

**TID 62 - DRS Power & Technology**  
**Periodic Report**  
12/31/18

**District Created: 2005**

**Authorized expenditure (excluding interest): \$1,700,000**

**Authorizing resolution(s): #050948**

**Projected TID cost recovery: 2018 (levy year)**

**Maximum legal life: 2032**

**Base property value: \$5,329,800**

**Completion Status: Project complete**

**Project description**

DRS Power & Control Technologies, Inc. is located in the 30<sup>th</sup> Street Industrial Corridor sector of the City at 4265 North 30<sup>th</sup> Street. The company designs and manufactures power generation, conversion, and distribution equipment for ship propulsion systems for the US Navy and for industrial applications. At year-end 2016, DRS employed 469 at this location, an increase from previous years. Employees are principally engineers, engineering technicians, and skilled assemblers. Average manufacturing and technical position wages, when the district was created, were \$19/ hour and administrative staff salaries averaged \$34/hour.

The DRS facility was constructed in 1956, and became outdated and inefficient, particularly with respect to HVAC systems, engineering spaces, shop layout, and overall utilization.

To assist DRS with an \$11.5 million upgrade of this facility, the project plan funded a \$1.5 million forgivable loan for the project. Payments on the loan are forgiven if the company maintains employment at 450 during the life of the loan, through 2018. If employment falls below that amount, the loan forgiveness is reduced in proportion to the shortfall in employment. DRS reported 544 employees at the end of 2017.

District values have lagged behind forecast. In 2013, TID #22 (Beerline B) was amended to contribute to the district and help recover a portion of its unamortized costs.

Company did receive a significant federal contract in 2015 that has allowed them invest more into their property. However, the company made a decision in 2018 to move their operations from this facility to a neighboring community in 2020, after the close out of TID-62.

District incremental values have changed as follows:

<b>Year</b>	<b>Incremental Value</b>	<b>Change</b>
2018	\$ 1,836,300	31%
2017	\$ 1,397,800	0%
2016	\$ 1,392,600	-23%
2015	\$ 1,820,000	22%
2014	\$ 1,486,300	-16%
2013	\$ 1,771,700	17%
2012	\$ 1,517,100	-8%
2011	\$ 1,643,200	-11%
2010	\$ 1,852,000	402%
2009	\$ 368,600	

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**Expenditures - Life to Date (as of 12/31/18)**

	<b>Project Plan Budget</b>	<b>Appropriations</b>	<b>Encumbrances</b>	<b>Expenditures</b>	<b>Remaining</b>
Administration	\$ 50,000	\$ 50,766	\$ -	\$ 56,475	\$ (5,709)
Grant to Developer (DRS)	1,500,000	1,500,000		1,500,000	-
Grant to NIDC (Residential Assistance Program)	150,000	133,486	-	-	133,486
Capitalized Interest	170,000	132,298	-	132,298	-
<b>Total</b>	<b>\$ 1,870,000</b>	<b>\$ 1,816,550</b>	<b>\$ -</b>	<b>\$ 1,688,773</b>	<b>\$ 127,777</b>

**Financing Costs – Interest Paid through 12/31/2018: \$667,952**

**Revenue/Value Performance (as of 12/31/2018)**

	<b>Projected</b>	<b>Actual</b>
Property value	\$ 9,432,778	\$ 7,166,100
Incremental value	\$ 6,790,778	\$ 1,836,300
Incremental taxes	\$ 1,374,002	\$ 441,328
State aid	*	\$ 568,237

**Miscellaneous Revenue through 12/31/2018: \$199,283**

Is the project within budget?  Yes  No If no, explain:

Is the project on schedule?  Yes  No If no, explain: Project was not authorized by DRS until March of 2007.

Identify any significant concerns that might affect budget or schedule of this project in the future: None.