

Highway Rehab Corporation
\$ 5,225,000
PRIVATE INVESTMENT INDUCEMENT RESOLUTION

ELIGIBILITY

- NAICS Section – 237310

COMPANY INCENTIVES

- Up to \$ 308,875 in sales tax savings
- Approximately \$362,462 in real property tax savings
- Up to 3/4 of 1% of the final mortgage amount estimated at \$ 29,250

JOBS & ANNUAL PAYROLL

- Current Jobs: 67 FTE
- Annual Payroll: \$ 6,927,000
- Projected new jobs: 15 FTE (85%) = 12 FTE
- Est. salary/yr jobs created: \$ 67,200
- Projected retained jobs: 67
- Est. salary/yr jobs retained: \$88,340
- Total jobs after project completion: 79 FTE
- Construction Jobs: 20

PROJECTED COMMUNITY BENEFITS*

- Term: 7 YEARS
- NET Community Benefits: \$ 83,428,838
- Spillover Jobs: 95
- Total Payroll: \$ 78,588,597

INCENTIVE COST / COMMUNITY BENEFIT RATIO (discounted at 2%)*

Incentives: \$ 674,905
 Community Benefit: \$ 77,196,293
 Cost: Benefit Ratio 1:114

Project Title: Alden NY Shop
 Project Address: 11061 Walden Ave. Alden, NY 14004
 (Alden Central School District)

Agency Request

A sales tax, mortgage recording tax and real property tax abatement in connection with the construction of a 23,000 sq ft facility

Land Acquisition	\$ 550,000
New Building Construction	\$ 4,150,000
Infrastructure	\$ 350,000
Manufacturing Equipment	\$ 85,000
Non- Manufacturing Equipment	\$ 15,000
Soft Costs/Other	\$ 75,000
Total Project Cost	\$ 5,225,000
 85%	 \$ 4,441,250

Company Description

Highway Rehab Corp is a Hot in Place asphalt recycling company that was started in 1981. Hot In-Place recycling is an on-site, in-place recycling method that rehabilitates and restores deteriorated asphalt pavement minimizing the use of new materials, extends pavement life, and improves safety and motorist satisfaction. In 2020 the company was purchased by two long time employees who were determined to keep the company in WNY and to retain its WNY workforce. Owners Thomas Colella and Michael Haggerty have grown Highway Rehab to a company that is in the forefront of Hot in Place recycling, with a process that is used by the NY DOT, Mass DOT, Maine DOT, Vermont DOT and other towns and municipalities throughout the Northeast. Thomas and Michael each hold 50% of the stock in Highway Rehab Corp.

Project Description

Highway Rehab Corp. has outgrown the current space they lease in Cheektowaga and began on year long search for a new facility. Although several sites in the Town of Cheektowaga and the surrounding communities were considered, Highway Rehab was unable to find a facility that met their needs. Therefore they have decided to build a 23,000 sq ft building in the Town of Alden that will be used to manufacture and maintain equipment. The facility will allow them to retain and grow their workforce in WNY, to address their current backlog of work and allow them to take on additional work they previously had to turn down. The company has complied with the ECIDA’s Inter-Municipal Move Policy as outlined in the Uniform Tax Exemption Policy.

* Cost Benefit Analysis Tool powered by MRB Group

Economic Impact: Inform Analytics Cost-Benefit Analysis

The Erie County Industrial Development Agency uses the Cost Benefit Analysis Tool powered by MRB Group to assess the economic impact of a project applying for incentives. A Cost-Benefit Analysis is required by Section 859-a (5)(b) of General Municipal Law. For the complete Cost Benefit Analysis – please see the attached MRB Cost Benefit Calculator.

Cost: Incentives

COSTS	Tax Exemption	Amount
	Property	362,462
	Sales	308,875
	Mortgage Recording	29,250
	Total	700,587
	Discounted at 2%	674,905

Benefit: Projected Community Benefit*

BENEFITS	Region	Recipient	Revenue Type	\$ Amount **
	Erie County	Individuals	Payroll Construction	2,984,102
			Payroll Permanent	75,604,496
		Public	Property Taxes	90,616
			Sales Taxes	653,267
			Other Muni (NFTA)	9,750
	New York State	Public	Income Taxes	3,536,487
			Sales Taxes	550,120
			Total Benefits to EC + NYS***	83,428,838
			Discounted at 2%	77,196,293

* Cost Benefit Analysis Tool powered by MRB Group **includes direct & indirect \$ over project period ***may not sum to total due to rounding

Discounted Cost \$ 674,905
 Discounted Benefit \$77,196,293
 Ratio 1:114

Conclusion: The Cost Benefit for this project is: 1:114. For every \$1 in costs (incentives), this project provides \$ 114 in benefits (payroll & tax revenue). **Note: For Erie County, every \$1 in costs (incentives) provides \$ 143 in benefits to the community.**

New Tax Revenue Estimated

Current Yearly Taxes	Estimated New Assessed Value	Additional County Revenue over abatement period	Additional Local Revenue Over abatement period	Additional School Revenue Over abatement period	New Yearly Taxes Upon Expiration of Abatement Period
\$3,676	\$ 2,500,000	\$ 20,052	\$ 6,853	\$63,711	\$64,725
Combined Tax Rate: \$ 25.89					

Draft Recapture Material Terms

Condition	Term	Recapture Provision
Total Investment	At project completion	Investment amount equal to or greater than 85% of project amount. Total project amount = \$ 5.225.000 85% = \$ 4,441,250
Employment	Coincides with 7-year PILOT	Maintain Base = 67 FTE Create 85% of Projected Projected = 15 FTE 85% = 12 FTE Recapture Employment = 79 FTE
Local Labor	Construction period	Adherence to policy including quarterly reporting
Pay Equity	Coincides with 7-year PILOT	Adherence to Policy
Unpaid Tax	Coincides with 7-year PILOT	Adherence to Policy
<u>Recapture Period</u>	Coincides with 7-year PILOT	Recapture of Mortgage recording tax, state and local sales taxes

Recapture applies to:

State and Local Sales Taxes
Real Property Tax
Mortgage Recording Tax

Recapture

Pursuant to New York State General Municipal Law, the agency shall modify, recover, recapture or terminate any financial assistance taken by the company that is in violation of the GML.

At completion of the project company must certify i) total investment amount is equal to or greater than 85% of the anticipated project amount; ii) company has maintained 67 jobs and created 12 jobs (85% of projected), iii) confirm adherence to local labor policy during construction and iv) its adherence to unpaid tax/pay equity policies for recapture term.

Project ECIDA History

- 11/3/22: Public hearing held.
- 12/21/22: Inducement Resolution presented to Board of Directors adopting a Negative Declaration in accordance with SEQRA
- 12/21/22: Lease/Leaseback Inducement Resolution presented to the Board of Directors

Company ECIDA History

1/8/20: \$1.6 Mil Regional Development Corp (RDC) participation loan to Highway Rehab Corporation – part of a \$9 M owner buyout aimed to retain / grow the company in WNY. The company has handled their loan as agreed.