

Steuben Foods, Inc.
\$16,854,183
INDUCEMENT RESOLUTION

ELIGIBILITY

- NAICS Section - 311500

COMPANY INCENTIVES

- Approximately \$795,000 in real property tax savings.
- Approximately \$460,756 in sales tax savings

EMPLOYMENT

- Current: 555 FT
19 PT
- Projected New Jobs: 27 FT
- Estimated salary of jobs to be created: \$35,421
- Estimated salary of jobs to be retained: \$51,057

PROJECT HISTORY

- 03/11/2019 - Public hearing held. Transcript attached.
- 3/27/2019 - Lease/Leaseback Inducement Resolution presented to the Board of Directors

Project Title: Steuben Foods, Inc.
 Project Address: 1150 Maple Road
 Elma, New York 14059
 (Iroquois Central School District)

Agency Request

A sales tax and real property tax exemption in connection with the construction of an 82,500 sq. ft. manufacturing facility.

New Building Construction	\$7,992,664
Infrastructure	\$ 353,376
Manufacturing Equipment	\$5,364,582
Non-Manufacturing Equipment	\$1,017,586
Soft Costs/Other	\$2,125,975
Total Project Costs	\$16,854,183
85%	\$14,326,055

Company Description

Steuben Foods, Inc, is a high tech food and beverage manufacturer founded in 1981. It processes and packages a variety of dairy and plant based foods and beverages in its over 400,000 sq. ft. manufacturing facility in Elma, New York. These products generally are packaged in aseptic or extended shelf life containers.

In December, 2016 Steuben completed an 80,000 sq. ft. expansion of its existing low-acid aseptic processing and packaging facility, which included 20,000 sq. ft. of manufacturing space and equipment to specifically process grains, nuts, and seeds.

National and international sales account for approximately 70% of sales.

Project Description

The project consists of the expansion of Steuben's warehouse along with equipment purchases to improve its production capabilities. The expansion includes the construction of an 82,500 sq. ft. facility to improve production flow as demand for finished product continues to expand. The project also includes the purchase, installation and implementation of a robotic palletizing system.

New Tax Revenue Estimated

Current Yearly Taxes	Estimated New Assessed Value	Additional County Revenue Over 10-Year Abatement Period	Additional Local Revenue Over 10-Year Abatement Period	New Yearly Taxes Upon Expiration of Abatement Period
\$0	\$205,000	\$51,000	\$160,000	\$100,500
Combined Tax Rate: \$491.10				

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: \$16,854,183 85% : \$14,326,055
Employment	Coincides with 10-Year PILOT	Maintain Base: 564 FTE Create 85% pf Projected Projected: 27 85%: 23 Recapture Employment: 587
Local Labor	Construction Period	Adherence to policy including quarterly reporting
Pay Equity/Unpaid Tax	Coincides with 10-Year PILOT	Adherence to Policy
Recapture Period	PILOT Term	Recapture of State and Local Sales Taxes, Real Property Taxes

Recapture applies to:

State and Local Sales Taxes
Real Property 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 equal to or greater than 85% of the amount proposed; ii) confirm company has maintained 564 employees and created an additional 27 jobs iii) confirm adherence to local labor policy during construction and iv) its adherence to unpaid tax/pay equity policies for recapture term.

Site History

- Early 1970's - Western Electric began development of a 200 acre site in Elma, New York
- 1976 - Western Electric abandons site
- 1980 - ECIDA purchases site for \$500,000 in back taxes with money loaned to it by the Regional Development Corporation
- 1983 - ECIDA identifies Steuben as a potential tenant for 150 acres
- 1983 - \$5,500,000 Urban Development Action Grant used for site work and building renovations
- 1983 - \$700,000 EDA grant along with an Erie County grant for sewer facility
- 1983 - ECIDA and Steuben sign a 30-year lease for the property with two 30-year renewal options
- 2009 - Steuben exercises option to purchase the 150 acre site for \$6,000,000 less all of the rental payments made (excluding PILOT payments) paid by Steuben under the lease agreement