

**Commitment 2000, Inc / Father Sam's Bakery**  
**\$ 8,623,800**

**PRIVATE INVESTMENT INDUCEMENT RESOLUTION**

**ELIGIBILITY**

- NAICS Section – 311830

**COMPANY INCENTIVES**

- Approximately \$ 194,055 in real property tax savings
- Approximately \$ 207,410 in sales tax savings
- 3/4 of 1% of the final mortgage amount up to \$ 18,750

**JOBS & ANNUAL PAYROLL**

- Current Jobs: 74 FT, 2 PT (75 FTE)
- Annual Payroll: \$ 4,012,917
- Projected new jobs: 10 FT, 2 PT (11 FTE)
- Salary of retained jobs: \$47,342
- Est. salary/yr. of jobs created: \$42,645
- Total jobs after project completion: 86
- Construction Jobs: 38

**PROJECTED COMMUNITY BENEFITS\***

- Term: 7 YEARS
  - NET Community Benefits: \$38,711,979
  - Spillover Jobs: 38
- Total Payroll: \$36,458,323

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

Incentives: \$406,465

Community Benefit: \$36,169,315

Cost: Benefit Ratio

- 1:89

Project Title: Tortilla Line Expansion

Project Address: 105 Monsignor Valente Drive, Buffalo, NY 14206  
 (Buffalo Central School District)

**Agency Request**

A sales tax, mortgage recording tax and real property tax abatement in connection with a 17,000 sq ft building addition to add a 3<sup>rd</sup> production line for this bakery manufacturer.

Building Addition	\$ 1,650,000
Infrastructure	\$ 484,000
Manufacturing Equipment	\$ 5,659,400
Non- Manufacturing Equipment	\$ 520,400
Soft Costs/Other	\$ 310,000
Total Project Cost	\$ 8,623,800
85%	\$ 7,330,230

**Company Description**

Father Sam's Bakery is a 3<sup>rd</sup> generation family-owned bakery manufacture having facilities in Buffalo, NY and Charlotte, NC. Father Sam's has been making flat breads (pita break and flour tortillas) for over 45 years – primarily manufacturing private label products for many regional and national customers including: Wegmans, Tops, Restaurant Depot and Mighty Taco. To date, over 90% ownership is held by William A. Sam.

**Project Description**

The project consists of a 16,975 sq ft building expansion at the company's HQ location at 105 Monsignor Valente Drive in the City of Buffalo. The addition, an American Steel Building will be primarily used for manufacturing (76%) with some warehousing (24%). The company will be installing one new fully automated pressed tortilla line that will increase the output of the Buffalo facility by 40%. A second phase of the project will be purchasing, installing and significant training associated with a new Enterprise Resource Planning (ERP) computer operating system. This new IT technology is imperative to properly function with the new equipment as well as a vast array of systems currently used between the 2 facilities (Buffalo & Charlotte). The 2 project phases will be run simultaneously, with the target project completion date of 1<sup>st</sup> Quarter of 2024. The expansion is deemed critical to remaining a competitive manufacturer in NYS and the East Coast where their products are sold.

\* 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	194,055
	Sales	207,410
	Mortgage Recording	18,750
	Total	420,215
	Discounted at 2%	406,465

### Benefit: Projected Community Benefit\*

BENEFITS	Region	Recipient	Revenue Type	\$ Amount **
	Erie County	Individuals	Payroll Construction	\$5,533,960
			Payroll Permanent	\$30,924,363
		Public	Property Taxes	\$48,514
			Sales Taxes	\$303,060
			Other Muni Revenue (NFTA)	\$6,250
	New York State	Public	Income Taxes	\$1,640,624
			Sales Taxes	\$255,209
			Total Benefits to EC + NYS***	\$38,711,979
			Discounted at 2%	\$36,169,315

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

Discounted Cost           \$ 406,465  
 Discounted Benefit       \$36,169,315  
 Ratio                         1:89

**Conclusion:** The Cost Benefit for this project is: 89:1. For every \$1 in costs (incentives), this project provides \$89 in benefits (payroll & tax revenue). **Note: For Erie County, every \$1 in costs (incentives) provides \$115 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	New Yearly Taxes Upon Expiration of Abatement Period
\$ 37,116	\$1,493,800	\$66,832	\$241,495	\$ 71,769
Combined Tax Rate: \$ 23.198				

## 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 = \$8,623,800 85% = \$ 7,330,230
Employment	Coincides with 7-year PILOT	Maintain Base = 75 FTE Create 85% of Projected Projected = 11 FTE 85% = 9 FTE Recapture Employment = 84 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 Real Property Tax, 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 75 FTE jobs and created 9 FTE jobs, 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

- 01/17/23: Public hearing held.
- 02/22/23: Inducement Resolution presented to Board of Directors adopting a Negative Declaration in accordance with SEQRA
- 02/22/23: Lease/Leaseback Inducement Resolution presented to the Board of Directors