

TID 62 - DRS Power & Technology
Periodic Report
12/31/19

District Created: 2005
Authorized expenditure (excluding interest): \$1,700,000
Authorizing resolution(s): #050948
Projected TID cost recovery: 2019 (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 30th Street Industrial Corridor sector of the City at 4265 North 30th 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The DRS facility was constructed in 1956, and became outdated and inefficient, particularly with respect to HVAC systems, engineering spaces, shop layout, and overall utilization.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 585 employees at the end of 2018.

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 and expects to move in phases from Milwaukee by 2022.

District incremental values have changed as follows:

Year	Incremental Value	Change
2019	\$ 2,720,800	48%
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%

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Expenditures - Life to Date (as of 12/31/19)

	Project Plan Budget	Appropriations	Encumbrances	Expenditures	Remaining
Administration	\$ 50,000	\$ 50,766	\$ -	\$ 56,625	\$ (5,859)
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	-
Total	\$ 1,870,000	\$ 1,816,550	\$ -	\$ 1,688,923	\$ 127,627

Financing Costs – Interest Paid through 12/31/2019: \$744,839

Revenue/Value Performance (as of 12/31/2019)

	Projected	Actual
Property value	\$ 9,479,942	\$ 8,050,600
Incremental value	\$ 6,837,942	\$ 2,720,800
Incremental taxes	\$ 1,516,787	\$ 516,388
State aid	*	\$ 633,391

Miscellaneous Revenue through 12/31/2019: \$264,646

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.