

Expansion - Warehouse & Production Space / Hanes Supply Inc
\$ 6,000,000

PRIVATE INVESTMENT INDUCEMENT RESOLUTION

ELIGIBILITY

- NAICS Section – 332610

COMPANY INCENTIVES

- Approximately \$ 417,785 in real property tax savings.
- Up to \$358,750 in sales tax savings

JOBS & ANNUAL PAYROLL

- Current Jobs: 85 FT, 5 PT (87 FTE)
- Est. salary/yr. of jobs retained: \$61,000
- Projected new jobs: 10 FT
- Est. salary/yr. of jobs created: \$ 48,000
- Annual Payroll: \$ 7,000,000
- Total jobs after project completion: 97
- Construction Jobs: 24

PROJECTED COMMUNITY BENEFITS*

- Term: 10 YEARS
 - NET Community Benefits: \$115,864,788
 - Spillover Jobs: 80
- Total Payroll: \$109,401,384

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

Incentives: \$736,300
 Net Present Value of Property Tax Exemption: \$ 377,550
 Community Benefit: \$104,113,787
 Cost: Benefit Ratio
 • 1:141

Project Title: Hanes Supply Inc - Expansion

Project Address: 55 James E. Casey Drive, Buffalo, NY 14206
 (Buffalo City School District)

Agency Request

A sales tax, and real property tax abatement in connection with a 56,500 SF building that is adjacent to the applicant's current 55,000 SF facility. The new building will be used primarily as warehouse space with additional space for offices, restrooms and a breakroom.

New Building Construction	\$ 5,500,000
Manufacturing Equipment	\$ 50,000
Non- Manufacturing Equipment	\$ 300,000
Soft Costs/Other	\$ 150,000
Total Project Cost	\$ 6,000,000
85%	\$ 5,100,000

Company Description

Hanes Marine & Cable was founded in 1930 by Ted Hanes Sr, an American Airlines worker who learned to splice cable while studying to earn his Federal Aircraft Mechanics license. Ted extended his wire rope splicing services to several local contractor friends for extra income - eventually securing office space for his business in Buffalo. By 1962 the company outgrew the facility, officially incorporated as Hanes Supply, Inc (HSI) and moved to 1294 Seneca St allowing for a larger sling shop and enabling HSI to become an Allied Product Supply House offering more products and faster service. In 1980, Ted's son Bill Hanes, a UB Civil Engineering graduate became President of Hanes Supply. Today the company is HQ at 55 James E Casey Drive in Buffalo and has facilities in NY: Rochester, Syracuse, Watertown and Albany, as well as in Midland, NC and Guilford, CT. HSI is a leader in the rigging and heavy lifting industry specializing in manufacturing American-made slings and below-the-hook lifting devices. Ownership structure: William C. Hanes is 95% owner.

Project Description

Hanes Supply has outgrown its current 55,000 SF location and is considering adding a 56,575 SF building located at the rear of the existing facility for additional warehouse / production uses. In their current space, Hanes is struggling to handle the double-digit growth they've experienced over the past few years. The company notes that this expansion is extremely important for the growth of the business. They also note that the expansion will serve a crucial role with the construction of the new Buffalo Bills High Mark Stadium as well as with several large project throughout the U.S.

* 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	\$ 417,785
	Sales	\$ 358,750
	Mortgage Recording	0
	Total	\$ 776,535
	Discounted at 2%	\$ 736,300

Benefit: Projected Community Benefit*

BENEFITS	Region	Recipient	Revenue Type	\$ Amount **
	Erie County	Individuals	Payroll Construction	\$ 3,626,215
			Payroll Permanent	\$ 105,775,169
		Public	Property Taxes	\$ 104,449
			Sales Taxes	\$ 670,084
			Other Muni Revenue (NFTA)	\$ 0
	New York State	Public	Income Taxes	\$ 4,923,063
			Sales Taxes	\$ 765,810
				Total Benefits to EC + NYS***
			Discounted at 2%	\$ 104,113,787

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

Discounted Cost \$ 736,300
 Discounted Benefit \$104,113,787
 Ratio 1:141

Conclusion: The Cost Benefit for this project is: 141:1. For every \$1 in costs (incentives), this project provides \$141 in benefits (payroll & tax revenue). **Note: For Erie County, every \$1 in costs (incentives) provides \$182 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	New Yearly Taxes Upon Expiration of Abatement Period
10 Year Standard PILOT	\$ 39,167	\$ 3,500,000	\$ 96,265 \$ <u>7,600*</u> \$103,865	\$ 399,854 \$ <u>31,567*</u> \$ 431,421	\$ 91,390
10 Year EIP PILOT (Tier 1: has 11 yr benefit period)			\$ 101,838	\$ 423,004	

*added 1 year 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 = \$ 6,000,000 85% = \$ 5,100,000
Employment	Coincides with 10-year PILOT	Maintain Base = 87 FTE Create 85% of Projected Projected = 10 FTE 85% = 8 FTE Recapture Employment = 95 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

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 87 FTE jobs and created 8 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

- 9/24/24: Public hearing held.
- 10/23/24: Inducement Resolution presented to Board of Directors adopting a Negative Declaration in accordance with SEQRA
- 10/23/24: Lease/Leaseback Inducement Resolution presented to the Board of Directors