential	\$2,430,439,839	\$ 17.69	\$42,994,481
CIP	\$384,235,727	\$ 17.69	\$6,797,130



# Meeting Amesbury's EconDev Goals

*Stimulate the creation of jobs paying above the area median income for Amesbury.*

The new facility will be 3 times larger than the current facility at 79 Monroe Street. This expansion will require ~70 new full-time jobs, including skilled and unskilled labor, and managerial and professional roles. Average salaries range from \$54,000 to \$118,000. Munters will cooperate with the Workforce Board, Department of Employment and Training, and other agencies to fill new jobs with Amesbury residents.



# Timeline



- ✓ September 2022: Introduce conceptual project to Mayor/OCED
- ✓ Late September 2022: Letter of Intent to City and State
- ✓ October 2022: Review of the Project: Mayor, OCED, State, and EIC/City Councilors
- ✓ November 2022: Negotiate TIF Agreement (City and Applicant)
- ✓ November 2022: Submit Applications to the State
- ✓ December 2, 2022: Mayor files Order with City Council
- ✓ December 8, 2022: Conditional approval by EACC
- ✓ December 13, 2022: City Council First Reading
- City Council Sub-Committees review
- EIC, Chamber, Sub-Committees Review: provide recommendation back to Council
- City Council meeting hearing for a vote
- If approved, complete order and send to EACC within 60 days



# THANK YOU!



**AMESBURY**  
MASSACHUSETTS