

Stark Tech
\$ 16,250,000
PRIVATE INVESTMENT INDUCEMENT RESOLUTION

ELIGIBILITY

- NAICS Section – 221210

COMPANY INCENTIVES

- Approximately \$ 371,875 in sales tax savings
- 3/4 of 1% of the final mortgage amount up to \$ 82,500

JOBS & ANNUAL PAYROLL

- Current Jobs: 50 FT
- Annual Payroll: \$ 4,012,917
- Projected new jobs:120 FT, 10 PT (125 FTE)
- Est. salary/yr. of jobs created: \$106,800 FT, \$50,000 PT
- Projected retained jobs: 50
- Est. salary/yr. of jobs retained: \$112,000
- Total jobs after project completion: 170 FT, 10 PT (175 FTE)
- Construction Jobs: 43

PROJECTED COMMUNITY BENEFITS*

- Term: 2 YEARS post project completion
 - NET Community Benefits: \$ 435,347,476
 - Spillover Jobs: 257
- Total Payroll: \$ 410.6 million

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

Incentives: \$ 454,375

Community Benefit: \$ 388,088,076

Cost: Benefit Ratio

- 1:854

Project Title: Stark Renewables Capacity Expansion

Project Address 91 Sawyer Ave, Tonawanda, NY 14150
 (Ken-Ton School District)

Agency Request

A sales tax and mortgage recording tax exemption in connection with the renovation of properties on Sawyer Ave in the Town of Tonawanda for manufacturing use.

Land & Building Acquisition	\$ 6,250,000
Reconstruction / Renovation	\$ 4,000,000
Manufacturing Equipment	\$ 3,900,000
Non- Manufacturing Equipment	\$ 750,000
Infrastructure	\$ 1,000,000
Soft Costs	\$ 100,000
Total Project Cost	\$ 16,250,000
 85%	 \$ 13,812,500

Company Description

Stark Tech is a single-source provider bringing expertise in engineering and optimization strategies, aligning technology and analytics to facilities management and service plans designed to meet customers' goals. Stark Tech specializes in creating customized facilities management solutions that align their customer's energy efficiency goals and sustainable strategies to the right management systems and equipment. Stark has 18 locations nationwide, with 10 locations in WNY. Stark Tech ownership consists of Timothy Geiger (70%), Randy Urschel (20%) and Dennis Donovan (10%).

Project Description

Stark Renewables designs and manufactures equipment for the Renewable Natural Gas (RNG) industry. Their equipment and systems process dirty methane from landfills, farms, food waste and waste water treatment facilities into clean gas while providing a dual environmental benefit: 1) capture and elimination of harmful methane in the atmosphere and 2) produce clean energy from a renewable resource. Stark seeks to meet the rapidly growing market demands for green tech renewable natural gas equipment and battery energy storage systems "BESS" by increasing their manufacturing capabilities.

Stark's current 30,000 sq ft facility has space, infrastructure and ceiling height restrictions limiting production and size capabilities. This project is a major renovation of an existing 125,000 sq ft facility that contains high bay ceilings and high-capacity cranes. This new production facility will allow Stark to build larger and more complex equipment at a much higher capacity rate to serve the growing RNG market demand.

* 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	0
	Sales	371,875
	Mortgage Recording	82,500
	Total	454,375
	Discounted at 2%	454,375

Benefit: Projected Community Benefit*

BENEFITS	Region	Recipient	Revenue Type	\$ Amount **
	Erie County	Individuals	Payroll Construction	6,256,651
			Payroll Permanent	404,301,535
		Public	Property Taxes	0
			Sales Taxes	3,412,765
			Other Muni Revenue (NFTA)	27,500
	New York State	Public	Income Taxes	18,475,118
			Sales Taxes	2,873,908
			Total Benefits to EC + NYS***	435,347,477
			Discounted at 2%	388,088,076

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

Discounted Cost	\$ 454,375
Discounted Benefit	\$ 388,088,076
Ratio	1:854

Conclusion: The Cost Benefit for this project is: 1:854. For every \$1 in costs (incentives), this project provides \$ 854 in benefits (payroll & tax revenue). **Note: For Erie County, every \$1 in costs (incentives) provides \$1,609 in benefits to the community.**

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 = \$16,250,000 85% = \$ 13,812,500
Employment	Coincides with Recapture Period	Maintain Base = 50 FTE Create 85% of Projected Projected = 120 FT, 10PT (125 FTE) 85% = 106 FTE Recapture Employment = 156 FTE
Local Labor	Construction period	Adherence to policy including quarterly reporting
Pay Equity	Coincides with Recapture Period	Adherence to Policy
Unpaid Tax	Coincides with Recapture Period	Adherence to Policy
<u>Recapture Period</u>	2 years after project completion	Recapture of Real Property Tax, Mortgage recording tax, state and local sales taxes

Recapture applies to:

State and Local Sales Taxes
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 to maintain 50 FT jobs and created 106 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

- 5/24/23: Public hearing held.
- 6/28/23: Inducement Resolution presented to Board of Directors adopting a Negative Declaration in accordance with SEQRA
- 6/28/23: Lease/Leaseback Inducement Resolution presented to the Board of Directors