

LEGISLATIVE REFERENCE BUREAU FISCAL ANALYSIS

COMMUNITY & ECONOMIC DEVELOPMENT COMMITTEE

MARCH 10, 2011

Item 9, File #101296

File Number 101296 is a resolution authorizing the expenditure of \$195,000 from the Development Fund for a forgivable loan to Bentley World Packaging, Ltd., to assist Bentley in consolidating its assembly and packaging operations in a single building located at 5211 S. 3rd Street.

Background

1. The Development Fund is a Department of City Development-administered capital account that provides financial assistance for economic development projects that do not qualify for tax incremental district designation. The purpose of the Fund is “to provide City investment in projects that increase the City’s tax base, create employment opportunities and provide long-term economic benefit” (s. 304-31, MCO).
2. The Development Fund has been used to support industrial-facility upgrades, equipment purchases, employee training, façade-improvement grants and loans, brownfield cleanups, business improvement district activities, new-home incentives and neighborhood street improvements.
3. The 2011 Adopted Budget provides \$1.5 million for the Development Fund, including \$300,000 in cash-levy funding for job-training programs and \$1.2 million in new borrowing for other purposes.
4. Bentley Work Packaging, Ltd., is a Milwaukee-based provider of packaging and shipping, boxing and crating, and distribution, logistics and warehousing services. It is a major supplier of packaging and shipping services for the U.S. military. Bentley currently operates from several locations in metropolitan Milwaukee.
5. Bentley has plans to consolidate work from 3 of its Milwaukee-area locations into a single location at 5211 S. 3rd Street on Milwaukee’s Far South Side. It also plans to add product-assembly and painting work at this location. The net result will be the addition of over 120 jobs with an average wage of \$12.00 per hour.
6. Bentley consolidation plans call for upgrading the facility at 5211 S. 3rd Street with conveyor systems, racking, additional overhead doors, a new paint booth and improvements to safety, electrical and air-handling systems.

Discussion

1. This resolution appropriates \$195,000 from the Development Fund parent account in the form of a \$195,000 forgivable loan to Bentley Work Packaging, Ltd., to fund upgrades to Bentley's facility at 5211 S. 3rd Street.
2. According to Bentley, total expenditures for building improvements at the consolidated facility will be about \$967,000. In addition, Bentley will spend another \$750,000 (approximately) for rent, labor and trucking expenses related to the consolidation.
3. The Term Sheet for the loan indicates an interest rate of 5% and a term of 4 years. The loan is forgivable if Bentley achieves specified employment goals: 94 jobs on 12/31/2011, 110 jobs on 12/31/12, 120 jobs on 12/31/2013 and 126 jobs on 12/31/2014.

Fiscal Impact

The current unallocated balance in DCD's Development Fund capital account is \$1,772,423. Adoption of this resolution will reduce the balance in this account by \$195,000.

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