



2014 Year In Review

ECIDA
THE ECONOMIC DEVELOPMENT CORPORATION FOR ERIE COUNTY

Message from the CEO

2014 has been a watershed year for the ECIDA. Our Board welcomed its first female Chair, Buffalo Urban League President and CEO Brenda McDuffie. We appreciate her valuable insight and continued leadership. We also congratulate our former Policy Committee Chair Richard Tobe as he moves on from his Deputy Erie County Executive position to take an economic development leadership role in Governor Andrew Cuomo's administration. The ECIDA Board's new Vice Chair, Western New York Labor Federation President Richard Lipsitz, will now Chair the ECIDA's Policy Committee through its ongoing examination of improving our incentive policies.

With guidance from Erie County Executive Mark Poloncarz, who also serves on our Board of Directors, we continue working toward implementing policies that help Erie County businesses grow. It is our goal to lead by example as a responsible independent, public benefit corporation.

Through our incentive and loan programs, the ECIDA generated exciting economic development activity in 2014; our Board approved 22 tax incentive packages, supporting major business expansions and job creation. Ten loans were also approved, helping growing businesses that otherwise had difficulty finding financing.

The ECIDA also worked closely with the office of Buffalo Mayor Byron Brown (who sits on our Board of Directors) to retain and create jobs in the urban core. In 2014, nine tax incentive packages were approved under our adaptive reuse policy, all within City limits. Adaptive reuse tax incentives help finance the rehabilitation of these important historic buildings—preserving Buffalo's rich history, and encouraging economic growth.

Moving forward, our plans for 2015 include our re-introduction into the venture capital arena—the Bridge Capital Fund—and expanding our loan products in response to the changing needs of Erie County businesses. As the economic needs of Erie County evolve, so must our tools for helping businesses retain and create jobs in Erie County.

If you have any questions about how we may help your business prosper, call our offices at (716) 856-6525. We also encourage you to visit our website at ecidany.com as we integrate more information and resources online to clarify our role in the economic growth and development of Erie County businesses.



Sincerely,

Steve Weathers
President & CEO



2014 Year In Review

The economic impact of the private investment generated by ECIDA incentives is far-reaching. From growing businesses, to the rehabilitation of dilapidated buildings into tax-generating entities, to creating jobs that flood the community with payroll dollars that are spent locally on goods and services, these numbers represent the fruits of our labor and an economic development success story for Erie County.

Did you know?

In 2014, \$47 million in goods moved through designated Erie County Foreign Trade Zones.

TAX INCENTIVES

22
PROJECTS
APPROVED

\$13.9M
ESTIMATED IN
TAX INCENTIVES

\$2B
ECONOMIC
IMPACT

\$227M
PRIVATE
INVESTMENT

Did you know?

All of the projects receiving tax incentives under the ECIDA's PILOT program generated more than \$13 million in new taxes in 2014.

JOB



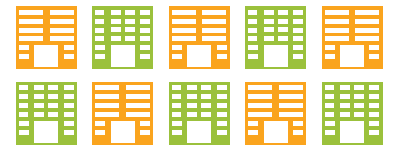
1,722
JOB
IMPACT

700 new jobs created

1,022 jobs retained

LOANS

10 BUSINESSES



borrowed **\$1.8M**
generated **\$5.2M**
in private investment

ADAPTIVE REUSE

9 PROJECTS APPROVED



generated **\$92.6M**
in private investment

1,007 construction
jobs created

Tax Incentives

Tax incentives provide a boost to the Erie County economy by stimulating private investment in properties and communities. A tax incentive may come in the form of abated sales tax (for construction supplies and equipment), reduced property taxes for a limited number of years, or a one-time elimination of the 1% mortgage recording fee on a proposed development. Tax incentives do not subtract from other public monies, because a business must invest in and create the project in order to get the tax break.

Did you know?

The \$2.5 million in tax savings to Unifrax is expected to generate \$170 million in economic impact over the 10-year PILOT term.

CONSERVE

ConServe, a local accounts receivable management company headquartered in Rochester needed to expand its operations. They applied for \$122,500 in sales tax savings on office equipment, enabling ConServe to move into the AppleTree Business Park in Cheektowaga. With the added parking and workspace, the company has already increased their workforce from 100 to 200, and by the end of 2015 plans to add another 150 employees at an average annual compensation of \$50,000.



ECIDA President and CEO Steve Weathers helps cut the ribbon on the new ConServe facility in Cheektowaga. (Left to right: Tom Kucharski, CEO, Buffalo Niagara Enterprise; Jerry Kaminski, Cheektowaga Town Councilman; Steve Weathers; Mark E. Davitt, CEO and President, ConServe; Rich Klein, CFO, ConServe)

FISHER-PRICE

Established in 1930, the world-famous toy company is one of Erie County's largest private employers, with an annual payroll of \$45,000,000 and 750 employees at its East Aurora location. To retain these jobs in Erie County, Fisher-Price is upgrading its facility, including phone systems, building renovations and new office equipment. With its parent company Mattel in El Segundo, California, these upgrades were critical to preserving those 750 local positions and maintaining the company's research & development facility here in Western New York. The project qualified for \$565,000 in sales tax benefits spread over three years.





FLYING BISON BREWING COMPANY

Buffalo's Flying Bison Brewing Company wanted to expand to a larger space. They applied for incentives from the ECIDA to purchase equipment and construct a new building at 840 Seneca Street in Buffalo. The ECIDA approved \$20,000 in mortgage recording fee savings, \$87,500 in sales tax benefits, and \$265,000 in real property tax savings. Four full-time jobs will be added to its current five-employee roster, and Flying Bison will generate an estimated economic impact of nearly \$14 million during the seven-year PILOT term.



UNIFRAX

As a worldwide manufacturer of high-temperature insulation products, Unifrax employs more than 1,600 people worldwide. The ECIDA approved tax incentives for two planned expansions in the Town of Tonawanda: construction of a 41,000 sq. ft. facility, including acquisition and installation of machinery and equipment, and construction of a 76,000 sq. ft. manufacturing facility in the North Youngmann Commerce Center. Their corporate headquarters in Tonawanda employs 268 people, and with the two planned expansions Unifrax will add 50 new permanent jobs and retain 95 jobs. Over the ten-year PILOT period, that adds up to \$23.3 million in new payroll expense that Unifrax will pour into the local economy.

Foreign Trade Zone

The ECIDA manages the U.S. Government's Foreign Trade Zone program within three Western New York counties: Erie, Cattaraugus, and Chautauqua. Foreign Trade Zones (FTZ) are secure areas located in or near U.S. Customs ports of entry that, for the purpose of tariff laws and Customs entry procedures, are legally considered to be outside the U.S. Customs and Border Patrol territory. In 2014, more than \$47 million in goods passed through Foreign Trade Zones in Erie County, saving businesses millions of dollars by offering:

- No duties on re-exports or scrapped goods
- Deferred customs duties on imports
- Reduced customs duties for manufacturers
- Merchandise Processing Fee savings

There are two types of zones: Sub Zones, which serve a single business, and General Purpose Zones, which can serve as a clearinghouse for many businesses. The ECIDA also helps import/export businesses navigate the FTZ application process. For more information, visit ecidany.com.

Loans

The ECIDA administers loans through its **Regional Development Corporation**, which shares staff and a Board of Directors with the ECIDA, but has the legal authority to approve and enter into loan agreements.

The RDC's loan portfolio for 2014 included \$1.8 million in new loans to 10 businesses. In order to qualify for an RDC loan a business must first present evidence that they have been turned down by a traditional lending institution. The RDC's mission is to take on riskier loans in order to help businesses that otherwise might shut down or move out of the area, taking jobs and economic growth with them.

OSC HOLDING, INC. & OSC MANUFACTURING AND EQUIPMENT SERVICES, INC.

OSC Holding, Inc. specializes in environmental remediation, hazardous waste removal, brownfield redevelopment and demolition of commercial structures in the U.S. and Canada. The RDC approved a \$1.25 million loan to assist OSC Manufacturing and Equipment Services, Inc. in initiating the production line of their "green excavator," a lithium-ion powered mini-track excavator. The loan, combined with financing from New York State Power Proceeds and OSC equity, will result in the retention of 21 existing jobs, and the addition of 11 new jobs to OSC's workforce of 250. The "green excavator" production line facility will be located at the former American Axle complex on Buffalo's East Side.



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Microloans

The RDC provides microloans to small business owners and entrepreneurs who are starting a new business, or want to take a small business to the next level.

OSHUN RESTAURANT

This art-deco seafood restaurant in downtown Buffalo used a \$50,000 loan from the ECIDA to purchase equipment.



NIAGARA LUBRICANT

Niagara Lubricant is a Buffalo-based manufacturer and distributor of industrial lubricating oils, greases, and tire care products. When a fire devastated their Black Rock factory complex in 2011, Niagara Lubricant had difficulty finding financing to relocate or rebuild. The RDC approved a \$150,000 loan, and brought the company together with the Grow America Fund, which provided a critical \$2.5 million loan. The company relocated to the former American Axle complex on the East Side in Buffalo, and as of 2014 began full operations again.

“The thing we are most grateful for is that not one employee lost a paycheck after the fire. This financing was essential for us not only to rebuild, but to rebuild without missing a step.”

– Leon Smith, III,
Chairman of Niagara Lubricant



Adaptive Reuse

Adaptive Reuse incentives help building owners rehabilitate abandoned or dilapidated structures, which are often historic buildings in blighted urban neighborhoods. This helps spur other private investment in the area, and creates a property-tax generating entity out of what once was a vacant or crumbling structure. The most common adaptive reuse incentives are sales tax savings on construction materials, or a one-time elimination of the 1% mortgage recording fee. These allow developers to leverage their financing for historic renovations, brownfield cleanup or other remediation, which often accompany urban adaptive reuse projects.

500 SENECA

500 Seneca Street was a symbol of urban blight in an otherwise revitalized Larkin District of downtown Buffalo. Developers FFZ Holdings, LLC and Savarino Development Corp. needed abatements in sales tax and mortgage recording fees to make a proposed \$31.7 million rehabilitation of the vacant structure economically feasible. The site, which will soon be a 300,000 sq. ft. mixed-use office space and job training facility, is listed on the National Register of Historic Places. Without the incentives, brownfield cleanup issues and the building's deteriorated state would likely have prevented the developers from being able to finance this project.

Did you know?

Upon completion, 500 Seneca will bring approximately \$347,000 in new property taxes annually to the City of Buffalo and \$65,000 in new property taxes to Erie County. In just three years, the project's new taxes will exceed the amount the developers received in ECIDA tax savings. If the building had been demolished or continued to sit empty, this new tax revenue would never be realized.

ECIDA incentives provided to 500 Seneca under the Adaptive Reuse policy:

- \$1,030,000 sales tax savings
- \$150,000 mortgage recording fee savings

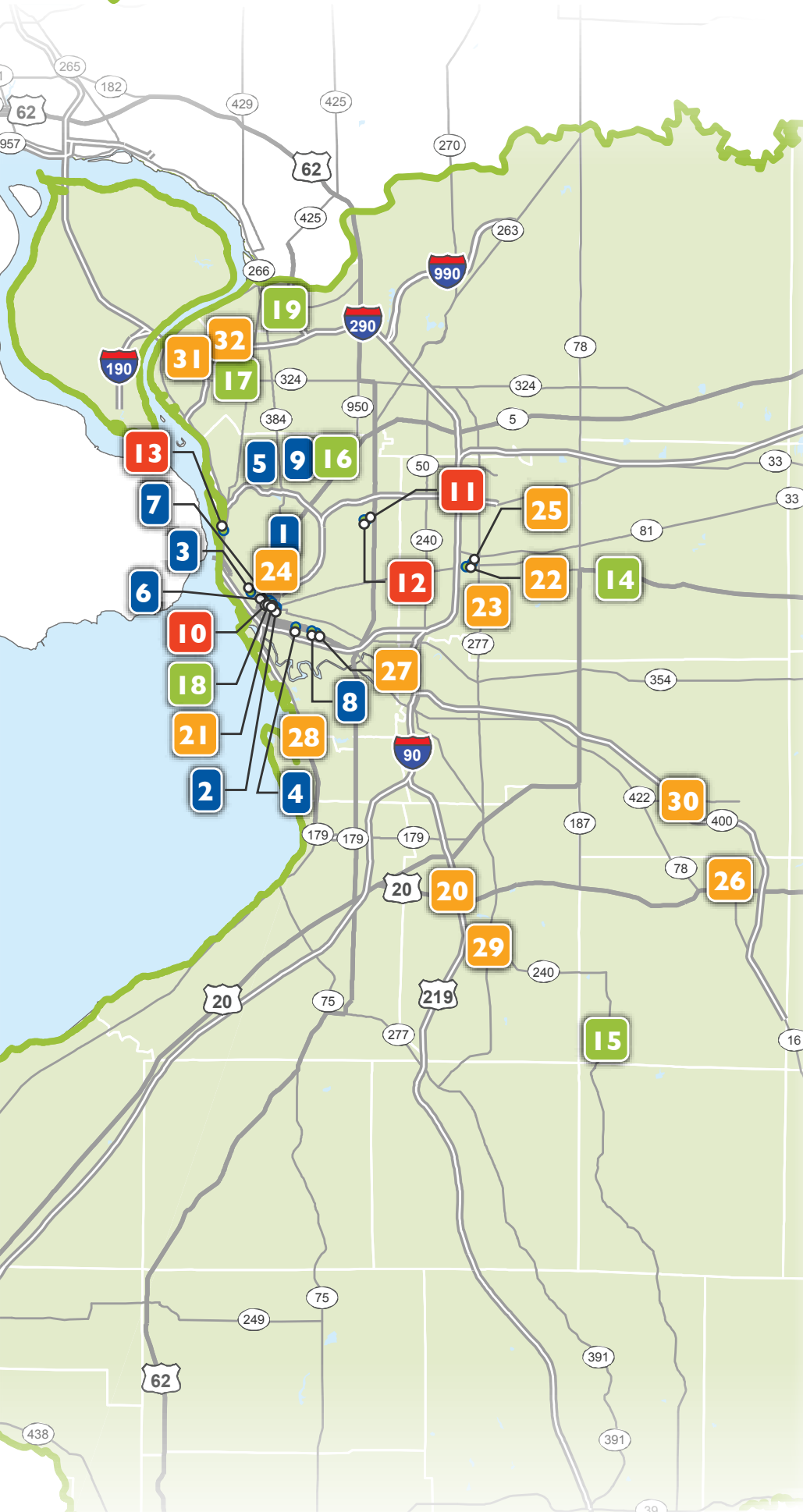


141 Elm Street / The Planing Mill

The former EM Hager & Sons Planing Mill building at 141 Elm Street in the City of Buffalo was originally built in 1878. The 44,000 sq. ft. facility is listed on the National & State Register of Historic Places, but was sitting vacant and dilapidated for more than ten years. TM Montante Development rehabilitated the structure to house an engineering firm and 22 one and two-bedroom loft style apartments. The ECIDA provided sales tax savings of approximately \$214,000 and \$46,000 in mortgage recording fee savings.



Building the Future of Erie County



KEY PROJECT NAME

Adaptive Reuse

- 1 1526 Main Street
- 2 173 Elm Street
- 3 285-290 Niagara Street
- 4 500 Seneca Street
- 5 ARCO Lofts
- 6 Curtiss Hotel
- 7 Planing Mill
- 8 SelectOne Search
- 9 St. Margaret's Church

Business Loans

- 10 Empire Innovation Group
- 11 Niagara Lubricant
- 12 OSC Manufacturing & Equipment Services
- 13 Resurgence Brewing Company

Microloans

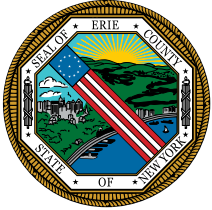
- 14 99 Brick Oven Bar and Grill
- 15 Aurora Environmental
- 16 HLM Landscaping
- 17 John's Towing
- 18 Oshun Restaurant
- 19 U.S. Traffic Control

Tax Incentives

- 20 A Titan
- 21 Big Ditch Brewing Company
- 22 Cameron International Corporation/ (Compression Division)
- 23 ConServe
- 24 Conventus
- 25 Derrick Corporation
- 26 Fisher-Price, Inc.
- 27 Flying Bison Brewing Co.
- 28 North American Salt Company
- 29 Orchard Heights
- 30 Seneca Mortgage Servicing
- 31 Unifrax
- 32 Unifrax-North Youngmann Commerce Center

Our Partners

The ECIDA has many economic development partners in Erie County, including the Buffalo Urban Development Corporation, Buffalo Niagara Enterprise, and LaunchNY. We work closely with Erie County Executive Mark Poloncarz' office to ensure a cohesive economic development effort. The County Executive holds a seat on the Board of Directors, and with the Chairman of the County Legislature, jointly appoints five of the 19 Board of Directors seats. The ECIDA is not a part of the County government system and is not a taxing authority.



Community Outreach



ECIDA staff participated in the 2014 United Way of WNY's Day of Caring Event, helping paint the Moot Senior Center on Buffalo's East Side. (ECIDA Vice President John Cappellino & Daysi Ball, Moot Senior Center Assistant Director of Program Development & Senior Services)

The ECIDA and the Erie County Department of Environment and Planning received the 2014 Excellence in Economic Development Award from the International Economic Development Council for work on the Bethlehem Rail Relocation project. (Left to right: Thomas Kucharski, Chair, IEDC Awards Advisory Committee and President & CEO, Buffalo Niagara Enterprise; Christopher Pawenski, Coordinator, Erie County Dept. of Environment & Planning; Phil Riggs, ECIDA Facilities Manager; and William C. Sproull, Chair, IEDC and President & CEO, Richardson Economic Development Partnership)



President and CEO Steve Weathers shared the ECIDA story on WBEN Radio 930-AM's Buffalo Means Business program.

Meet our Staff



Steve Weathers,
President & CEO



Beth O'Keefe,
Business Development
Officer



Dawn Boudreau,
Compliance Officer, CCEP



Gerald Manhard,
Chief Lending Officer



Grant Lesswing,
Business Development
Officer



Laurie Hendrix,
Administrative
Assistant



Karen Fiala, Manager
of Tax Incentive Products



John Cappellino,
Executive VP & Director of
Business Development



Phil Riggs,
ECIDA/BUDC
Facilities Site Manager



Michael Alexander,
Assistant Loan Manager



Andrew Schoepich,
Chief Financial Officer



Carrie Hocienec,
Administrative Assistant



Theresa Carpenter,
Controller



Brian Krygier,
Systems Analyst



Pat Smith,
Bookkeeper



Robbie Ann McPherson,
Marketing & Communications
Manager



Robbie Michaels,
Receptionist



Erie County IDA staff are
not county employees.

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David State

General Counsel, NFTA

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Supervisor, Town of Amherst

The mission of the Erie County IDA is to provide the resources that encourage investment, innovation and international trade - creating a successful business climate that improves the quality of life for the residents of the region.

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