

Cost-Benefit Analysis for Surmet Ceramics Corp.

Prepared by Erie County IDA using InformAnalytics

Executive Summary

INVESTOR
Surmet Ceramics Corp.

TOTAL INVESTED
\$11.5 Million

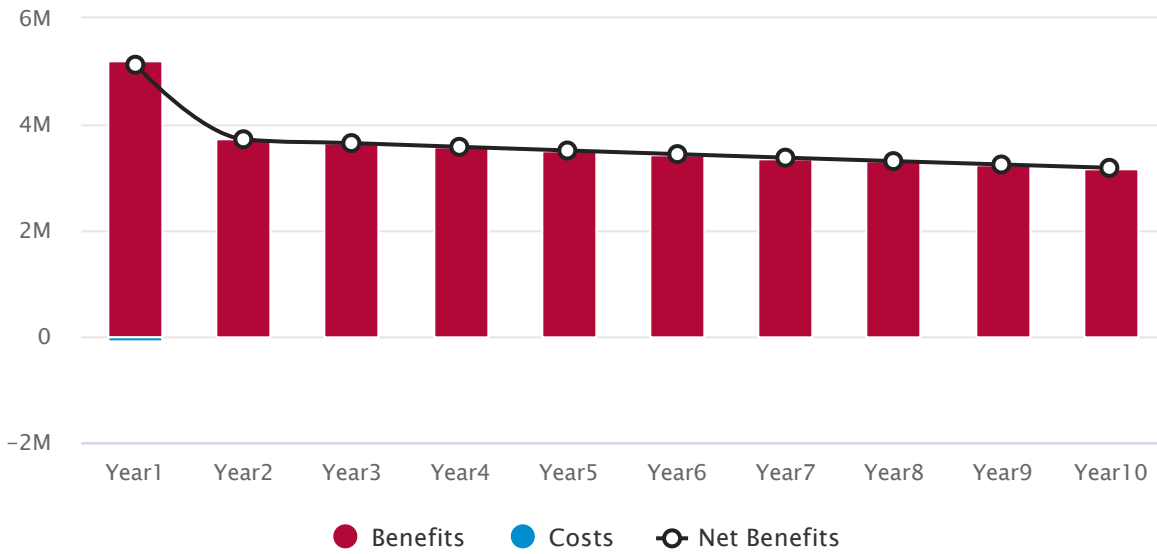
LOCATION
**743 Hertel Avenue,
Buffalo, NY 14207**

TIMELINE
10 Years

F1 FIGURE 1

Discounted* Net Benefits for Surmet Ceramics Corp. by Year

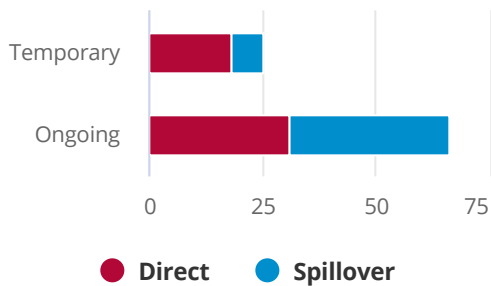
Total Net Benefits: \$36,107,000



Discounted at 2%

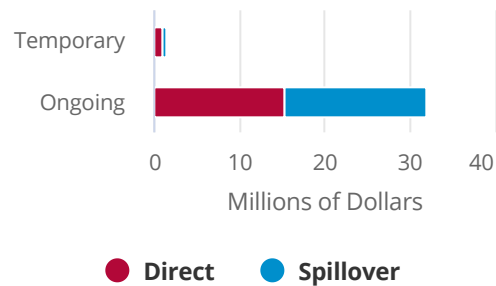
F2 FIGURE 2

Total Jobs



F3 FIGURE 3

Total Payroll



Proposed Investment

Surmet Ceramics Corp. proposes to invest \$11.5 million at 743 Hertel Avenue, Buffalo, NY 14207 over 10 years.

T1 TABLE 1

Proposed Investments

Description	Amount
CONSTRUCTION SPENDING	
Construction	\$2,500,000
OTHER SPENDING	
Infrastructure	\$500,000
Manufacturing Equipment	\$8,000,000
Other	\$500,000
Total Investments	\$11,500,000
Discounted Total (2%)	\$11,500,000

May not sum to total due to rounding.

F4 FIGURE 4

Location of Investment



Cost-Benefit Analysis

A cost-benefit analysis of this proposed investment was conducted using InformAnalytics, an economic impact model developed by CGR. The report estimates the impact that a potential project will have on the local economy based on information provided by Erie County IDA. The report calculates the costs and benefits for specified local taxing districts over the first 10 years, with future returns discounted at a 2% rate.

T2 TABLE 2

Estimated Costs or Incentives

Erie County IDA is considering the following incentive package for Surmet Ceramics Corp..

Description	Nominal Value	Discounted Value*
Sales Tax Exemption	\$65,000	\$65,000
Total Costs	\$65,000	\$65,000

May not sum to total due to rounding.

* Discounted at 2%

T3 TABLE 3

State & Regional Impact (Life of Project)

The following table estimates the total benefits from the project over its lifetime.

Description	Direct	Spillover	Total
REGIONAL BENEFITS	\$18,318,000	\$18,762,000	\$37,080,000
To Private Individuals	\$17,623,000	\$18,461,000	\$36,085,000
Temporary Payroll	\$961,000	\$333,000	\$1,294,000
Ongoing Payroll	\$16,663,000	\$18,128,000	\$34,790,000
To the Public	\$695,000	\$301,000	\$996,000
Property Tax Revenue	\$407,000	N/A	\$407,000
Temporary Sales Tax Revenue	\$16,000	\$5,000	\$21,000
Ongoing Sales Tax Revenue	\$272,000	\$296,000	\$567,000
STATE BENEFITS	\$1,110,000	\$1,123,000	\$2,233,000
To the Public	\$1,110,000	\$1,123,000	\$2,233,000
Temporary Income Tax Revenue	\$47,000	\$16,000	\$63,000
Ongoing Income Tax Revenue	\$814,000	\$846,000	\$1,661,000
Temporary Sales Tax Revenue	\$14,000	\$5,000	\$18,000
Ongoing Sales Tax Revenue	\$235,000	\$256,000	\$491,000
Total Benefits to State & Region	\$19,428,000	\$19,885,000	\$39,314,000
Discounted Total Benefits (2%)	\$17,922,000	\$18,250,000	\$36,171,000

May not sum to total due to rounding.

T4 TABLE 4

Benefit to Cost Ratio

The following benefit to cost ratios were calculated using the discounted totals.

Description	Benefit*	Cost*	Ratio
Region	\$34,118,000	\$35,000	985:1
State	\$2,053,000	\$30,000	68:1
Grand Total	\$36,171,000	\$65,000	559:1

May not sum to total due to rounding.

* Discounted at 2%

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