



TAX INCREMENT FINANCING ZONE AND PLAN
EDIP Submittal: 2 Industrial Way
CITY OF AMESBURY, MASSACHUSETTS
and
DESIGNWERKES INC
July 2015

I. TIF Plan and Zone

A. Site

The site is located within the Northern Essex Regional ETA. The location is within the area known as Industrial Way within two-miles of an interchange for I-495. The 2 Industrial Way EOA is being submitted to the EACC for their September 23, 2015 meeting. The project is served by municipal sewer, water, and NGRID Gas and Electric. The site contains a 43,000 square-foot building, which has been abandoned for over three-years.

B. City

Amesbury is a city in Essex County, Massachusetts, located on the north bank of the Merrimack River near its mouth, upstream from Salisbury and across the river from Newburyport and West Newbury. The population was 16,283 at the 2010 census.^[1] A former farming and mill town, Amesbury today is largely residential. It is one of the two northernmost towns in Massachusetts (the other being neighboring Salisbury). Amesbury is located at 42°51'29"N 70°55'50"W. According to the United States Census Bureau, the city has a total area of 13.7 square-miles (35.5 km²), of which 12.3 square-miles (31.8 km²) is land and 1.5 square-miles (3.8 km²), or 10.65%, is water.

C. TIF Zone and Map

1. Please refer to the map and plans in Appendix A.
2. Description: Specifically, the proposed 2 Industrial Way Opportunity Area, located at 2 Industrial Way in Amesbury, Amesbury Assessors Map 56 parcel 19, Essex County Registry of Deeds Book 23806 and Page 285 comprised of 4.65 acres and a building of 43,532 square-feet (hereafter referred to as the PROPERTY)



Industrial Way : Preferred Location for an EOA Industrial Zone



Industrially zoned properties in the "I" zone north of I 495 along Munroe, and Industrial Way

3. Narrative of TIF Zone, Needs, Problems, and Opportunities.

DesignWerkes was founded in Amesbury Massachusetts in 1995 as a plain paper product design firm. Over the past twenty-years the company has evolved into a complete product design and manufacturing company. DesignWerkes' ability to design and develop products to meet customer specifications is their major strength. This coupled with their state-of-the-art manufacturing capabilities, is how DesignWerkes is able to provide single-source solutions to their customers. DesignWerkes serves customers in the Transportation, Aerospace, Medical and Commercial industries.



The company has clearly indicated that in the absence of the incentive proposal that they will not proceed with the project in the City of Amesbury. The 2 Industrial Way site has been vacant for over three-years, and has not seen a viable proposal other than DesignWerkes. The pipes burst in the unheated building, causing loss of the sprinkler system and flooding of the abandoned structure. Snow load from the past winter caused the vestibule to collapse, which exposed interior walls and the common area to the outside. The City's TIF incentive package is meant to target the capital needs of the proposed project, to tie the incentive to attract uses that the community needs and prefers. The site contains multiple constraints, which require an additional investment of over \$400,000 in building improvements. Without the incentive, over the 15-year term of the TIF, assuming the dilapidated site value, the City would receive \$374,014. The building would continue to deteriorate and lose value.

During the same 15-year period, with the new investment, the City could realize over \$654,704 in revenue. These numbers are dependent on several factors, such as existing estimated values. The building will be fully occupied and repaired, increasing the value. DesignWerkes Inc.'s customer base anticipates that 99% of the manufacturing annual revenues will be derived from sales to out-of-state companies.



4. Property Owners.

DesignWerkes has a purchase and sales agreement. Subject to the approval of this incentive and other typical predevelopment testing the company will purchase the property.

II Time Duration

The duration of the TIF plan and TIF Zone is 15-years, beginning in Fiscal Year 2016, and ending with Fiscal year 2031.

III TIF Zone and Economic Development

A. **Discuss how the TIF Zone is poised to provide Economic Development Opportunities.** The TIF Zone is created to facilitate the rehabilitation of an abandon and dilapidated manufacturing building that currently does not meet code requirements for an occupancy permit. The relocation and renovation of the 43,000 square-foot facility will provide DesignWerkes space for expansion from their current 12,000 square-foot facility. This expansion will allow for the use of new equipment (now in storage), the retention of 25 jobs, and the creation of 15 jobs. Construction is initially planned for two phases, however the company is investigating a full-build in one phase:

- Phase One (January 2016): This phase will be completed by January 1, 2016, the company will renovate the building, in a sufficient manner to allow occupancy, and the establishment of new production lines, with equipment waiting in storage. The company will operate at both facilities while renovation work continues at 2 Industrial Way. The proposed site has considerable development constraints that add extraordinary costs.
- Phase Two (June 2016): This phase represents the full buildout of the facility to accommodate the operations from the current 12,000 square-foot location at 110 Haverhill Road. The full move should be complete by June 2016 and facilitate the company's headquarters and operations at one location in Amesbury Massachusetts.

B. **Discuss how the TIF Zone will benefit the Municipality:**

As per the EDIP Preliminary Application Appendix B, DesignWerkes is proposing to construct and operate a manufacturing plant that will create 15 jobs over five-years. DesignWerkes, Inc., with the City of Amesbury, is committed to a good faith effort of employing qualified residents of Amesbury and the Northern Essex Economic Target Area. To ensure that qualified residents of Amesbury and the Northern Essex ETA are made aware of job openings, DesignWerkes, Inc. plans to work with the One-Stop Career Center, Valley Works, located at Northern Essex Community College, 100 Elliott Street, Haverhill, MA. In addition, DesignWerkes Hospitality, Inc. plans to advertise job openings in the Haverhill Gazette and the Amesbury weekly area news. The City of Amesbury has created conditions within the TIF Agreement to coordinate and facilitate the above strategy.

The general outcome from the development is:

- Relocation and expansion of the business from 12,000 square-feet of leased space.
- Acquisition of a currently dilapidated, vacant building of over 40,000 square-feet at 2 Industrial Way.
- Renovation of the building and expansion of production lines.
- Purchase of several new pieces of US-made equipment, totaling \$803,775.
- Expansion by 15 additional employees over five-years.
- The retention of the business and 25 employees in Amesbury.

C. **Analysis of proposed and Potential Land Uses:**

Zoning in TIF Zone: The zoning in the TIF zone is Industrial. The project will not be conducting exterior site plan renovations, and, as such, will not need permits beyond those associated with building code construction.

IV TIF Zone Projects

The only project within this zone will be the DesignWerkes Inc renovation and expansion as described herein. The EDIP Preliminary and Supplemental Applications and the information herein provide the necessary information for the development.

V. Financing for TIF Zone projects

No public expenditures are necessary; the applicant is making the private investments as outlined herein. DesignWerkes, will purchase the property, subject to the TIF approval. The company already holds a Purchase and Sales agreement for the property. DesignWerkes has a working relationship with a local bank and will finance the project privately. DesignWerkes

Land Buildings	\$	850,000.00
Construction	\$	400,000.00
Machinery and Equipment	\$	803,775.00
Other	\$	-
Total Projected Investment:	\$	2,053,775.00
Total Extraordinary Site Costs	\$	400,000.00

expects to use Pentucket Bank for conventional financing. The TIF amount is determined by the additional site costs, above a typical project. The City is estimating that the TIF will generate approximately \$176,254 in savings for the company, to address \$400,000 in additional costs.

VI Tax Increment Financing

A. **Authorization to use TIF:** The City shall grant a tax increment financing exemption to the Applicant in accordance with Massachusetts General Laws, Chapter 40, section 59; and Chapter 59, section 5. Approval of the TIF Agreement was provided at a public hearing by the Amesbury City Council on August 6th 2015, and then signed by the Mayor on August 27, 2015.

B. **Amount of proposed tax exemption and applicable criteria.**

The exemption shall be granted and only apply to the increased value on the real property with the improvements in place, as cited in the TAX INCREMENT FINANCING AGREEMENT CITY OF AMESBURY, MASSACHUSETTS and DESIGNWERKES INC dated August 27, 2015. The local tax benefits will be afforded to the property owner, DesignWerkes Inc., who has an agreement to purchase, subject to this TIF award. The exemption shall be valid for fifteen-years, as outlined below. The exemption shall be calculated and remain unchallenged for each fiscal year as follows:

Fiscal / Month Year	Percent	Fiscal / Month Year	Percent	Fiscal / Month Year	Percent
2017 / July 2016	75%	2022 / July 2021	35%	2027 / July 2026	10%
2018 / July 2017	75%	2023 / July 2022	35%	2028 / July 2027	10%
2019 / July 2018	75%	2024 / July 2023	35%	2029 / July 2028	10%
2020 / July 2019	75%	2025 / July 2024	35%	2030 / July 2029	10%
2021 / July 2020	75%	2026 / July 2025	35%	2031 / July 2030	10%

C. Maximum Percentage of public project costs that can be recovered.

Not applicable

D. TIF exemption from property taxes.

1. Term of exemption 15-years
2. Calculation
 - a. Exemption percentage as shown in above table.
 - b. Base valuation \$1,015,700 in FY 2016

VII. Approval of Project

On July 24, 2015, the Mayor forwarded the recommendation to the City Council for a meeting on July 28th, 2015 for a first reading. Subsequent to the City Council Finance Committee meeting on July 28th 2015, the City Council held a meeting on August 6th, 2015, to consider the TIF as amended. On August 6th the City Council voted the order, as attached hereto, and forwarded the TIF to the Mayor for consideration by the State EACC, and eventual execution with the applicant.