



**CITY OF SALEM, MASSACHUSETTS**

Dominick Pangallo  
Mayor

Office of the Mayor

August 24, 2023

Honorable Salem City Council  
Salem City Hall  
Salem, Massachusetts 01970

Ladies and Gentlemen of the City Council:

I am pleased to appoint Laurie Biel of 24 Celestial Way to the Beautification Committee for a three-year term to expire July 13, 2026.

Ms. Biel is a registered nurse currently working at Salem Hospital and has worked in the medical industry for thirty-five years. She previously worked as a clinical instructor for the Shawshen School of Practical Nursing in Billerica. Ms. Biel is eager to combine her passion for gardening and love for her community by serving on the committee to enhance Salem's greenspace.

I strongly recommend confirmation of Ms. Biel's appointment to the Committee. We are fortunate that she is willing to serve our community in this important role and lend her dedication to the Committee and its efforts to improve our city.

Sincerely,

Dominick Pangallo  
Mayor  
City of Salem



# CITY OF SALEM

In City Council, August 24<sup>th</sup>, 2023

## **Resolution to Authorize a Tax Increment Finance Agreement with Crowley Wind Services**

**WHEREAS**, Crowley Wind Terminal LLC (hereinafter “Crowley”) wishes to redevelop the property at 67 Derby Street, Salem, MA, (herein after “the Property”) known as Assessor’s Parcel 41-0339-0; and

**WHEREAS**, Crowley intends to redevelop the site for use as an offshore wind marshalling station to collect and store wind turbine components prior to loading them onto wind turbine installation vessels (herein after “the Project”); and

**WHEREAS**, upon completion, the Project will support the realization of regional, state, and federal renewable energy goals and will provide new employment opportunities for the greater Salem community; and

**WHEREAS**, the City of Salem (hereafter “City”) is willing to grant tax concessions in return for a guarantee of the realization of the Project;

**NOW, THEREFORE, BE IT RESOLVED** that the Salem City Council hereby

- Endorses the use of Tax Increment Financing as a tool to encourage economic development at the Property, and;
- Provides for a tax exemption at the Property for a period of twenty (20) years, beginning the first full fiscal tax year after Certificate of Occupancy is issued for the Project in accordance with the schedule below:

Year	Exemption %	Year	Exemption %	Year	Exemption %	Year	Exemption %
1	92.5	6	65.0	11	30.0	16	5.0
2	92.5	7	65.0	12	30.0	17	5.0
3	92.5	8	65.0	13	30.0	18	5.0
4	92.5	9	65.0	14	30.0	19	5.0
5	92.5	10	65.0	15	30.0	20	5.0

Said exemption being in accordance with M.G.L. Chapter 23A, Section 3E and Chapter 40, Section 59.

**BE IT FURTHER RESOLVED** that the Mayor is hereby authorized, on behalf of the City, to enter into a Tax Increment Financing Agreement, a copy of which is attached hereto, with Crowley.

**BE IT FURTHER RESOLVED** that the City of Salem is hereby authorized to submit an application to The Economic Assistance Coordinating Council (EACC) for approval of the Tax Increment Financing Agreement.



**CITY OF SALEM, MASSACHUSETTS**

Dominick Pangallo  
Mayor

Office of the Mayor

August 24, 2023

Salem City Council  
93 Washington Street  
Salem, MA 01970

Dear Councillors,

Enclosed please find a Resolution authorizing a Tax Increment Finance (TIF) agreement with Crowley Wind Services for the development of the Salem Offshore Wind Terminal on the vacant 42-acres adjacent to the Salem Harbor Power Station. This site is initially expected to be able to support up to 6.1 GW of offshore electricity generation, or approximately 61% of the Commonwealth's goal by 2035 and one-fifth of the nation's goal by 2030, powering more than 3.5 million homes and businesses, with an estimated carbon emissions reduction equivalent to removing 2,300,000 vehicles from our roadways.

We face a unique opportunity to transform this site from one where coal was piled and burned, to a transitional natural gas plant, and now to a critical part of the development of a clean energy future. This summer our planet experienced the hottest day, the hottest June, and the hottest July ever. Warming and rising oceans, raging wildfires, and torrential storms battered our planet, our continent, and our Commonwealth. This project, alone, will not halt this, nor reverse it. But without this project and many others like it, no progress will be possible. This is our small part to play for large change. The cost of action is leasing property we have never owned, we are receiving for free, and which will be maintained by a third party at their expense. The cost of inaction is the continuation, even worsening, of the cascading impacts of the climate crisis.

A critical part of advancing this project is in the financing of both the construction of the facility and the subsequent ongoing operation. Public investments from the federal government total \$33.8 million, with another \$20.0 million in federal grants being pursued currently. The Massachusetts Clean Energy Center (CEC), a state entity, has provided \$75 million. On the local level, the port developer is seeking a TIF agreement to provide a predictable and ongoing level of support to meet projected costs they anticipate incurring.

TIF agreements temporarily reduce taxes on the improvement to a property resulting from new investment. The City will always collect at least the tax amount due from the pre-investment property value of the site (for FY2025 projected to be an estimated \$757,000 base tax amount on an assessed value of \$30 million, pre-construction).

The term of the TIF is 20 years, with most of the tax relief (97.4%) occurring in the first 15 years. Over the course of the 20-year agreement a total of 42% of the total taxes due will be exempted, on a declining scale, with the steepest exemptions earliest in the term. This is typical of TIF agreements, to provide the

greatest subsidy early in the project when costs are most significant. Thanks to the diligence of the City's negotiating team, which has included primarily our Finance Director Anna Freedman and Director of Planning and Community Development Tom Daniel, supported by Assessor Stephen Cortes, we successfully negotiated the requested exemption amount down by more than half, from the initial request for 90% exemption over the 20 years. For the duration of the agreement, the total amount of taxes paid would be approximately \$72,783,125 and the total amount of taxes exempted would be \$53,466,875.

This nearly \$53.5 million exempt amount reflects a local investment, in a sense, in the success of this port and in the future of offshore wind generally. In return for this subsidy, the City receives additional benefits beyond our advancing a clean energy future. First, through this project we will leverage private funding, through the CEC/Crowley lease, to invest in the upgrading and maintenance of a City asset: the five acres and deep-water berth that encompass subdivided Lot 2-B of the parcel, and which is being conveyed to the City for \$1.

Furthermore, in addition to the nearly \$72.8 million in new taxes this project will secure for our community, the TIF agreement provides for commitments related to jobs at the port, totaling approximately 100 during the construction phase and an estimated 150-200 in all during the operational phase. Many of these jobs are committed to be union positions, through a Project Labor Agreement being separately negotiated by organized labor representatives with Crowley. The TIF agreement, as well as obligations from the state, further require that these jobs be prioritized for workers from typically marginalized populations, including environmental justice communities, formerly unhoused persons, formerly incarcerated persons, people living with disabilities, veterans, and others. Lastly, the TIF includes language obligating both parties to meet for formal check-ins in years nine and 14 of the agreement; while any changes must be agreed upon by both Crowley and the City (through the City Council and the Mayor at the time), we believed that memorializing this commitment in the agreement itself was important.

One of the benchmarks we set in determining a TIF amount – in addition to meeting the financing needs for the project to be able to advance at all, was being mindful of how what the City will collect from this site and the Salem Harbor Power Station site combined compares to property taxes collected from the old coal plant. The average annual tax delivered by Dominion's coal and oil-fueled power plant in its final decade of active operation was \$5.44 million and, at its modern peak, the old plant provided \$8.7 million in property taxes. In year one of this agreement, the equivalent acreage – now consisting of the natural gas-powered Salem Harbor Power Station and the Salem Offshore Wind Terminal – will generate a total of around \$7.1 million to the City in property taxes, exceeding the \$5.44 million benchmark. By year six, in FY2032, it will surpass the \$8.7 million benchmark. All property taxes from that point forward will be the most ever generated for our City from the deep water port, lessening the impact to existing property taxpayers by substantially expanding our commercial tax base.

For construction of the terminal to commence, this agreement is necessary and, as the next meeting of the EACC is September 21, 2023, we are requesting a vote on this matter at your meeting of September 14, 2023. I recommend adoption of the Resolution and invite you to contact the Director of Planning and Community Development, Tom Daniel, Finance Director Anna Freedman, and myself should you have any questions regarding this matter.

Sincerely,



Dominick Pangallo  
Mayor  
City of Salem



DOMINICK PANGALLO  
MAYOR

TOM DANIEL, AICP  
DIRECTOR

# CITY OF SALEM, MASSACHUSETTS

## DEPARTMENT OF PLANNING AND COMMUNITY DEVELOPMENT

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98 WASHINGTON STREET ♦ SALEM, MASSACHUSETTS 01970  
TELE: 978-619-5685

### MEMORANDUM

TO: Mayor Dominick Pangallo

FROM: Tom Daniel *Tom Daniel*

DATE: August 18, 2023

RE: Salem's Offshore Wind Marshalling Port: Real Estate and Tax Increment Financing Actions

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We often remark on Salem's vibrant history tied to the sea. Less often discussed is Salem's history of providing resources and critical infrastructure for the region. Salem has served as the seat of the former Essex County administration, it is the judicial center for the region, and it is home to the largest hospital, university, and cultural institution north of Boston. In addition, Salem serves as the host of the regional sewer district, a natural gas pipeline and storage tank, electric power substations, and a major electricity power plant.

The Salem Wind Port development constitutes another regional asset that brings together Salem's history that is so tied to the sea along with its role as a hub of critical infrastructure. Furthermore, the Wind Port demonstrates Salem's innovation and creativity, its forward-facing ethos, and its role as a small yet globally impactful community.

For many years, there has been a transformational vision for the old Dominion coal-fired power plant site. Changing one of the dirtiest power plants in the country into what is currently a gas-fired power plant was a significant first step. Today's Wind Port project is a tremendous leap forward with Salem providing a critical role in the emerging offshore wind industry.

Two-and-a-half years ago, the idea of Salem playing a role in offshore wind was a pipedream. Through the Biden Administration's focus on renewable energy—and offshore wind specifically—as a key strategy to address climate change, the possibility of Salem being involved in the offshore wind industry became real. The Biden Administration has established the goal of 30 gigawatts (GW) by 2030. The Commonwealth's own offshore wind goal is 10 GW by 2035. Suddenly, Salem became an essential part of the country's and Commonwealth's goals and offshore wind industry's needs.

It is important to note this is a new industry in the United States. The infrastructure, knowledge, and skills to develop and operate commercial grade offshore wind facilities is being created in real time. We

are fortunate in Salem (and in the Commonwealth) to have the first in the nation installation already happening from the Port of New Bedford. We are able to learn from their experiences from the leading edge.

As an emerging industry, there is significant risk and also opportunity for the private sector. Because of the critical public goals that are being pursued and the nascent industry risk, there is a significant role the public sector is playing at the federal, state, and local level in terms of regulation and financial assistance.

Salem is well-positioned to participate in the offshore wind industry due to the location and features of Salem's seaport. The port has no overhead restrictions, such as bridges or power lines, or water-based restrictions, such as hurricane barriers or breakwaters; it is located on a federal channel with sufficient depth and width, the site is flat, and the city and region have talent and businesses to support the industry. In addition, Salem has a good location for initial offshore wind lease areas south of Martha's Vineyard, and a superior location for future lease areas in the Gulf of Maine.

The nexus of factors contributing to Salem as an ideal location for offshore wind related business are engendering a transformation in Salem's seaport. Salem will follow New Bedford as the Commonwealth of Massachusetts' second construction staging port (i.e., a marshalling station) for offshore wind development. Through a public-private partnership with Crowley Wind Services (Crowley), the City, and the Massachusetts Clean Energy Council (CEC), the property at 67 Derby Street will be redeveloped to facilitate staging and assembly of offshore wind turbine generator components prior to their transport and installation at offshore wind lease areas.

## **I. Project Overview**

The subject property is a 42.3-acre area consisting of uplands and waterfront with mostly naturally maintaining deep water. The area is located within the Salem Harbor Designated Port Area and is bordered by Derby Street and Fort Avenue to the northwest, Blaney Street and the ferry terminal to the southwest, Salem Harbor to the southeast, the South Essex Sewerage District facilities to the north, and is partially bisected by the Salem Harbor Power Station. Salem's seaport benefits from having no air draft restrictions, providing a significant competitive advantage as one of only a few unrestricted ports on the East Coast.

Generally, the proposed project includes two laydown areas. Laydown Yard A would abut Blaney Street and the Salem Ferry Terminal. This area is proposed for storage of blades and tower sections, and it would serve as the pre-assembly and loadout area for the wind turbines. Laydown Yard B would be adjacent to the Salem Harbor Power Station and South Essex Sewerage District. This area is intended to house nacelles (i.e., housing for generator components, gearbox, drive train, brake assembly). The project provides for onsite parking at the northwestern extent of the property. In addition to the upland improvements, the proposed project will improve waterside infrastructure including a loadout wharf, a delivery pier, and a trestle connecting the delivery pier to the uplands.

The development team is targeting this month (August 2023), for the 100% design drawings and has already begun the local permitting processes with the Conservation Commission and the Planning Board. Additionally, the development team continues to pursue state and federal permits required to begin

construction activities and ultimately activate the site. Concurrently, members of the public private partnership are working towards completion of real estate and TIF deals that are discussed more in this memo and are expected to be completed in fall 2023. These efforts will be followed by negotiation of a Community Benefits Agreement and a Wharfing Rights Agreement. Currently, the intent is to complete administrative tasks and for construction to begin later in 2023 with completion in time for the seaport to become operational in 2026.

Based on already-approved offshore wind developments, it is anticipated that this marshalling hub will initially support up to 6.1 GW of offshore electricity generation, or approximately 61% of the Commonwealth's goal by 2035. In addition to approximately 100 construction jobs, the project will result in 150-200 jobs in Salem during operations. Additionally, the proposed construction would substantially improve the site and provide newly renovated upland cargo and waterside facilities. The perimeter of the site will feature new landscaping and additional features that will benefit the public.

## **II. Real Estate Transactions**

Crowley purchased the 42-acre site from Footprint Power in 2022 for \$30M with the intent to construct the offshore wind marshalling port. As the company worked through project logistics and financing, Crowley, the CEC, and the City determined that the real estate ownership needed to be restructured to facilitate the overall project. Rather than Crowley being the owner and developer of the property, the CEC and the City would own the land with lease agreements to Crowley to construct and operate the port.

In December 2022, the City, Crowley, and CEC executed a Memorandum of Understanding (MOU). The MOU put forth the series of real estate transactions, allowed uses, required improvements, and key lease terms that all parties agreed to as described below.

Crowley, as the current owner of the 42-acre property, will first subdivide the acreage via a Subdivision Approval Not Required (ANR) plan into an approximately 37-acre upland parcel (Parcel 2-A) and a 5-acre parcel to include the land along the harbor and the deep-water berth (Parcel 2-B). Once subdivided, the two parcels will then be conveyed to the CEC.

Upon conveyance to the CEC, the CEC will convey Parcel 2-B (the berth and adjacent five acres) to the City. The City's rights to owning the deep-water berth and five acres go back to the 2014 Community Benefits Agreement between the City and Footprint. The City will be the owner of this valuable waterfront parcel that will benefit from Crowley's required improvements and ongoing maintenance—including dredging—which will allow for continued public use and access.

The City will then lease its land, Parcel 2-B, to the CEC. As is typical in real estate structures with public entities, the lease is 99 years at \$1.00 per year. The CEC, in turn, will sublease Parcel 2-B to Crowley. The CEC will also lease its 37-acre parcel (Parcel 2-A) to Crowley. The CEC lease to Crowley for both parcels is for 25 years and has a varied lease rate. Revenue the CEC collects will be prioritized for reinvestment in Salem's port infrastructure. Crowley will be responsible for building, operating, and maintaining the marshalling point. As the term expiration approaches, CEC will engage with the City and will assess the potential for a term extension, other operating model, or potential competitive solicitation.



Other key terms include:

- a. Use limitation to offshore wind purposes.
- b. Termination of the lease if Lot 2-B no longer be used for offshore wind purposes.
- c. Maintaining public access to the waterfront, which includes, but is not limited to, providing pedestrian access to Blaney Street and the Salem Ferry terminal and allowing the docking of cruise ships and other maritime vessels so long as said dockings do not conflict with offshore wind activities.
- d. Facilitating offshore wind activities occurring on Lot 2-A.
- e. Right of first refusal for the city to purchase Lot 2-A if the CEC seeks to sell it.
- f. Right to acquire a use restriction on Lot 2-A if the CEC seeks to sell it.
- g. Maintaining the property and improvements thereon in good condition during the term of the lease.
- h. Coordination and collaboration between the City and the CEC in the development of a new ferry terminal building and other port improvements.

It is important to note that the intent had been for the Salem Port Authority to own the berth and five acres. Legislation was needed to enable this to happen. Legislation was included in the 2022 economic development bill; however, the Legislature did not approve the bill. The Healey-Driscoll Administration included the necessary legislation in a supplemental budget bill earlier in 2023. It had been anticipated that the legislation would be approved by June 30, 2023, but it was not. There is urgency for the real estate transactions to be completed in order for Crowley to commence construction. Since the legislation has not advanced, it is necessary to shift from the Port Authority to the City of Salem as the owner of Parcel 2-B. In addition, certain actions are needed by the City Council to comply with 30B requirements of an intergovernmental transfer of real estate.

Attached for your consideration is a draft Council Order that describes the necessary real estate transactions. The Order:

1. Allows for City acceptance of the 5-acre parcel from the CEC, and
2. Immediately declares the 5-acre parcel, including the deep-water berth, as surplus for the purpose of leasing it to the CEC for offshore wind purposes, and
3. Authorizes the Mayor to negotiate and execute a lease with the CEC in accordance with agreed-upon terms and conditions of the December 2022 MOU.

### **III. The Tax Increment Finance Deal**

Crowley's private investment and financing, coupled with state and federal grants and other resources, are funding the construction of the facility. Additional investment is needed to support the operation of the port to ensure its success. The City can offer this long-term support via a Tax Increment Financing (TIF) agreement which, for a fixed period, will reduce the tax levy on the property. This will allow more private resources to be used in ongoing operations, maintenance, and property improvements to ensure the port remains a first-class facility that continues to attract offshore wind developers and serve the Salem community with approximately 150-200 jobs on site.

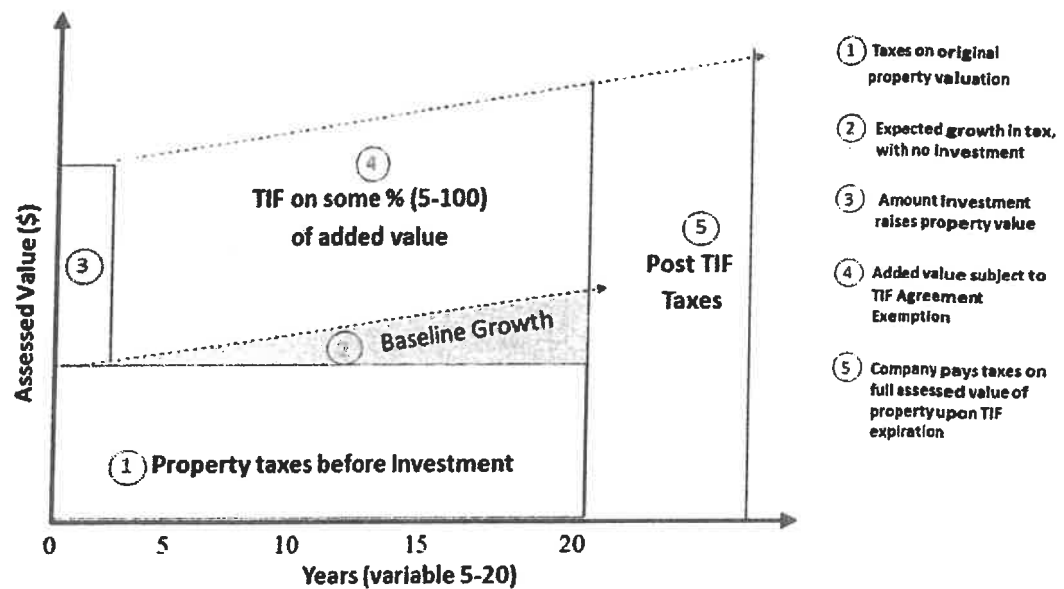
#### **A. TIF – An Economic Development Tool**

Pursuant to M.G.L., Chapter 40, Section 59, the City is permitted to adopt and execute a TIF agreement. A TIF allows for local taxing bodies to make a joint investment in the development or

redevelopment of a parcel or area, with the intent that any short-term gains be reinvested and leveraged so that all parties will receive larger financial gains in the future.

One important feature of these agreements is that they temporarily reduce taxes on the improvement to the property resulting from new investment (i.e., the "increment"). The City does not lose existing revenue because it continues to collect taxes on the pre-investment property value. A negotiated and temporary reduction in taxes collected against the increment is intended to encourage investment that may not otherwise occur. After the reduction period, the City gains all taxes against the baseline value and all taxes gained against the increment. An owner of a property that benefits from a TIF continues to pay taxes on the original base value of the property throughout the term of the TIF. If the City increases the tax rates while the TIF is in place, the owner is obligated to pay the increased rate on the base value – see image below, courtesy of the Massachusetts Office of Business Development.

## TIF FINANCING MECHANICS



### B. Massachusetts Office of Business Development

Pursuant to M.G.L., Chapter 23A, Section 3B, the Massachusetts Office of Business Development (MOBD) through its Economic Assistance Coordinating Council (EACC) is the entity that is charged with overseeing the Economic Development Incentive Program (EDIP) and reviewing TIF proposals. EDIP is for commercial properties and is tied to job creation and investment. TIF agreements often include a requirement that the business create a specific number of jobs and that it invests a specific amount of money into the property.

The EACC meets quarterly and is comprised of 15 voting members that include public officials and appointees by the governor. The EACC must approve the TIF agreement via a majority vote before the proposed term of the TIF begins.

**C. Offshore Wind Marshalling Port TIF**

The attached draft TIF Agreement (i.e., the 'Agreement') is the culmination of months of discussions and negotiations among City staff, the Mayor's Office, and the Crowley team. The Agreement represents the thoughtful consideration of the project's financial complexities.

**1. The Current Property**

The 42± acre unimproved property was once part of a larger parcel where the current gas-fired power plant now sits. A 2014 subdivision led to the creation of this lot, which features a predominantly vacant area with some outbuildings. The property has direct access to the waterfront. Crowley purchased the property in late 2022 for \$30M. The assessed value in FY22 was \$3.6M. With the sale, the assessed value has increased and will eventually reflect the market price of \$30M. See table below for the recent changes in value and taxes paid/due.

<b>FY</b>	<b>Assessed Value*</b>	<b>Taxes*</b>
2022	\$3.6 M	\$95,068
2023	\$9.35 M	\$236,206
2024	25.0 M	\$631,250
2025	\$30.0 M	\$757,700

\*Estimated for future years and using FY23 tax rate.

Although the 37-acre parcel and 5-acre parcel will be owned by public entities (CEC and the City, respectively), because Crowley is a private entity using the property for commercial purposes, they are subject to real estate taxes to the same extent as if they owned the property.

**2. Project Financing**

The \$250-\$290 million project will be financed through a combination of public and private sources. Public investment includes a \$75M grant from the CEC and approximately \$33.8M in federal grants. The Crowley team, with CEC, has applied for another \$20.0M in federal grants, and Crowley continues to pursue additional state and federal grant opportunities to supplement the existing public investment and the private investment the company is putting into the project.

**3. Project Benefits**

The Crowley team is seeking a 20-year TIF with proposed check-in points in years 9 and 14 as shown in Table 1, below. The public benefits include:

- **Property Tax Generation:** The TIF does not provide relief on all taxes assessed to a property. A property owner will always pay the base assessed value (i.e., the assessed value at the start of the construction project) plus a percentage of the increase in tax valuation between project completion and the current assessment. The TIF does not begin until the project is complete, and the port is functional. The City has received, and will continue to receive, tax revenue from this property and will expand its commercial tax revenue base throughout the duration of the TIF.

Growing the commercial tax revenue base will positively supplement the residential tax base and grow the local economy.

- **Ownership of Waterfront Parcel and Deep-Water Berth:** The CEC is conveying ownership of the 5-acre waterfront parcel and the adjacent deep-water berth to the City. This is a valuable asset that will benefit further from Crowley's significant improvements and scheduled maintenance plans, which include dredging activities to keep the channel navigable for offshore wind and large passenger vessels. Additionally, this land will benefit from continued CEC investment realized from its lease revenues. The City will continue to retain access and use of the waterfront for its own maritime enterprises and for up to six large passenger vessels at the deep-water berth.
- **Job Opportunities:** With this industry comes job opportunities associated with the construction of the port (approximately 100 jobs during the construction phase), with operation and maintenance of the marshalling station (approximately 150-200 jobs), and even with turbine installation and maintenance in the lease areas. Many of these jobs will likely be union-based. There will be job opportunities that are 'industry-adjacent' that the City continues to work with its partners to identify. These supply chain businesses will contribute to this industry whether in manufacturing (e.g., tier 2 and 3 components) or services (e.g., research, mapping, legal, planning, permitting, transportation).
- **Collaboration and Coalition-Building:** This is a unique project with a tri-partnership between the City (local entity), the CEC (a quasi-public entity), and Crowley (private entity). In addition, the marshalling port is bringing together local and regional organizations to collaborate on workforce efforts with a strong focus on opportunities for members of environmental justice communities. It is anticipated the coalition will continue to grow and engage more regional organizations and businesses.
- **Reputational Value and Impact:** The value to Salem as a leader in this nascent industry is difficult to quantify, though there is a positive impact to the City's reputation as a leading community in the Commonwealth's energy and environmental efforts that will be furthered through this project. The recent docking of the *Sea Installer* demonstrates the port's unique attributes. The port in Salem is already being discussed, highlighted, and looked to in the global offshore wind industry due to its long-term viability based on the deep-water berth and lack of overhead and water-based restrictions. Not only will this port serve the lease areas south of Martha's Vineyard, but it is positioned to be a primary, if not the primary, port to serve future lease areas in the Gulf of Maine. The anticipated long-term life of the port will likely continue to attract businesses that are part of the offshore wind supply chain to Salem and the region, strengthening the city's economic base through diversification for years to come.
- **Consistency with Designated Port Area (DPA) Requirements:** The use of this

property as a marshalling facility for offshore wind development is consistent with the use requirements of the DPA. A marshalling facility is also an arguably more desirable use of the property than other allowed uses under the DPA. Most of the activity at the port will be waterfront dependent, rather than vehicular travel through the adjacent neighborhoods.

- Helping the Planet: While the details about real estate transactions and TIF terms are essential to understand, it is important not to lose sight of the bigger picture. The statement “Think globally, act locally” sums up what this project is about. Salem has the ability to support something that affects not just our residents and economy, but the well-being of life on our planet, and contributes significantly to our shared efforts to address the climate crisis.

#### 4. TIF Structure

The City uses TIFs to support new development or redevelopment by freeing up private capital during the TIF term to help offset costs associated with construction or renovation of a facility and the operation of a business. In many cases, the business also benefits from tax credits from the Commonwealth. Crowley, however, is receiving other state grant support.

The proposed TIF with Crowley is consistent with how the City has traditionally used TIFs to financially support a project. The City has typically provided TIF terms of five to ten years. The proposed TIF with Crowley is for 20 years. The longer term is appropriate because offshore wind is a nascent industry with more uncertainty than businesses the City has worked with in the past. The uncertainty stems from concerns about federal, state, and local permitting timelines, supply chains, and ever-changing technology, regulations, and other advancements, all of which can have significant financial impacts.

Crowley generates revenue from leases with offshore wind developers such as Avangrid, Equinor, and Ørsted. As these organizations face challenges in securing lease areas, permitting, and financing—as well as industry bottlenecks relative to ports and vessels—there may be times when wind installations are not occurring. At those times, Crowley will not be collecting lease revenue, the company’s sole source of revenue from the site.

The proposed TIF schedule, as presented in Table 1 below, reflects both the need to provide relief at the onset of the project and to provide relief to a lesser degree over the course of the TIF term for the reasons outlined above. The proposal includes check-in points at years 9 and 14 – as noted by the yellow highlighting in the table. These check-ins will provide an opportunity for the City and Crowley to discuss the port’s performance at mutually agreed upon points in time, and the possibility of adjustments to the TIF schedule to the benefit of either party, that such performance may warrant. Any such future adjustment to the TIF schedule would need to be acceptable to both the City and Crowley and would require approval by the City Council and Mayor at that time.

**Table 1: TIF Schedule**

Year	Exemption	Incremental Assessed Value	Exempted Property Taxes	Estimated Property Taxes on increment value balance	Estimated Base Tax Bill	Total Annual Taxes Paid
1	92.5%	\$220,000,000	\$5,138,375	\$416,625	\$757,500	\$1,174,125
2	92.5%	\$220,000,000	\$5,138,375	\$416,625	\$757,500	\$1,174,125
3	92.5%	\$220,000,000	\$5,138,375	\$416,625	\$757,500	\$1,174,125
4	92.5%	\$220,000,000	\$5,138,375	\$416,625	\$757,500	\$1,174,125
5	92.5%	\$220,000,000	\$5,138,375	\$416,625	\$757,500	\$1,174,125
6	65.0%	\$220,000,000	\$3,610,750	\$1,944,250	\$757,500	\$2,701,750
7	65.0%	\$220,000,000	\$3,610,750	\$1,944,250	\$757,500	\$2,701,750
8	65.0%	\$220,000,000	\$3,610,750	\$1,944,250	\$757,500	\$2,701,750
9	65.0%	\$220,000,000	\$3,610,750	\$1,944,250	\$757,500	\$2,701,750
10	65.0%	\$220,000,000	\$3,610,750	\$1,944,250	\$757,500	\$2,701,750
11	30.0%	\$220,000,000	\$1,666,500	\$3,888,500	\$757,500	\$4,646,000
12	30.0%	\$220,000,000	\$1,666,500	\$3,888,500	\$757,500	\$4,646,000
13	30.0%	\$220,000,000	\$1,666,500	\$3,888,500	\$757,500	\$4,646,000
14	30.0%	\$220,000,000	\$1,666,500	\$3,888,500	\$757,500	\$4,646,000
15	30.0%	\$220,000,000	\$1,666,500	\$3,888,500	\$757,500	\$4,646,000
16	5.0%	\$220,000,000	\$277,750	\$5,277,250	\$757,500	\$6,034,750
17	5.0%	\$220,000,000	\$277,750	\$5,277,250	\$757,500	\$6,034,750
18	5.0%	\$220,000,000	\$277,750	\$5,277,250	\$757,500	\$6,034,750
19	5.0%	\$220,000,000	\$277,750	\$5,277,250	\$757,500	\$6,034,750
20	5.0%	\$220,000,000	\$277,750	\$5,277,250	\$757,500	\$6,034,750
		<b>Total</b>	<b>\$53,466,875</b>	<b>\$57,633,125</b>	<b>\$15,150,000</b>	<b>\$72,783,125</b>

Percent of Total Taxes Exempted	42%
Percent of Total Taxes Paid	58%

**Assumptions**

Commercial tax rate is \$25.25.

Base value of property is \$30M.

Post project value of property is \$250M.

Size of increment is \$220M.

**5. TIF Timing**

City staff has been in communication with MOBD for some time in anticipation of this proposal, and the City is targeting the September 21, 2023 EACC meeting for a vote from that body on the Agreement. In order to seek the EACC's approval of the TIF Agreement, the City Council must complete its process and vote to support the TIF Agreement at its meeting of September 14, 2023.

Please note the attached TIF Agreement is the draft submitted to MOBD on August 4, 2023. MOBD's legal counsel reviews all TIF agreements to ensure they are statutorily

sound. At the time of the submission of this memo, MOBD's counsel had not completed the review. We will provide a final version of the Agreement in time for the City Council committee's discussion. If MOBD's counsel rejects any provisions the City and Crowley have agreed to, such as the check-ins at year 9 and 14, the provisions will be included in a separate agreement. Please also note the TIF schedule in the draft Agreement is blank. It will be updated with the schedule above in Table 1.

Attached please find a recommendation to declare Lot 2-B property surplus from the Acting Building Inspector and me. I have also included Council measures relating to the real estate transactions and the draft TIF Agreement, which we have prepared in anticipation of a filing for the City Council's special meeting on August 24, 2023. We have advised Crowley to anticipate attending a future City Council committee meeting in late August or early September to discuss the project and these specific matters, in the expectation that the City Council can take final votes on them at their meeting of September 14, 2023 to meet deadline for the September 21, 2023 EACC meeting and keep this project on schedule.

Please let me know if you have any questions.

TAX INCREMENT FINANCING AGREEMENT  
(Alternatively, the "Agreement")  
BETWEEN

THE CITY OF SALEM  
(Alternatively, the "City")

AND

SALEM WIND TERMINAL LLC  
(Alternatively, the "Company")

This agreement is made as of this \_\_\_\_ day of \_\_\_\_\_, 2023 by and between the City and the Company.

WHEREAS the Company is a Delaware corporation having its principal office at 9487 Regency Square Boulevard, Jacksonville, Florida and is authorized to do business in Massachusetts; and

WHEREAS the City is a Massachusetts municipal corporation acting through its Mayor and City Council, having its principal office at 93 Washington Street, Salem, Massachusetts 01970; and

WHEREAS the Company has purchased the 42± acre property at 67 Derby Street, Salem, MA 01970 (herein after referred to as "the Property", which Property is shown on the map attached to this agreement as Exhibit A; and

WHEREAS the Company will subdivide the Property into two lots as shown on the plan attached to this agreement as Exhibit B, with Lot 2-A consisting of 37± acres and Lot 2-B consisting of 5± acres and the deep-water berth. In accordance with executed Memoranda of Agreement between the Company, the City, and the Massachusetts Clean Energy Center (herein after "the CEC"), the Company shall convey both Lot 2-A and Lot 2-B to the CEC. The CEC shall subsequently convey Lot 2-B to the City; and

WHEREAS upon conveyance of Lot 2-B to the City, the City and the CEC shall enter into a lease agreement in accordance with the executed Memorandum of Agreement for the lot; and

WHEREAS the CEC and the Company shall then enter into a lease agreement for Lots 2-A and 2-B with the Company to redevelop the Property into an offshore wind marshalling station to collect and store wind turbine components (herein after "the Project"); and

WHEREAS the Project investment at the Property is an estimated \$250-290 million; and

WHEREAS the Company plans to indirectly create approximately 100 jobs during the construction phase of the Project and estimates approximately 150-200 indirect full-time jobs upon Project completion; and

WHEREAS the Company will operate the Project for a period of 25-years, and in accordance with M.G.L. Chapter 59, §2B the company is obligated to pay property taxes to the City; and

WHEREAS the Company plans to maintain the infrastructure and the berth via regularly scheduled and budgeted maintenance activities, including dredging of the channel, to ensure that not only offshore wind vessels can safely and efficiently access the port, but also other maritime vessels which require up to the same water draft requirements as vessels customarily used in offshore wind park development and maintenance, including leisure passenger ships; and



WHEREAS upon completion, the Project will support the realization of regional, state, and federal renewable energy goals and will provide new employment opportunities for the greater Salem community; and

WHEREAS the City welcomes the offshore wind industry and strongly supports increased economic development to provide additional jobs, expand business opportunities within Salem and the North Shore region, and to develop a healthy economy with a stronger tax base; and

WHEREAS, on \_\_\_\_\_, 2023, the Salem City Council voted to recommend approval of this Agreement.

NOW THEREFORE, in consideration of the mutual promises of the parties contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

**A. THE CITY'S OBLIGATIONS**

1. A Tax Increment Financing ("TIF") exemption (the "Exemption") is hereby granted to the Company by the City in accordance with Massachusetts General Laws Chapter 23A, Section 3A to 3F; Chapter 40, section 59; and Chapter 59, Section 5, Clause 51, and the applicable regulations thereunder. The Exemption for real estate taxes shall be for a period of twenty (20) years (the "Exemption Term"), commencing in the fiscal year for which the City has increased the assessed value at the Property to the full assessed value of the Project at the Property (the first day of such fiscal year in which said full assess valuation occurs is hereinafter referred to as the "State Date", which date shall be no earlier than the first day of the fiscal year following the date a certificate of occupancy has been issued to allow the Company to use the Project); and shall provide an exemption from real estate taxation of the new incremental value of the property resulting from the Project, as determined by the City assessor, as follows:

<b>Year</b>	<b>Exemption %</b>	<b>Year</b>	<b>Exemption %</b>	<b>Year</b>	<b>Exemption %</b>	<b>Year</b>	<b>Exemption %</b>
<b>1</b>		<b>6</b>		<b>11</b>		<b>16</b>	
<b>2</b>		<b>7</b>		<b>12</b>		<b>17</b>	
<b>3</b>		<b>8</b>		<b>13</b>		<b>18</b>	
<b>4</b>		<b>9</b>		<b>14</b>		<b>19</b>	
<b>5</b>		<b>10</b>		<b>15</b>		<b>20</b>	

2. The anticipated base assessed valuation of the Property, pursuant to this Agreement shall be \$30 million.
3. The base assessed valuation shall be adjusted annually by an adjustment factor which reflects changes in commercial and industrial property values within the community, as provided in Massachusetts General laws Chapter 40, Section 59.
4. The increased value or "increment" created by improvements to the Property will be the amount eligible for exemption from taxation, in accordance with the Exemption applicable to each year in the schedule in Section A.1, hereof.
5. The City, via its Mayor and/or his/her/their designee shall meet with representatives of the Company within the first quarter of Years 9 and 14 of the TIF Exemption to discuss the Property and the Project's performance. Any material changes to the Project's performance will be considered in terms of adjustments to the Exemption schedule presented in Section A.1 and are subject to mutual agreement.

**B. THE COMPANY'S OBLIGATIONS**

1. The Company shall redevelop the site to support an offshore wind marshalling port consistent with submitted plans and the Company's agreement with the MassCEC.
2. The Project investment at the Property shall be an estimated \$250-290 million.
3. The Company shall maintain the infrastructure improvements in such condition so that the port may continue operations supporting the offshore wind industry throughout the duration of the TIF.
4. The Company shall create approximately 8 direct full-time jobs upon Project completion. In addition, the Company expects an additional 150-200 jobs to be created either by the Company, its tenants, or operators in the terminal during operating phases, but makes no representation or guarantee of these levels as they may not be controlled by the Company. The Company shall undertake best efforts to target new hires from demographics that traditionally have difficulty finding employment, including but not limited to veterans, persons with disabilities, members of environmental justice communities, persons suffering homelessness or formerly incarcerated people.
5. The Company shall submit an annual report pursuant to Massachusetts General Laws Chapter 23A, Section 3F to the Massachusetts Economic Assistance Coordinating Council ("EACC") through the Commonwealth's online portal for each year of the application designation. The annual report shall include the number of jobs retained and created by the Company, and the value of the Property capital investments and other related items with respect to the Property annually and on a cumulative basis. The Company shall also submit a report as required by Massachusetts General Laws Chapter 40, Section 59(viii) to the City and the EACC.
6. The Company, via its designees shall meet with representatives of the City within the first quarter of Years 9 and 14 of the TIF Exemption to discuss the Property and the Project's performance. Any material changes to the Project's performance will be considered in terms of adjustments to the Exemption schedule presented in Section A.1 and are subject to mutual agreement.
7. If the Company fails to meet the obligations specified in Section B.1 through B.6 above, the City, acting by and through its Mayor and City Council, may take action to notify the EACC and/or request the EACC to revoke approval of this Agreement. Upon the EACC revocation of its approval of this Agreement, the City shall discontinue the Tax Increment Financing benefits provided to the Company commencing with the first fiscal year in which the Project is decertified, or if such benefits have already been received by the Company for the fiscal year in which the Project has been decertified, commencing as of the fiscal year immediately following that fiscal year.
8. Prior to taking any action to request revocation of this Agreement by the EACC pursuant to Paragraph B.7, the City shall give written notice of the alleged material default to the Company and provide the Company an opportunity to meet with Salem officials having the relevant authority under this Agreement to discuss a remedy for the alleged default. The Company shall have sixty (60) days from the receipt of such written notice to respond to the City regarding any alleged default and one hundred twenty (120) days from the receipt of such written notice to remedy such alleged default, or, with respect to alleged defaults which by mutual agreement of the Parties cannot be remedied within such one-hundred-twenty (120) day period, within such additional period of time as is required to reasonably remedy such alleged default, provided the Company exercises due diligence in the remedying of such alleged default.
9. If the Company plans to move from the Property during the Exemption Term, the Company shall give the City thirty (30) days advance written notice, to the attention of its Mayor and City Council.

### **C. OTHER CONSIDERATIONS**

1. Pursuant to Massachusetts General Laws Chapter 40, Section 59 (v), this Agreement shall be binding upon the Company, its successors and assigns and subsequent owners of the Property.
2. The matters described above as obligations of the Company are only conditions to the eligibility for tax exemptions under this Agreement and do not create any other enforceable obligation or covenants of the Company. The City's sole remedy for failure by the Company to satisfy any of its respective obligations and conditions are set forth in Paragraphs B.7 and B.8 of this Agreement.
3. This Agreement is subject to Massachusetts General Laws Chapter 23A, Section 3A to 3F, Chapter 40, Section 59, and Chapter 59, Section 5, Clause 51, and the applicable regulations thereunder.
4. Should any provision of this Agreement be declared or determined by a court of competent jurisdiction to be illegal or invalid, the validity of the remaining parts, terms, and provisions shall not be affected thereby and said illegal or invalid part, term, or provision shall be deemed not to be a part of the Agreement.
5. The time within which the Company shall be required to perform any of the respective acts or obligations under the Agreement shall be extended to the extent that the performance of such acts or obligations shall be delayed by a Force Majeure Event and only for so long as said Force Majeure Event has continued. A Force Majeure Event means any supervening events or occurrences, such as acts of God, earthquakes, named storm, fire, acts of terrorism, pandemic, war, labor disputes, delays or restrictions by government bodies, supply chain disruption or other causes that are beyond the reasonable control of the Company.
6. This Agreement is subject for approval by the EACC pursuant to Section 3E of Chapter 23A and the applicable regulations thereunder and this Agreement cannot be modified unless approved by the EACC.
7. Each person executing this Agreement represents and warrants that he, she, or they have been duly authorized to execute and deliver this Agreement by the entity for which he, she, or they are signing, and this Agreement is the valid and binding agreement of such entity, enforceable in accordance with its terms.
8. This Agreement may be executed in separate counterparts, each of which when so executed shall be an original; but all of such counterparts shall together constitute but one and the same instrument.

**Signatures Follow on Next Page**

**WITNESSETH** the execution and delivery of this Agreement by the City and the Company, as an instrument under seal, as of the date first above written.

**AGREED TO:**

**Salem Wind Terminal LLC**

**City of Salem**

\_\_\_\_\_  
Name:  
Title:

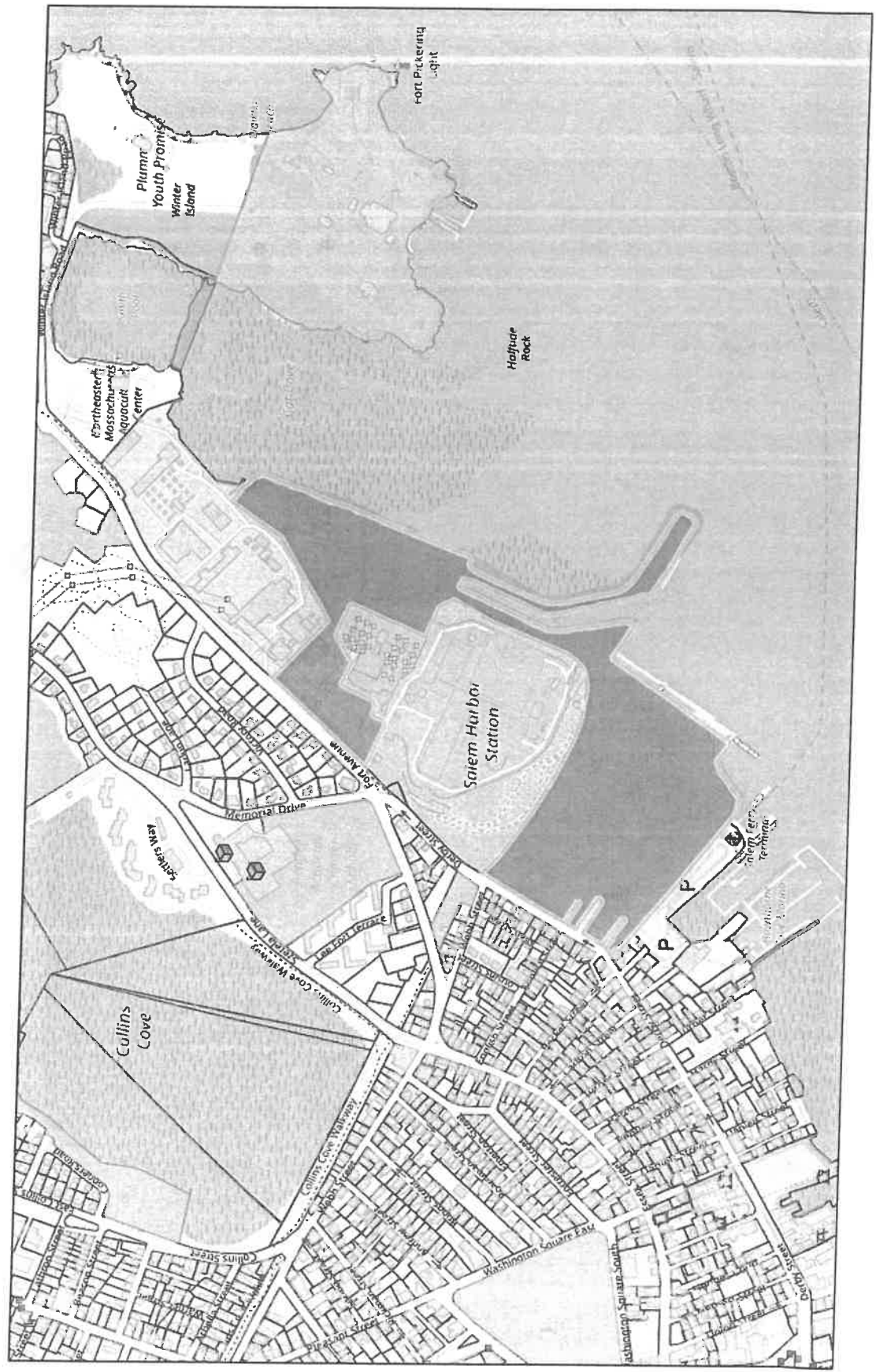
\_\_\_\_\_  
Name: Dominick Pangallo  
Mayor

\_\_\_\_\_  
Date of Signature

\_\_\_\_\_  
Date of Signature

DRAFT

**Exhibit A  
Property Map**



**Exhibit B**  
**Subdivision Plan**



**DRAFT - 2023.07.25**  
**NOT FOR PROCESSING**

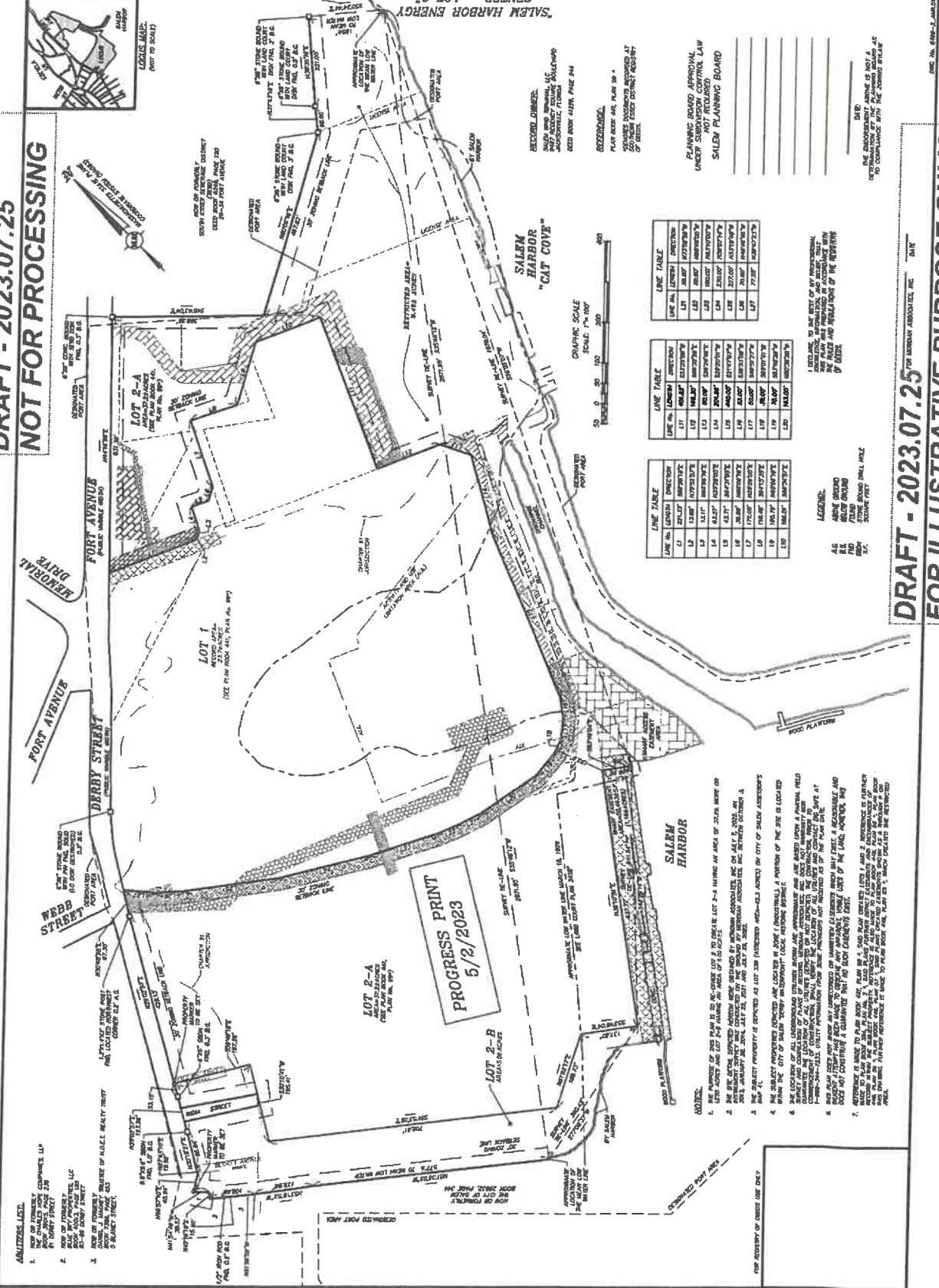
**SALEM HARBOR ENERGY CENTER - LOT 2**  
**PLAN OF LAND LOCATED IN SALEM, MASSACHUSETTS (PREPARED FOR SALEM WIND TERMINAL, LLC)**

**67 DERBY STREET SALEM MASSACHUSETTS**

**REVISIONS**

NO.	DATE	DESCRIPTION

**DECKED BY: MERIDIANS ASSOCIATES**  
**DATE: MAY 2, 2023**  
**SCALE: 1" = 100'**  
**SHEET NO. 1 OF 1**  
**PROJECT NO. 6469-3**



- AMENDERS LIST:**
- TOP ON ENERGY COMMERCIAL, LP  
 1000 WASHINGTON STREET, SUITE 200  
 SALEM, MASSACHUSETTS 01970
  - TOP ON ENERGY  
 1000 WASHINGTON STREET, SUITE 200  
 SALEM, MASSACHUSETTS 01970
  - TOP ON ENERGY  
 1000 WASHINGTON STREET, SUITE 200  
 SALEM, MASSACHUSETTS 01970

**NOTES:**

- THE PURPOSE OF THIS PLAN IS TO RE-OPEN LOT 2 TO CREATE LOT 2-A HAVING AN AREA OF 2.07 ACRES ON LOTS 2-A AND 2-B HAVING AN AREA OF 1.02 ACRES.
- THE SITE OF THE PROPOSED WIND TURBINES SHOWN ON THIS PLAN IS BASED ON THE LOCATION OF THE WIND TURBINES SHOWN ON THE PREVIOUS PLAN DATED JANUARY 20, 2024, AND IS SUBJECT TO THE CITY OF SALEM'S WIND RESOURCE ASSESSMENT REPORT DATED JANUARY 20, 2024, AND IS SUBJECT TO THE CITY OF SALEM'S WIND RESOURCE ASSESSMENT REPORT DATED JANUARY 20, 2024.
- THE SUBJECT PROPERTIES SHOWN ON THIS PLAN ARE THE PROPERTY OF THE CITY OF SALEM.
- THE LOCATION OF ALL UNDERGROUND UTILITIES SHOWN ARE APPROXIMATE AND ARE BASED UPON A PUBLIC FIELD SURVEY AND THE LOCATION OF ALL UTILITIES SHOWN ON THIS PLAN IS SUBJECT TO THE CITY OF SALEM'S UTILITY INFORMATION FROM SALEM TECHNOLOGY NOT RECORDED AS OF THE DATE OF THIS PLAN.
- THIS PLAN DOES NOT CONSTITUTE A GUARANTEE THAT THE CITY OF SALEM HAS CONDUCTED A REASONABLE AND DILIGENT SEARCH OF ALL RECORDS TO DETERMINE THE LOCATION OF ALL UTILITIES AND THE LOCATION OF ALL UTILITIES SHOWN ON THIS PLAN IS SUBJECT TO THE CITY OF SALEM'S UTILITY INFORMATION FROM SALEM TECHNOLOGY NOT RECORDED AS OF THE DATE OF THIS PLAN.
- RECORDING OF THIS PLAN DOES NOT CONSTITUTE A GUARANTEE THAT THE CITY OF SALEM HAS CONDUCTED A REASONABLE AND DILIGENT SEARCH OF ALL RECORDS TO DETERMINE THE LOCATION OF ALL UTILITIES AND THE LOCATION OF ALL UTILITIES SHOWN ON THIS PLAN IS SUBJECT TO THE CITY OF SALEM'S UTILITY INFORMATION FROM SALEM TECHNOLOGY NOT RECORDED AS OF THE DATE OF THIS PLAN.

**LEGEND:**

- AS: ASHLEIGH ROAD
- BL: BROWN ROAD
- BR: BROWN ROAD
- CC: COUNTRY CLUB
- EC: ENERGY CENTER

**LINE TABLE**

LINE NO.	LENGTH	DIRECTION
L1	38.00'	N 0° 0' 0" W
L2	38.00'	N 0° 0' 0" W
L3	180.00'	N 0° 0' 0" W
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L95	180.00'	N 0° 0' 0" W
L96	180.00'	N 0° 0' 0" W
L97	180.00'	N 0° 0' 0" W
L98	180.00'	N 0° 0' 0" W
L99	180.00'	N 0° 0' 0" W
L100	180.00'	N 0° 0' 0" W

**LINE TABLE**

LINE NO.	LENGTH	DIRECTION
L1	38.00'	N 0° 0' 0" W
L2	38.00'	N 0° 0' 0" W
L3	180.00'	N 0° 0' 0" W
L4	180.00'	N 0° 0' 0" W
L5	180.00'	N 0° 0' 0" W
L6	180.00'	N 0° 0' 0" W
L7	180.00'	N 0° 0' 0" W
L8	180.00'	N 0° 0' 0" W
L9	180.00'	N 0° 0' 0" W
L10	180.00'	N 0° 0' 0" W
L11	180.00'	N 0° 0' 0" W
L12	180.00'	N 0° 0' 0" W
L13	180.00'	N 0° 0' 0" W
L14	180.00'	N 0° 0' 0" W
L15	180.00'	N 0° 0' 0" W
L16	180.00'	N 0° 0' 0" W
L17	180.00'	N 0° 0' 0" W
L18	180.00'	N 0° 0' 0" W
L19	180.00'	N 0° 0' 0" W
L20	180.00'	N 0° 0' 0" W
L21	180.00'	N 0° 0' 0" W
L22	180.00'	N 0° 0' 0" W
L23	180.00'	N 0° 0' 0" W
L24	180.00'	N 0° 0' 0" W
L25	180.00'	N 0° 0' 0" W
L26	180.00'	N 0° 0' 0" W
L27	180.00'	N 0° 0' 0" W
L28	180.00'	N 0° 0' 0" W
L29	180.00'	N 0° 0' 0" W
L30	180.00'	N 0° 0' 0" W
L31	180.00'	N 0° 0' 0" W
L32	180.00'	N 0° 0' 0" W
L33	180.00'	N 0° 0' 0" W
L34	180.00'	N 0° 0' 0" W
L35	180.00'	N 0° 0' 0" W
L36	180.00'	N 0° 0' 0" W
L37	180.00'	N 0° 0' 0" W
L38	180.00'	N 0° 0' 0" W
L39	180.00'	N 0° 0' 0" W
L40	180.00'	N 0° 0' 0" W
L41	180.00'	N 0° 0' 0" W
L42	180.00'	N 0° 0' 0" W
L43	180.00'	N 0° 0' 0" W
L44	180.00'	N 0° 0' 0" W
L45		





# CITY OF SALEM

In City Council August 24<sup>th</sup>, 2023

## **An Order to Facilitate The Construction And Operation Of Salem's Offshore Wind Marshalling Port At 67 Derby Street**

*WHEREAS*, The City of Salem has collaborated with Crowley Wind Terminal LLC (Crowley) and the Massachusetts Clean Energy Council (CEC) on the planning, permitting, and construction of Salem's offshore wind marshalling port; *and*

*WHEREAS*, Crowley has purchased 42± acres of land at 67 Derby Street with the intent to construct a marshalling port for the offshore wind industry that will be subdivided into two parcels – Lot 2-A, which is a 37± acre upland parcel and Lot 2-B, a 5-acre parcel that extends from Derby Street down to the Ferry Terminal, extending along the waterfront on the southeastern shore of the subject property until it terminates at the end of the wharf and the adjacent berth; *and*

*WHEREAS*, Crowley shall convey both parcels to the CEC who shall maintain ownership of Lot 2-A and provide a lease to Crowley for both the construction of the marshalling port and the maintenance of said port for a period of 25-years; *and*

*WHEREAS*, The CEC shall convey the Lot 2-B to the City of Salem and, in turn, the City of Salem, to facilitate the construction, operation, and long-term success of the marshalling port, shall lease Lot 2-B to the CEC for the purpose of offshore wind activities. Said lease shall ensure public access to the waterfront and allow for maritime activities in Salem's port; *and*

*WHEREAS*, Pursuant to the City of Salem Code of Ordinances, Chapter 2, Article 9, Division 4, the City Planner and the Director of Public Property have consulted with city department heads and have determined that Lot 2-B is underutilized.

*NOW, THEREFORE*

*Be it ordered by the City Council of the City of Salem, as follows:*

1. Upon successful completion of the subdivision of the 42-acre property into Lots 2-A and 2-B as shown in the draft subdivision plan entitled, 67 Derby Street Plan of Land, prepared by Meridian Associates, 500 Cummings Center, Suite 5950, Beverly, MA 01915, dated May 2, 2023, attached hereto as Exhibit A, and upon conveyance of Lots 2-A and 2-B to the CEC, the City of Salem shall accept the deed for Lot 2-B from the CEC.
2. Lot 2-B, once deeded, is hereby declared surplus to the City's needs.



3. The Mayor is hereby authorized, through an intergovernmental agreement, to lease Lot 2-B to the CEC with the following conditions:
  - a. Maintaining public access to the waterfront, which includes, but is not limited to, providing pedestrian access to Blaney Street and the Salem Ferry terminal and allowing the docking of cruise ships and other maritime vessels so long as said dockings do not conflict with offshore wind activities.
  - b. Facilitating offshore wind activities occurring on Lot 2-A where the marshalling port will be constructed.
  - a. A lease term not to exceed 99 years.
  - b. A lease payment of \$1 per year.
  - c. Termination of the lease should Lot 2-A and/or Lot 2-B no longer be used for offshore wind purposes.
  - d. Right of first refusal for the city to purchase Lot 2-A if the CEC seeks to sell it.
  - e. Right to acquire a use restriction on Lot 2-A upland parcel if the CEC seeks to sell it.
  - f. Maintaining the property and improvements thereon in good condition during the term of the lease.
  - g. Coordination and collaboration between the City and the CEC in the development of a new ferry terminal building and other port improvements.





**CITY OF SALEM, MASSACHUSETTS**

Dominick Pangallo  
Mayor

Office of the Mayor

August 24, 2023

Salem City Council  
93 Washington Street  
Salem, MA 01970

Dear Councillors,

Enclosed is a Council Order effectuating a series of real estate actions for the redevelopment of the vacant 42-acres adjacent to the Salem Harbor Power Station for the purposes of functioning as an offshore wind marshalling terminal, to be developed and operated by Crowley Wind Services. This site is initially expected to be able to support up to 6.1 GW of offshore electricity generation, or approximately 61% of the Commonwealth's goal by 2035 and one-fifth of the nation's goal by 2030. This power generation could serve more than 3.5 million homes and businesses, with an estimated carbon emissions reduction equivalent to removing 2,300,000 vehicles from our roadways.

We face a unique opportunity to transform this site from one where coal was piled and burned, to a transitional natural gas plant, and now to a critical part of the development of a clean energy future. This summer our planet experienced the hottest day, the hottest June, and the hottest July ever. Warming and rising oceans, raging wildfires, and torrential storms battered our planet, our continent, and our Commonwealth. This project, alone, will not halt this, nor reverse it. But without this project and many others like it, no progress will be possible. This is our small part to play for large change. The cost of action is leasing property we have never owned, we are receiving for free, and which will be maintained by a third party at their expense. The cost of inaction is the continuation, even worsening, of the cascading impacts of the climate crisis.

The enclosed Order:

1. Accepts Parcel 2-B, the berth and adjacent five acres of the larger 42-acre property, from the Massachusetts Clean Energy Center (CEC), and
2. Declares Parcel 2-B as surplus property, for the purpose of leasing it to the CEC for offshore wind purposes, and
3. Authorizes me to negotiate and execute a lease with the CEC in accordance with terms and conditions of an MOU executed between the City, CEC, and Crowley in 2022.

In summary, Crowley, as the current owner of the 42-acre property, will subdivide the entire property into an approximately 37-acre upland parcel (Parcel 2-A) and a 5-acre parcel to include the land along the harbor and the deep-water berth (Parcel 2-B). Once subdivided, the two parcels will then be conveyed to the CEC.

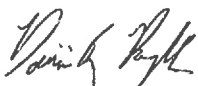
Upon conveyance to the CEC, the CEC will convey Parcel 2-B to the City (action #1 above and reflected in the attached Order). The City's rights to owning the deep-water berth and five acres date to the 2014 Community Benefits Agreement between the City and Footprint. The City will own this critical waterfront parcel, which will benefit from Crowley's required improvements and ongoing maintenance—including dredging. This maintenance of the City asset, carried out at Crowley's expense, will allow for continued public use and access.

The City will then lease its land, Parcel 2-B, to the CEC (actions #2 and #3 above and reflected in the attached Order). As is typical in real estate structures with public entities, the lease is 99 years at \$1.00 per year. The CEC, in turn, will sublease Parcel 2-B to Crowley. The CEC will also lease Parcel 2-A to Crowley. The CEC agreement with Crowley is for 25 years and has a varied lease rate. Revenue the CEC collects will be placed in a segregated account at CEC and prioritized to reinvest in Salem's port infrastructure. Crowley will be responsible for building, operating, and maintaining the marshalling port. As the term expiration approaches, CEC will engage with the City and will assess the potential for a term extension, other operating models, or a potential competitive solicitation. Other terms include:

- a. Use limitation to offshore wind purposes.
- b. Termination of the lease if Lot 2-B is no longer to be used for offshore wind purposes.
- c. Maintaining public access to the waterfront, which includes, but is not limited to, providing pedestrian access to Blaney Street and the Salem Ferry terminal and allowing the docking of large passenger vessels and other maritime vessels so long as said dockings do not conflict with offshore wind activities.
- d. Facilitating offshore wind activities occurring on Lot 2-A.
- e. A right of first refusal for the City to purchase Lot 2-A if the CEC ever seeks to sell it.
- f. A right to acquire a use restriction on Lot 2-A if the CEC ever seeks to sell it.
- g. Maintaining, not at the City's expense, the property and improvements thereon in good condition during the term of the lease.
- h. Coordination and collaboration between the City and the CEC in the development of a new ferry terminal building and other port improvements.

For construction of the terminal to commence, these real estate transactions are required. I recommend adoption of the enclosed Order and invite you to contact the Director of Planning and Community Development, Tom Daniel, and myself should you have any questions regarding this matter.

Sincerely,



Dominick Pangallo  
Mayor  
City of Salem



DOMINICK PANGALLO  
MAYOR

# CITY OF SALEM, MASSACHUSETTS

98 WASHINGTON STREET ♦ SALEM, MASSACHUSETTS 01970  
TELE: 978-619-5685

## MEMORANDUM

To: Mayor Dominick Pangallo  
City Council  
Cc: Ilene Simons, City Clerk  
Elizabeth Rennard, City Solicitor  
Re: Surplus Recommendation – Lot 2-B at 67 Derby Street (wharf and five acre)  
Date: August 14, 2023

We recommend that Lot 2-B (a portion of 67 Derby Street that includes the berth and five acres) of City-owned land as shown on the attached draft plan entitled, "67 Derby Street Plan of Land, Salem, Massachusetts," prepared by Meridian Associates and dated May 2, 2023, be declared surplus property as it is not needed for any municipal use.

A survey of all Department Heads was conducted to determine if there was any potential municipal use, and we did not receive any interest in the parcel.

Greg Salamida  
Acting Director of Inspectional Services

Tom Daniel  
Director of Planning and Community  
Development



DOMINICK PANGALLO  
MAYOR

TOM DANIEL, AICP  
DIRECTOR

# CITY OF SALEM, MASSACHUSETTS

## DEPARTMENT OF PLANNING AND COMMUNITY DEVELOPMENT

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98 WASHINGTON STREET ♦ SALEM, MASSACHUSETTS 01970  
TELE: 978-619-5685

### MEMORANDUM

TO: Mayor Dominick Pangallo

FROM: Tom Daniel *TDaniel*

DATE: August 18, 2023

RE: Salem's Offshore Wind Marshalling Port: Real Estate and Tax Increment Financing Actions

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We often remark on Salem's vibrant history tied to the sea. Less often discussed is Salem's history of providing resources and critical infrastructure for the region. Salem has served as the seat of the former Essex County administration, it is the judicial center for the region, and it is home to the largest hospital, university, and cultural institution north of Boston. In addition, Salem serves as the host of the regional sewer district, a natural gas pipeline and storage tank, electric power substations, and a major electricity power plant.

The Salem Wind Port development constitutes another regional asset that brings together Salem's history that is so tied to the sea along with its role as a hub of critical infrastructure. Furthermore, the Wind Port demonstrates Salem's innovation and creativity, its forward-facing ethos, and its role as a small yet globally impactful community.

For many years, there has been a transformational vision for the old Dominion coal-fired power plant site. Changing one of the dirtiest power plants in the country into what is currently a gas-fired power plant was a significant first step. Today's Wind Port project is a tremendous leap forward with Salem providing a critical role in the emerging offshore wind industry.

Two-and-a-half years ago, the idea of Salem playing a role in offshore wind was a pipedream. Through the Biden Administration's focus on renewable energy—and offshore wind specifically—as a key strategy to address climate change, the possibility of Salem being involved in the offshore wind industry became real. The Biden Administration has established the goal of 30 gigawatts (GW) by 2030. The Commonwealth's own offshore wind goal is 10 GW by 2035. Suddenly, Salem became an essential part of the country's and Commonwealth's goals and offshore wind industry's needs.

It is important to note this is a new industry in the United States. The infrastructure, knowledge, and skills to develop and operate commercial grade offshore wind facilities is being created in real time. We

are fortunate in Salem (and in the Commonwealth) to have the first in the nation installation already happening from the Port of New Bedford. We are able to learn from their experiences from the leading edge.

As an emerging industry, there is significant risk and also opportunity for the private sector. Because of the critical public goals that are being pursued and the nascent industry risk, there is a significant role the public sector is playing at the federal, state, and local level in terms of regulation and financial assistance.

Salem is well-positioned to participate in the offshore wind industry due to the location and features of Salem's seaport. The port has no overhead restrictions, such as bridges or power lines, or water-based restrictions, such as hurricane barriers or breakwaters; it is located on a federal channel with sufficient depth and width, the site is flat, and the city and region have talent and businesses to support the industry. In addition, Salem has a good location for initial offshore wind lease areas south of Martha's Vineyard, and a superior location for future lease areas in the Gulf of Maine.

The nexus of factors contributing to Salem as an ideal location for offshore wind related business are engendering a transformation in Salem's seaport. Salem will follow New Bedford as the Commonwealth of Massachusetts' second construction staging port (i.e., a marshalling station) for offshore wind development. Through a public-private partnership with Crowley Wind Services (Crowley), the City, and the Massachusetts Clean Energy Council (CEC), the property at 67 Derby Street will be redeveloped to facilitate staging and assembly of offshore wind turbine generator components prior to their transport and installation at offshore wind lease areas.

## I. Project Overview

The subject property is a 42.3-acre area consisting of uplands and waterfront with mostly naturally maintaining deep water. The area is located within the Salem Harbor Designated Port Area and is bordered by Derby Street and Fort Avenue to the northwest, Blaney Street and the ferry terminal to the southwest, Salem Harbor to the southeast, the South Essex Sewerage District facilities to the north, and is partially bisected by the Salem Harbor Power Station. Salem's seaport benefits from having no air draft restrictions, providing a significant competitive advantage as one of only a few unrestricted ports on the East Coast.

Generally, the proposed project includes two laydown areas. Laydown Yard A would abut Blaney Street and the Salem Ferry Terminal. This area is proposed for storage of blades and tower sections, and it would serve as the pre-assembly and loadout area for the wind turbines. Laydown Yard B would be adjacent to the Salem Harbor Power Station and South Essex Sewerage District. This area is intended to house nacelles (i.e., housing for generator components, gearbox, drive train, brake assembly). The project provides for onsite parking at the northwestern extent of the property. In addition to the upland improvements, the proposed project will improve waterside infrastructure including a loadout wharf, a delivery pier, and a trestle connecting the delivery pier to the uplands.

The development team is targeting this month (August 2023), for the 100% design drawings and has already begun the local permitting processes with the Conservation Commission and the Planning Board. Additionally, the development team continues to pursue state and federal permits required to begin



construction activities and ultimately activate the site. Concurrently, members of the public private partnership are working towards completion of real estate and TIF deals that are discussed more in this memo and are expected to be completed in fall 2023. These efforts will be followed by negotiation of a Community Benefits Agreement and a Wharfing Rights Agreement. Currently, the intent is to complete administrative tasks and for construction to begin later in 2023 with completion in time for the seaport to become operational in 2026.

Based on already-approved offshore wind developments, it is anticipated that this marshalling hub will initially support up to 6.1 GW of offshore electricity generation, or approximately 61% of the Commonwealth's goal by 2035. In addition to approximately 100 construction jobs, the project will result in 150-200 jobs in Salem during operations. Additionally, the proposed construction would substantially improve the site and provide newly renovated upland cargo and waterside facilities. The perimeter of the site will feature new landscaping and additional features that will benefit the public.

## II. Real Estate Transactions

Crowley purchased the 42-acre site from Footprint Power in 2022 for \$30M with the intent to construct the offshore wind marshalling port. As the company worked through project logistics and financing, Crowley, the CEC, and the City determined that the real estate ownership needed to be restructured to facilitate the overall project. Rather than Crowley being the owner and developer of the property, the CEC and the City would own the land with lease agreements to Crowley to construct and operate the port.

In December 2022, the City, Crowley, and CEC executed a Memorandum of Understanding (MOU). The MOU put forth the series of real estate transactions, allowed uses, required improvements, and key lease terms that all parties agreed to as described below.

Crowley, as the current owner of the 42-acre property, will first subdivide the acreage via a Subdivision Approval Not Required (ANR) plan into an approximately 37-acre upland parcel (Parcel 2-A) and a 5-acre parcel to include the land along the harbor and the deep-water berth (Parcel 2-B). Once subdivided, the two parcels will then be conveyed to the CEC.

Upon conveyance to the CEC, the CEC will convey Parcel 2-B (the berth and adjacent five acres) to the City. The City's rights to owning the deep-water berth and five acres go back to the 2014 Community Benefits Agreement between the City and Footprint. The City will be the owner of this valuable waterfront parcel that will benefit from Crowley's required improvements and ongoing maintenance—including dredging—which will allow for continued public use and access.

The City will then lease its land, Parcel 2-B, to the CEC. As is typical in real estate structures with public entities, the lease is 99 years at \$1.00 per year. The CEC, in turn, will sublease Parcel 2-B to Crowley. The CEC will also lease its 37-acre parcel (Parcel 2-A) to Crowley. The CEC lease to Crowley for both parcels is for 25 years and has a varied lease rate. Revenue the CEC collects will be prioritized for reinvestment in Salem's port infrastructure. Crowley will be responsible for building, operating, and maintaining the marshalling point. As the term expiration approaches, CEC will engage with the City and will assess the potential for a term extension, other operating model, or potential competitive solicitation.



Other key terms include:

- a. Use limitation to offshore wind purposes.
- b. Termination of the lease if Lot 2-B no longer be used for offshore wind purposes.
- c. Maintaining public access to the waterfront, which includes, but is not limited to, providing pedestrian access to Blaney Street and the Salem Ferry terminal and allowing the docking of cruise ships and other maritime vessels so long as said dockings do not conflict with offshore wind activities.
- d. Facilitating offshore wind activities occurring on Lot 2-A.
- e. Right of first refusal for the city to purchase Lot 2-A if the CEC seeks to sell it.
- f. Right to acquire a use restriction on Lot 2-A if the CEC seeks to sell it.
- g. Maintaining the property and improvements thereon in good condition during the term of the lease.
- h. Coordination and collaboration between the City and the CEC in the development of a new ferry terminal building and other port improvements.

It is important to note that the intent had been for the Salem Port Authority to own the berth and five acres. Legislation was needed to enable this to happen. Legislation was included in the 2022 economic development bill; however, the Legislature did not approve the bill. The Healey-Driscoll Administration included the necessary legislation in a supplemental budget bill earlier in 2023. It had been anticipated that the legislation would be approved by June 30, 2023, but it was not. There is urgency for the real estate transactions to be completed in order for Crowley to commence construction. Since the legislation has not advanced, it is necessary to shift from the Port Authority to the City of Salem as the owner of Parcel 2-B. In addition, certain actions are needed by the City Council to comply with 30B requirements of an intergovernmental transfer of real estate.

Attached for your consideration is a draft Council Order that describes the necessary real estate transactions. The Order:

1. Allows for City acceptance of the 5-acre parcel from the CEC, and
2. Immediately declares the 5-acre parcel, including the deep-water berth, as surplus for the purpose of leasing it to the CEC for offshore wind purposes, and
3. Authorizes the Mayor to negotiate and execute a lease with the CEC in accordance with agreed-upon terms and conditions of the December 2022 MOU.

### **III. The Tax Increment Finance Deal**

Crowley's private investment and financing, coupled with state and federal grants and other resources, are funding the construction of the facility. Additional investment is needed to support the operation of the port to ensure its success. The City can offer this long-term support via a Tax Increment Financing (TIF) agreement which, for a fixed period, will reduce the tax levy on the property. This will allow more private resources to be used in ongoing operations, maintenance, and property improvements to ensure the port remains a first-class facility that continues to attract offshore wind developers and serve the Salem community with approximately 150-200 jobs on site.

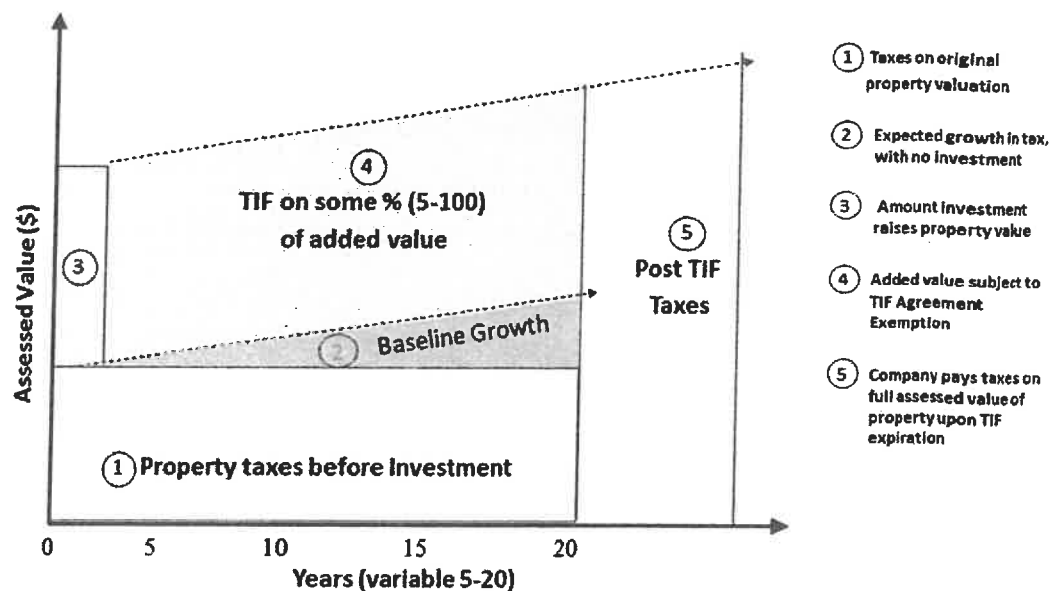
#### **A. TIF – An Economic Development Tool**

Pursuant to M.G.L., Chapter 40, Section 59, the City is permitted to adopt and execute a TIF agreement. A TIF allows for local taxing bodies to make a joint investment in the development or

redevelopment of a parcel or area, with the intent that any short-term gains be reinvested and leveraged so that all parties will receive larger financial gains in the future.

One important feature of these agreements is that they temporarily reduce taxes on the improvement to the property resulting from new investment (i.e., the "increment"). The City does not lose existing revenue because it continues to collect taxes on the pre-investment property value. A negotiated and temporary reduction in taxes collected against the increment is intended to encourage investment that may not otherwise occur. After the reduction period, the City gains all taxes against the baseline value and all taxes gained against the increment. An owner of a property that benefits from a TIF continues to pay taxes on the original base value of the property throughout the term of the TIF. If the City increases the tax rates while the TIF is in place, the owner is obligated to pay the increased rate on the base value – see image below, courtesy of the Massachusetts Office of Business Development.

## TIF FINANCING MECHANICS



### B. Massachusetts Office of Business Development

Pursuant to M.G.L., Chapter 23A, Section 3B, the Massachusetts Office of Business Development (MOBD) through its Economic Assistance Coordinating Council (EACC) is the entity that is charged with overseeing the Economic Development Incentive Program (EDIP) and reviewing TIF proposals. EDIP is for commercial properties and is tied to job creation and investment. TIF agreements often include a requirement that the business create a specific number of jobs and that it invests a specific amount of money into the property.

The EACC meets quarterly and is comprised of 15 voting members that include public officials and appointees by the governor. The EACC must approve the TIF agreement via a majority vote before the proposed term of the TIF begins.

**C. Offshore Wind Marshalling Port TIF**

The attached draft TIF Agreement (i.e., the ‘Agreement’) is the culmination of months of discussions and negotiations among City staff, the Mayor’s Office, and the Crowley team. The Agreement represents the thoughtful consideration of the project’s financial complexities.

**1. The Current Property**

The 42± acre unimproved property was once part of a larger parcel where the current gas-fired power plant now sits. A 2014 subdivision led to the creation of this lot, which features a predominantly vacant area with some outbuildings. The property has direct access to the waterfront. Crowley purchased the property in late 2022 for \$30M. The assessed value in FY22 was \$3.6M. With the sale, the assessed value has increased and will eventually reflect the market price of \$30M. See table below for the recent changes in value and taxes paid/due.

<b>FY</b>	<b>Assessed Value*</b>	<b>Taxes*</b>
2022	\$3.6 M	\$95,068
2023	\$9.35 M	\$236,206
2024	25.0 M	\$631,250
2025	\$30.0 M	\$757,700

\*Estimated for future years and using FY23 tax rate.

Although the 37-acre parcel and 5-acre parcel will be owned by public entities (CEC and the City, respectively), because Crowley is a private entity using the property for commercial purposes, they are subject to real estate taxes to the same extent as if they owned the property.

**2. Project Financing**

The \$250-\$290 million project will be financed through a combination of public and private sources. Public investment includes a \$75M grant from the CEC and approximately \$33.8M in federal grants. The Crowley team, with CEC, has applied for another \$20.0M in federal grants, and Crowley continues to pursue additional state and federal grant opportunities to supplement the existing public investment and the private investment the company is putting into the project.

**3. Project Benefits**

The Crowley team is seeking a 20-year TIF with proposed check-in points in years 9 and 14 as shown in Table 1, below. The public benefits include:

- **Property Tax Generation**: The TIF does not provide relief on all taxes assessed to a property. A property owner will always pay the base assessed value (i.e., the assessed value at the start of the construction project) plus a percentage of the increase in tax valuation between project completion and the current assessment. The TIF does not begin until the project is complete, and the port is functional. The City has received, and will continue to receive, tax revenue from this property and will expand its commercial tax revenue base throughout the duration of the TIF.

Growing the commercial tax revenue base will positively supplement the residential tax base and grow the local economy.

- Ownership of Waterfront Parcel and Deep-Water Berth: The CEC is conveying ownership of the 5-acre waterfront parcel and the adjacent deep-water berth to the City. This is a valuable asset that will benefit further from Crowley's significant improvements and scheduled maintenance plans, which include dredging activities to keep the channel navigable for offshore wind and large passenger vessels. Additionally, this land will benefit from continued CEC investment realized from its lease revenues. The City will continue to retain access and use of the waterfront for its own maritime enterprises and for up to six large passenger vessels at the deep-water berth.
- Job Opportunities: With this industry comes job opportunities associated with the construction of the port (approximately 100 jobs during the construction phase), with operation and maintenance of the marshalling station (approximately 150-200 jobs), and even with turbine installation and maintenance in the lease areas. Many of these jobs will likely be union-based. There will be job opportunities that are 'industry-adjacent' that the City continues to work with its partners to identify. These supply chain businesses will contribute to this industry whether in manufacturing (e.g., tier 2 and 3 components) or services (e.g., research, mapping, legal, planning, permitting, transportation).
- Collaboration and Coalition-Building: This is a unique project with a tri-partnership between the City (local entity), the CEC (a quasi-public entity), and Crowley (private entity). In addition, the marshalling port is bringing together local and regional organizations to collaborate on workforce efforts with a strong focus on opportunities for members of environmental justice communities. It is anticipated the coalition will continue to grow and engage more regional organizations and businesses.
- Reputational Value and Impact: The value to Salem as a leader in this nascent industry is difficult to quantify, though there is a positive impact to the City's reputation as a leading community in the Commonwealth's energy and environmental efforts that will be furthered through this project. The recent docking of the *Sea Installer* demonstrates the port's unique attributes. The port in Salem is already being discussed, highlighted, and looked to in the global offshore wind industry due to its long-term viability based on the deep-water berth and lack of overhead and water-based restrictions. Not only will this port serve the lease areas south of Martha's Vineyard, but it is positioned to be a primary, if not the primary, port to serve future lease areas in the Gulf of Maine. The anticipated long-term life of the port will likely continue to attract businesses that are part of the offshore wind supply chain to Salem and the region, strengthening the city's economic base through diversification for years to come.
- Consistency with Designated Port Area (DPA) Requirements: The use of this

property as a marshalling facility for offshore wind development is consistent with the use requirements of the DPA. A marshalling facility is also an arguably more desirable use of the property than other allowed uses under the DPA. Most of the activity at the port will be waterfront dependent, rather than vehicular travel through the adjacent neighborhoods.

- Helping the Planet: While the details about real estate transactions and TIF terms are essential to understand, it is important not to lose sight of the bigger picture. The statement “Think globally, act locally” sums up what this project is about. Salem has the ability to support something that affects not just our residents and economy, but the well-being of life on our planet, and contributes significantly to our shared efforts to address the climate crisis.

#### 4. TIF Structure

The City uses TIFs to support new development or redevelopment by freeing up private capital during the TIF term to help offset costs associated with construction or renovation of a facility and the operation of a business. In many cases, the business also benefits from tax credits from the Commonwealth. Crowley, however, is receiving other state grant support.

The proposed TIF with Crowley is consistent with how the City has traditionally used TIFs to financially support a project. The City has typically provided TIF terms of five to ten years. The proposed TIF with Crowley is for 20 years. The longer term is appropriate because offshore wind is a nascent industry with more uncertainty than businesses the City has worked with in the past. The uncertainty stems from concerns about federal, state, and local permitting timelines, supply chains, and ever-changing technology, regulations, and other advancements, all of which can have significant financial impacts.

Crowley generates revenue from leases with offshore wind developers such as Avangrid, Equinor, and Ørsted. As these organizations face challenges in securing lease areas, permitting, and financing—as well as industry bottlenecks relative to ports and vessels—there may be times when wind installations are not occurring. At those times, Crowley will not be collecting lease revenue, the company’s sole source of revenue from the site.

The proposed TIF schedule, as presented in Table 1 below, reflects both the need to provide relief at the onset of the project and to provide relief to a lesser degree over the course of the TIF term for the reasons outlined above. The proposal includes check-in points at years 9 and 14 – as noted by the yellow highlighting in the table. These check-ins will provide an opportunity for the City and Crowley to discuss the port’s performance at mutually agreed upon points in time, and the possibility of adjustments to the TIF schedule to the benefit of either party, that such performance may warrant. Any such future adjustment to the TIF schedule would need to be acceptable to both the City and Crowley and would require approval by the City Council and Mayor at that time.

**Table 1: TIF Schedule**

Year	Exemption	Incremental Assessed Value	Exempted Property Taxes	Estimated Property Taxes on increment value balance	Estimated Base Tax Bill	Total Annual Taxes Paid
1	92.5%	\$220,000,000	\$5,138,375	\$416,625	\$757,500	\$1,174,125
2	92.5%	\$220,000,000	\$5,138,375	\$416,625	\$757,500	\$1,174,125
3	92.5%	\$220,000,000	\$5,138,375	\$416,625	\$757,500	\$1,174,125
4	92.5%	\$220,000,000	\$5,138,375	\$416,625	\$757,500	\$1,174,125
5	92.5%	\$220,000,000	\$5,138,375	\$416,625	\$757,500	\$1,174,125
6	65.0%	\$220,000,000	\$3,610,750	\$1,944,250	\$757,500	\$2,701,750
7	65.0%	\$220,000,000	\$3,610,750	\$1,944,250	\$757,500	\$2,701,750
8	65.0%	\$220,000,000	\$3,610,750	\$1,944,250	\$757,500	\$2,701,750
9	65.0%	\$220,000,000	\$3,610,750	\$1,944,250	\$757,500	\$2,701,750
10	65.0%	\$220,000,000	\$3,610,750	\$1,944,250	\$757,500	\$2,701,750
11	30.0%	\$220,000,000	\$1,666,500	\$3,888,500	\$757,500	\$4,646,000
12	30.0%	\$220,000,000	\$1,666,500	\$3,888,500	\$757,500	\$4,646,000
13	30.0%	\$220,000,000	\$1,666,500	\$3,888,500	\$757,500	\$4,646,000
14	30.0%	\$220,000,000	\$1,666,500	\$3,888,500	\$757,500	\$4,646,000
15	30.0%	\$220,000,000	\$1,666,500	\$3,888,500	\$757,500	\$4,646,000
16	5.0%	\$220,000,000	\$277,750	\$5,277,250	\$757,500	\$6,034,750
17	5.0%	\$220,000,000	\$277,750	\$5,277,250	\$757,500	\$6,034,750
18	5.0%	\$220,000,000	\$277,750	\$5,277,250	\$757,500	\$6,034,750
19	5.0%	\$220,000,000	\$277,750	\$5,277,250	\$757,500	\$6,034,750
20	5.0%	\$220,000,000	\$277,750	\$5,277,250	\$757,500	\$6,034,750
		<b>Total</b>	<b>\$53,466,875</b>	<b>\$57,633,125</b>	<b>\$15,150,000</b>	<b>\$72,783,125</b>

Percent of Total Taxes Exempted	42%
Percent of Total Taxes Paid	58%

**Assumptions**

Commercial tax rate is \$25.25.

Base value of property is \$30M.

Post project value of property is \$250M.

Size of increment is \$220M.

**5. TIF Timing**

City staff has been in communication with MOBD for some time in anticipation of this proposal, and the City is targeting the September 21, 2023 EACC meeting for a vote from that body on the Agreement. In order to seek the EACC's approval of the TIF Agreement, the City Council must complete its process and vote to support the TIF Agreement at its meeting of September 14, 2023.

Please note the attached TIF Agreement is the draft submitted to MOBD on August 4, 2023. MOBD's legal counsel reviews all TIF agreements to ensure they are statutorily

sound. At the time of the submission of this memo, MOBD's counsel had not completed the review. We will provide a final version of the Agreement in time for the City Council committee's discussion. If MOBD's counsel rejects any provisions the City and Crowley have agreed to, such as the check-ins at year 9 and 14, the provisions will be included in a separate agreement. Please also note the TIF schedule in the draft Agreement is blank. It will be updated with the schedule above in Table 1.

Attached please find a recommendation to declare Lot 2-B property surplus from the Acting Building Inspector and me. I have also included Council measures relating to the real estate transactions and the draft TIF Agreement, which we have prepared in anticipation of a filing for the City Council's special meeting on August 24, 2023. We have advised Crowley to anticipate attending a future City Council committee meeting in late August or early September to discuss the project and these specific matters, in the expectation that the City Council can take final votes on them at their meeting of September 14, 2023 to meet deadline for the September 21, 2023 EACC meeting and keep this project on schedule.

Please let me know if you have any questions.



# CITY OF SALEM

In City Council, August 24, 2023

**Ordered:** That the City Council Committee of the Whole meet on Tuesday, September 5, 2023, at 1:00 p.m. at 126-128 Gifford Street, New Bedford, Massachusetts, for the purposes of a site visit to the New Bedford Marine Commerce Terminal.





**CITY OF SALEM, MASSACHUSETTS**

Dominick Pangallo  
Mayor

Office of the Mayor

August 24, 2023

Honorable Salem City Council  
Salem City Hall  
Salem, Massachusetts 01970

Dear Councillors,

We have arranged for a site visit to the New Bedford Marine Commerce Terminal to afford Councillors the opportunity to view an offshore wind marshalling site in operation, as it begins to prepare to support the installation of the Vineyard Wind 1 wind farm.

Because a quorum of the Council may attend and we anticipate some degree of questions with the Terminal staff, this site visit should be posted as a public meeting. Therefore, the enclosed Order calls for the Council's Committee of the Whole to meet on Tuesday, September 5, 2023, at 1:00 p.m. at 126 Gifford Street, New Bedford.

Sincerely,

Dominick Pangallo  
Mayor  
City of Salem

# City of Salem

***In the year Two Thousand and Twenty-Three***

**An Ordinance Relative to Traffic**

***Be it ordained by the City Council of the City of Salem, as follows:***

**Section 1.** Section 75 of Article V be amended by repealing the following:

Chestnut Street – Parking Prohibitions Towing Zone (Resident Sticker) - Zone D Color Yellow – from Flint Street to Summer Street. (11/10/86) (limited to 2 hours by nonresidents)

Chestnut Street – Parking Prohibitions Towing Zone (Resident Sticker) - Zone D Color Yellow - eastbound on both sides (Northerly and Southerly) from Cambridge Street to Summer Street

Chestnut Street – Parking Prohibitions Towing Zone (Resident Sticker) - Zone D Color Yellow - resident sticker parking both sides in its entirety, limited to two (2) hours for nonresidents

And inserting the following:

Chestnut Street – Parking Prohibitions Towing Zone (Resident Sticker) - Zone D Color Yellow - both sides, beginning at Flint Street and continuing in an easterly direction to Cambridge Street. Two (2) hour nonresident parking permitted

Chestnut Street – Parking Prohibitions Towing Zone (Resident Sticker) - Zone D Color Yellow - both sides, beginning at Cambridge Street and continuing in an easterly direction to Summer Street.

**Section 2.** Section 51B of Article V be amended by repealing the following:

Chestnut Street – Parking Prohibited at Certain Times on Certain Streets – southerly side from Cambridge Street in an easterly direction for a distance of fifty (50) feet. One hour parking from 8:00 A. M. to 6:00 P. M. Monday through Friday. (8/19/64 DPW 12545)

Chestnut Street – Parking Prohibited at Certain Times on Certain Streets – southerly side, in a westerly direction, from Summer Street for a distance of sixty (60) feet. One hour parking from 8:00 A. M. to 6:00 P. M. Monday through Friday. (4/23/81 DPW 5-1961 & 5-1963)

**Section 3.** This ordinance shall take effect as provided by City Charter.



City of Salem, Massachusetts
Office of the City Council
City Hall



REQUEST FOR TRAFFIC ORDINANCE RECOMMENDATION

MEMO TO: Lt. David Tucker Police Traffic Division
FROM: Councilor Watson-Felt DATE: August 21, 2023

In accordance with the Council Rule 32A, I hereby request your recommendation for the following Traffic Ordinance:

NAME OF STREET Chestnut Street

TYPE OF STREET CHANGE Parking Prohibitions Towing Zones (Resident Sticker)

DESCRIPTION OF AREA WHERE CHANGE IS REQUESTED Chestnut Street

COUNCILLOR'S COMMENTS/EXPLANATION Repeal of current resident sticker language to reflect a change in the layout. On one section of Chestnut Street, 2-hour non-resident parking will no longer be permitted. Some of the language repealed is old and had been overlaid with newer language.

POLICE TRAFFIC DIVISION RECOMMENDATION

The Police Traffic Division hereby submits the following recommendation for the above request:

XX APPROVAL
DENIAL
TRIAL PERIOD

CHAPTER: 42 SECTION: 75 TITLE: Parking Prohibitions Towing Zones (Resident Sticker)

DESCRIPTION: Repeal:

Chestnut Street - Parking Prohibitions Towing Zone (Resident Sticker) - Zone D Color Yellow - from Flint Street to Summer Street. (11/10/86) (limited to 2 hours by nonresidents)

Chestnut Street - Parking Prohibitions Towing Zone (Resident Sticker) - Zone D Color Yellow - eastbound on both sides (Northerly and Southerly) from Cambridge Street to Summer Street

Chestnut Street - Parking Prohibitions Towing Zone (Resident Sticker) - Zone D Color Yellow - resident sticker parking both sides in its entirety, limited to two (2) hours for nonresidents

Chestnut Street - Parking Prohibited at Certain Times on Certain Streets - southerly side from Cambridge Street in an easterly direction for a distance of fifty (50) feet. One hour parking from 8:00 A. M. to 6:00 P. M. Monday through Friday. (8/19/64 DPW 12545)

Chestnut Street – Parking Prohibited at Certain Times on Certain Streets – southerly side, in a westerly direction, from Summer Street for a distance of sixty (60) feet. One hour parking from 8:00 A. M. to 6:00 P. M. Monday through Friday. (4/23/81 DPW 5-1961 & 5-1963)

**Replace with:**

Chestnut Street – Parking Prohibitions Towing Zone (Resident Sticker) - Zone D Color Yellow – both sides, beginning at Flint Street and continuing in an easterly direction to Cambridge Street. Two (2) hour nonresident parking permitted.

Chestnut Street – Parking Prohibitions Towing Zone (Resident Sticker) - Zone D Color Yellow - both sides, beginning at Cambridge Street and continuing in an easterly direction to Summer Street.

COMMENTS (IF ANY): \_\_\_\_\_



**POLICE TRAFFIC DIVISION**

**RETURN THIS FORM TO THE CITY CLERK'S OFFICE**

*City of Salem Clerk's Office, 93 Washington St, Salem Massachusetts 01970*



CITY OF SALEM  
CIUDAD DE SALEM

In City Council August 24, 2023  
En Concejo Municipal, 24 de Agosto de 2023

ORDERED: That the meetings of the qualified voters of the City of Salem be held in Ward One precincts in the city at the polling places designated hereinafter on **Tuesday, September 19, 2023**, for the purpose of casting votes in the City Preliminary Election for the nomination of candidates for the following office:

ORDENÓ: Que las reuniones de los votantes calificados de la ciudad de Salem se llevarán a cabo en todos los recintos del distrito uno de votación en la ciudad en los lugares de votación designados a continuación el **martes 19 de Septiembre de 2023**, con el propósito de emitir votos en la Elección Preliminar de la Ciudad para la elección de candidatos para el siguiente cargo:

**Councillor of Ward One: for the term of two years**  
**Concejal Distrito Uno: por el termino de dos anos**

AND BE IT FURTHER ORDERED: That the following places be and hereby are designated as polling places for said meetings:

Y ADEMÁS ORDENARSE: Que los siguientes lugares sean y por la presente se designen como lugares de votación para dichas reuniones:

**WARD ONE / DISTRITO UNO**

Precinct 1	Bentley Academy Gymnasium, 25 Memorial Drive
Recinto 1	Gimnasio, Escuela Bentley Academy, 25 Memorial Drive
Precinct 2	Community Room, 135 Lafayette Street
Recinto 2	Sala Comunitaria, 135 Lafayette Street

AND BE IT FURTHER ORDERED: That the polls at said meetings be opened at 7:00 a.m. and closed at 8:00 p.m. and that the City Clerk be instructed to post this notice as required by law.

Y ADEMÁS ORDENARSE: Que las urnas en dichas reuniones se abran a las 7:00 a.m. y se cierren a las 8:00 p. m. y que se le indique al Secretario Municipal que publique este aviso según lo exige la ley.

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

\_\_\_\_\_

**City of Salem**

***In the year Two Thousand and Twenty-Three***

**An Ordinance Relative to Traffic**

***Be it ordained by the City Council of the City of Salem, as follows:***

**Section 1.** Article I is hereby amended by repealing the following to Section 17A:

Section 62 - Deposit of coins required to use parking spaces; unused time. \$25

And replacing it with:

Section 62 - Deposit of coins required to use parking spaces; unused time. \$25 Fine/\$75  
Fine during weekends in October

**Section 2.** This ordinance shall take effect as provided by City Charter.

In City Council July 13, 2023  
Adopted for first passage

**ATTEST:**

**ILENE SIMONS  
CITY CLERK**

City of Salem

**In the year Two Thousand and Twenty-three**

**An Ordinance** to amend an Ordinance relative to Traffic, Ch. 42 Sec. 50B

*Be it Ordained by the City Council of the City of Salem, as follows:*

**Section 1.** Chapter 42, Section 50B – “Handicap Zone Limited Time” is hereby amended by adding the following:

Lemon Street - in front of #11 Lemon Street running in a westerly direction for a distance of 20 feet, “Handicap Parking, Limited Time, Tow Zone”

**Section 2.** This Ordinance shall take effect as provided by City Charter.

In City Council July 13, 2023  
Adopted for first passage

ATTEST:

ILENE SIMONS  
CITY CLERK

# City of Salem

*In the year Two Thousand and Twenty-Three*

## **An Ordinance Relative to Traffic**

*Be it ordained by the City Council of the City of Salem, as follows:*

**Section 1.** Section 51 of Article V be amended by inserting the following:

Cedar Crest Avenue – Parking Prohibited on Certain Streets - easterly side, beginning at the intersection of Loring Avenue and running in a northerly direction for a distance of fifty-two (52) feet. No parking.

**Section 2.** This ordinance shall take effect as provided by City Charter.

In City Council July 13, 2023  
Adopted for first passage

ATTEST:

ILENE SIMONS  
CITY CLERK