

**LEGISLATIVE REFERENCE BUREAU FISCAL ANALYSIS**

**COMMUNITY & ECONOMIC DEVELOPMENT COMMITTEE  
DECEMBER 6, 2007  
Item 10, File #071062**

File Number 071062 is a resolution authorizing the transfer and expenditure of \$225,000 from the Development Fund to fund research, development and expanded manufacturing operations at C&D Technologies, Inc., 900 East Keefe Avenue.

**Background**

1. C&D Technologies, Inc., is a Pennsylvania-based manufacturer and marketer of electrical storage and power conversion products, including lead acid batteries used for back-up purposes by the telecommunications and cable television industries. C&D has 5 battery manufacturing plants in the United States, including one in Milwaukee at 900 East Keefe Avenue (the former Globe-Union facility). The Milwaukee facility currently employs 261 workers who earn an average of \$19 per hour.
2. C&D is planning to perform research and development of a new line of lithium-ion batteries at its Milwaukee facility and to begin manufacturing those batteries in Milwaukee once product development and testing are completed. This research, development and manufacturing activity will create approximately 150 new jobs in Milwaukee. These jobs will have an average annual wage between \$47,650 and \$56,400.
3. The Development Fund is a Department of City Development-administered capital account that provides financial assistance for development projects that do not qualify for tax incremental district designation. The Fund has been used to support façade-improvement grants and loans, brownfield cleanups, business improvement district activities, new home incentives and neighborhood street improvements.
4. The 2007 and 2008 Adopted Budgets provide \$2.2 million and \$1.8 million, respectively, for the Development Fund.

**Discussion**

1. This resolution approves the transfer of \$150,000 from the 2007 Development Fund parent account and \$75,000 from the 2008 Development Fund parent account (for a total of \$225,000) to a C&D Technologies, Inc., project account for the purpose of funding a \$225,000 forgivable loan to C&D to undertake its proposed research, development and manufacturing expansion project in Milwaukee.
2. This resolution further directs the proper City officials to enter into a cooperation agreement with the Milwaukee Economic Development Corporation for the purpose of making a loan to C&D in accordance with the terms and conditions set forth in Term Sheet which is attached to File Number 071062.
3. The Term Sheet for the proposed loan to C&D includes the following provisions:
  - Interest rate of 5.25%

- Term of 10 years
- Annual loan payments of principal (\$22,500 per year) and accrued interest
- Annual loan payments shall be forgiven each year that C&D meets or exceeds the job creation figures specified. Job creation shall be phased in, with 2 new jobs created in 2008, 70 new jobs created by 2012 and 150 jobs created by 2017, the last year of the loan.
- C&D will work with the Milwaukee Area Workforce Investment Board to coordinate recruitment and training strategies for the new job openings.

**Fiscal Impact**

The impact of this resolution will be a reduction of the balance in the Development Fund by \$225,000.

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