

Upstate Niagara Cooperative, Inc.
\$ 150,000,000.00
PRIVATE INVESTMENT INDUCEMENT RESOLUTION

ELIGIBILITY

- NAICS Section – 311511

COMPANY INCENTIVES

- Approximately \$5,988,343 in real property tax savings
- Up to \$ 3,937,500 in sales tax savings

JOBS & ANNUAL PAYROLL

- Current Jobs: 240 FT
- Projected retained jobs: 240 FT
- Est. salary/yr. of jobs retained: \$71,000
- Projected new jobs: 130 FT
- Est. salary/yr. of jobs created: \$70,000
- Annual Payroll: \$ 26,500,000
- Construction Jobs: 592

PROJECTED COMMUNITY BENEFITS*

- Term: 10 YEARS
 - NET Community Benefits: \$849,874,586
 - Spillover Jobs: 1,302
- Total Payroll: 801,774,552

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

Incentives: \$9,349,181
 Community Benefit: \$769,112,877
 Cost: Benefit Ratio
 • 1:82

Project Title: W Seneca Expansion
 Project Address: North America Drive, West Seneca, NY14224
 (West Seneca Central School District)

Agency Request

A sales and real property tax abatement associated with a 250,000 SF expansion to an existing plant in West Seneca. The additional space will primarily be used for manufacturing purposes with some additional SF allocated to warehouse and office space.

Building Addition	\$ 60,000,000
Manufacturing Equipment	<u>\$ 90,000,000</u>
Total Project Cost	\$ 150,000,000
85%	\$ 127,500,000

Company Description

Upstate Niagara Cooperative, Inc is a dairy cooperative made up of approximately 260 dairy farms, whose valued members are the dairy farmers who own the business. Upstate Niagara Cooperative a food and beverage company, has been producing a wide variety of award winning, high quality dairy products since 1971. These offerings include milk, cream, flavored milk, shelf stable ready to drink beverages, yogurt, dip, sour cream, cottage cheese, canned evaporated milk and ice cream mix products. These products are marketed under the names, Upstate Farms, Bison, Intense Milk, Milk for Life, Spring Farms, Gold Cow and Valley Farms brands in addition to numerous contract and retail customer labels.

Project Description

The addition of 250,000 SF of space that would more than double the size of Upstate Niagara Cooperative's existing plant (225,000 SF) in West Seneca. New business opportunities and creating operational efficiencies are the main drivers in the company's decision to expand their West Seneca plant. The project will add significant manufacturing capacity as well as storage space for finished goods, ingredients and packaging. Products manufactured at this facility will be distributed throughout the U.S. and will utilize a significant amount of milk from local dairy farmers.

* 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	\$ 5,988,343
	Sales	\$ 3,937,500
	Total	\$ 9,925,843
	Discounted at 2%	\$ 9,349,181

Benefit: Projected Community Benefit*

BENEFITS	Region	Recipient	Revenue Type	\$ Amount **
	Erie County	Individuals	Payroll Construction	\$ 90,655,374
			Payroll Permanent	\$711,119,178
		Public	Property Taxes	\$ 1,496,888
			Sales Taxes	\$ 4,910,869
			Other Muni Revenue (NFTA)	\$ 0
	New York State	Public	Income Taxes	\$ 36,079,855
			Sales Taxes	\$ 5,612,422
			Total Benefits to EC + NYS***	\$849,874,586
			Discounted at 2%	\$769,112,877

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

Discounted Cost \$ 9,349,181
Discounted Benefit \$769,112,877
Ratio 1:82

Conclusion: The Cost Benefit for this project is: 82:1. For every \$1 in costs (incentives), this project provides \$82 in benefits (payroll & tax revenue). **Note: For Erie County, every \$1 in costs (incentives) provides \$101 in benefits to the community.**

New Tax Revenue Estimated

PILOT Type	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
10 Year Standard PILOT	\$ 182,997	\$ 9,000,000	\$ 551,684	\$ 874,222	\$ 1,900,951	\$ 931,520
			<u>\$ 308,944*</u>	<u>\$ 489,564*</u>	<u>\$ 1,064,532*</u>	
			\$ 860,628	\$1,363,786	\$ 2,965,483	
10 Year EIP PILOT (Tier 2): has 12 yr benefit period			\$649,608	\$1,029,396	\$2,238,370	
Combined Tax Rate: \$ 83.17						

*added 2 years at full property taxes – for comparison purposes

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 = \$150,000,000 85% = \$ 127,500,000
Employment	Coincides with 10-year PILOT	Maintain Base = 240 FTE Create 85% of Projected Projected = 130 FTE 85% = 110 FTE Recapture Employment = 350 FTE
Local Labor	Construction period	Adherence to policy including quarterly reporting
Pay Equity	Coincides with 10-year PILOT	Adherence to Policy
Unpaid Tax	Coincides with 10-year PILOT	Adherence to Policy
<u>Recapture Period</u>	Coincides with 10-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 240 FTE jobs and created 110 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

- 7/29/24: Public hearing held.
- 9/25/24: Inducement Resolution presented to Board of Directors adopting a Neg Dec in accordance with SEQRA
- 9/25/24: Lease/Leaseback Inducement Resolution presented to the Board of Directors

Company ECIDA History

- 8/2000: \$ 1.16M Construction of 20,400 SF cold storage & dry room. Property & Sales Tax Incentives - Cheektowaga
- 8/2000: \$ 8.14M Renovations 34,000 SF management & admin building, Property & Sales Tax Incentives - Cheektowaga
- 6/2002: \$1.03M Equipment Purchases. Sales Tax Incentive - Cheektowaga
- 6/2004: \$38M Construction of 165,000 SF manufacturing facility. Property & Sales Tax Incentives – West Seneca
- 10/2013: \$2.9M Building Addition = 8,600 SF. Sales Tax Incentive – West Seneca