

## Application Title

1755 Dale Sales Tax Application

## Section I: Applicant Background Information

### **Applicant Information - Company Receiving Benefit**

**Total Project Cost** 8000000  
**Applicant Name** Niagara Transformer Corp.  
**Applicant Address** 1747 Dale Rd, Buffalo, NY 14225  
**Phone** 716-896-6500  
**Fax** 716-896-8871  
**E-mail** sklock@niagaratransformer.com  
**Website** www.niagaratransformer.com  
**Fed ID#**

### **Individual Completing Application**

**Name** John Darby  
**Title** President  
**Address** 1747 Dale Rd  
**Phone** 716-896-6500  
**Fax** 716-896-8871  
**E-Mail** jdarby@niagaratransformer.com

### **Company Contact (if different from individual completing application)**

**Name**  
**Title**  
**Address**  
**Phone**  
**Fax**  
**E-Mail**

### **Company Counsel**

**Name of Attorney** Anthony Mancinelli  
**Firm Name** Harter Secrest & Emery LLP  
**Address** 12 Fountain Plaza, Suite 400, Buffalo, NY 14202  
**Phone** 716-853-1616  
**Fax** 716-853-1617

**E-Mail**

amancinelli@hselaw.com

**Identify the assistance being requested of the Agency**

<b>Exemption from Sales Tax</b>	Yes
<b>Tax Exempt Financing</b>	No
<b>Exemption from Mortgage Tax</b>	No
<b>Exemption from Real Property Tax</b>	No
<b>Assignment/Assumption of existing PILOT benefits</b>	No

**Business Organization**

<b>Type of Business</b>	Corporation
<b>Year Established</b>	1929
<b>State of Organization</b>	33

**List all stockholders, members, or partners with % of ownership greater than 20%**

**Please include name and % of ownership.**

Fred Darby 100%

**Business Description**

**Describe in detail company background, products, customers, goods and services**

Niagara Transformer corp began in 1929 repairing electrical equipment. In 1938 the company began building new transformers, and was incorporated in 1958. Niagara Transformer is a 3rd generation family owned business that manufactures special application and power transformers up to 69kV and 25MVA. The company has historically sold its products to Industrial / OEM customers with a minority of sales to the utility industry worldwide. The proposed project is being considered to allow the company to manufacture transformers that are larger in physical size and higher in voltage class than can be built in the current facility, focusing primarily on the utility industry. Due to an aging utility infrastructure, federal energy efficiency guidelines, as well as rapidly expanding worldwide energy needs, the energy infrastructure market that will be targeted by the new facility should see robust expansion for the foreseeable future. This new facility will be able to penetrate these markets in ways that are unavailable in the existing facility due to physical constraints. While some of the operations from the current facility will be moved to the new building, the current building at 1747 Dale will continue to be fully utilized. The company expects that all current jobs will be retained, and new jobs will be added as the new facility comes on line.

Estimated % of sales outside Erie County	98
Estimated % of sales outside New York State	95%
Estimated % of sales outside the U.S.	50%

**What percentage of your total annual supplies, raw materials and vendor services are purchased from firms in Erie County? (You may be asked to provide supporting documentation of the estimated percentage of local purchases)**

It is estimated that approximately 20% of the company's purchases come from vendors located in New York State. Of these purchases, the majority are from vendors located in Erie and Niagara Counties.

## Section II: Project Description & Details

### **Location of proposed project facility**

<b>Address</b>	1755 Dale Rd
<b>City</b>	Buffalo
<b>State</b>	33
<b>Zip Code</b>	14225
<b>SBL Number</b>	102.03-3-6.1
<b>Town/City/Village</b>	Cheektowaga
<b>School District</b>	Cheetowaga
<b>Present Project Site Owner</b>	Niagara Transformer Corp.

### **Please provide a brief narrative of the project**

Project includes an approximately 80 x 350 manufacturing facility with capabilities for two 75 ton cranes. The facility would be used for the final assembly, painting and testing of power transformers. The plans will also take into consideration future expansion, with provisions for an additional 80 x 350 of space to be used for winding operations and warehousing space.

### **Site Characteristics**

**Is the proposed Project located on a site where the known or potential presence of contaminants is complicating the development/use of the property?**

Yes

**If yes, please explain**

The site is a NYS Brownfield site. All cleanup work has been completed and a Certificate of Completion has been received from NYS.

**Has a Phase I Environmental Assessment been prepared, or will one be prepared with respect to the proposed Project Site? (If yes, please provide copy)**

No

If yes, please provide a copy.

**Have any other studies, or assessments been undertaken with respect to the proposed Project Site that indicate the known or suspected presence of contamination that would complicate the site's development?**

No

If yes, please provide copies of the study.

**Will project include leasing any equipment?**

No

If yes, please describe equipment and lease terms

**If you are purchasing new machinery and equipment, does it provide demonstrable energy efficiency benefits?**

<BLANK>  
If yes, please attach additional documentation describing the efficiencies achieved.

**Does or will company perform substantial research and development activities on new products/services at the project location?**

Yes  
If yes, please explain  
Niagara Transformer Corp builds custom transformers for specialty applications. Every transformer is custom designed based on the needs and specifications of the customer.

**What percentage of annual operating expenses are attributed to the above referenced research and development activities?**

A majority of the wages for the engineering staff would be attributed to these activities.

**Explain why IDA participation is necessary for this project to proceed. Focus on competitiveness issues, project shortfalls, etc.**

As noted above, Niagara Transformer sells to customers worldwide, and therefore competes with other transformer manufacturers in lower cost States and low cost countries such as Mexico, India and China (there are no other transformer manufacturers located in NYS). For this project to proceed, IDA and NYS participation are necessary to help reduce the significant financial burden taht we face in MYS versus our competitors (property taxes, workers comp, etc.).

**Project Information**

**Estimated costs in connection with project**

<b>Land and/or Building Acquisition</b>	\$ 0
0.00 acres    0.00 square feet	
<b>New Building Construction</b>	\$ 6000000
29259.00 square feet	
<b>New Building addition(s)</b>	\$ 0
0.00 square feet	
<b>Renovation</b>	\$ 0
0.00 square feet	
<b>Manufacturing Equipment</b>	\$ 1500000
<b>Non-Manufacturing Equipment: (furniture, fixtures, etc.)</b>	\$ 0
<b>Soft Costs: (professional services, etc.)</b>	\$ 500000
<b>Other Cost</b>	\$ 0
<b>Explain Other Costs</b>	
<b>Total Cost</b>	8000000
<b>Project Refinancing (est. amount)</b>	0

**Select Project Type (check all that apply)**

Yes <b>Industrial</b>	No <b>Multi-Tenant</b>	No <b>Mixed Use</b>
No <b>Acquisition of Existing Facility</b>	No <b>Commercial</b>	No <b>Facility for the Aging</b>
No <b>Housing</b>	No <b>Back Office</b>	No <b>Civic Facility (not for profit)</b>
No <b>Equipment Purchase</b>	No <b>Retail</b>	No <b>Other</b>

**SIC Code** 3612

**NAICS Code** 335311

**For proposed facility please include # of sq ft for each of the uses outlined below**

<b>Manufacturing/Processing</b>	29259.00 square feet
<b>Warehouse</b>	0.00 square feet
<b>Research &amp; Development</b>	0.00 square feet
<b>Commercial</b>	0.00 square feet
<b>Retail</b>	0.00 square feet
<b>Office</b>	0.00 square feet
<b>Other</b>	0.00 square feet
<b>Specify Other</b>	

**Utilities and services presently serving site. Provide name of utility provider**

<b>Gas</b>	National Fuel Gas	
<b>Electric</b>	NYSEG	<b>Size</b>
<b>Water</b>	Erie County Water	<b>Size</b>
<b>Sewer</b>		<b>Size</b>

**Other (Specify)**

**If you are undertaking new construction or renovations, are you seeking LEED certification from the US Green Building Council?**

Yes

**If you answered yes to question above, what level of LEED certification do you anticipate receiving? (Check applicable box)**

Standard

**What is your project timetable (Provide dates)**

**Start date : acquisition of equipment**

2011-08-01

**End date : Estimated completion of project**

2012-08-01

**Project occupancy : estimated starting date of operations**

2012-10-01

**Have site plans been submitted to the appropriate planning department for approval?**

<BLANK>

**Have any expenditures already been made by the company?**

Yes

**If yes, indicate particulars ( benefits do not apply to expenses incurred prior to Board approval)**

Brownfield cleanup has been completed and preliminary site work has been completed.

**Is project necessary to expand project employment?**

Yes

**Is project necessary to retain existing employment?**

Yes

**Employment Plan (project location)**

	Current Jobs	If project is to retain jobs, number of jobs to be retained	Total # of jobs 2 years after project completion
Full time	66	66	80
Part time	0	0	0
<b>Current Full Time Jobs in other Erie county locations</b>			<b>0</b>
<b>Current Part Time Jobs in other Erie county locations</b>			<b>0</b>

**Payroll Information**

**Annual payroll**

4000000

**Estimated average annual salary of jobs to be retained**

55000

**Average estimated annual salary of jobs to be created**

42000

**Estimated salary range of jobs to be created**

**From** 35000 **To** 80000

**Is the project reasonably necessary to prevent the project occupant from moving out of New York State?**

Yes

**If yes, please explain and identify out-of-state locations investigated**

As noted above, many States offer lower taxes, lower labor costs, etc. North Carolina and Virginia have been investigated.

**Were you offered financial assistance to locate outside of New York State?**

Yes

**If yes, from whom and what type of assistance was offered**

North Carolina and Virginia.

**What competitive factors led you to inquire about sites outside of New York State?**

Lower taxes, labor costs and much more business friendly policies.

**Have you contacted or been contacted by other economic or governmental agencies regarding this project?**

Yes

**If yes, please indicate the Agency and nature of inquiry below**

North Carolina and Virginia.

### Section III: Adaptive Reuse Projects

**Are you applying for a tax incentive under the Adaptive Reuse Program?**

No

**What is the age of the structure (in years)?**

0.00

**If yes, number of years vacant?**

0

**Has the structure been vacant or underutilized for a minimum of 3 years? (Underutilized is defined as a minimum of 50% of the rentable square footage of the structure being utilized for a use for which the structure was not designed or intended)**

<BLANK>

**Is the structure currently generating insignificant income? (Insignificant income is defined as income that is 50% or less than the market rate income average for that property class)**

<BLANK>

**Does the site have historical significance?**

<BLANK>

**Briefly summarize the financial obstacles to development that this project faces without or other public assistance. Please provide the with documentation to support the financial obstacles to development (cash flow projections documenting costs, expenses and revenues indicating below average return on investment rates compared to regional industrial averages)**

**Briefly summarize the demonstrated support that you intend to receive from local government entities. Please provide the with documentation of this support in the form of signed letters from these entities**

**Please indicate other factors that you would like the to consider such as: structure or site presents significant public safety hazard and or environmental remediation costs, site or structure is located in a distressed census tract, structure presents significant costs associated with building code compliance, site or structure is presently delinquent in property tax payments**

### Section IV: Retail Determination

**Will project involve the sales of goods or services to customers who personally visit the facility?**

No

If yes, complete the Retail Questionnaire Supplement below.

**Will any portion of the project consist of facilities or property that is primarily used in making sales of goods or services to customers who personally visit the project site?**

<BLANK>

If the answer is yes, please continue.

**What percentage of the cost of the project will be expended on such facilities or property primarily used in making sales of goods or services to customers who personally visit the project?**

0.00  
%

If the answer to this is **less than 33%** do not complete the remainder of the page and proceed to the next section (Section V: Inter-Municipal Move Determination).

**Will the project be operated by a not-for-profit corporation?**

<BLANK>

**Is the project likely to attract a significant number of visitors from outside the economic development region in which the project will be located?**

<BLANK>

If yes, please provide a market analysis or other documentation supporting your response.

**Would the project occupant, but for the contemplated financial assistance from the industrial development agency, locate the related jobs outside the State of New York?**

<BLANK>

If yes, please provide documentation regarding investigation of sites outside New York State.

**Is the predominant purpose of the project to make available goods or services which would not otherwise be reasonably accessible to the residents of the project municipality?**

<BLANK>

If yes, please provide a market analysis supporting your response.

**Will the project preserve permanent, private sector jobs or increase the overall number of permanent private sector jobs in the State of New York?**

<BLANK>

**Is the project located in a Neighborhood Redevelopment Area?**

<BLANK>

### Section V: Inter-Municipal Move Determination

**Does this project involve relocation or consolidation of a project occupant from another municipality or abandonment of an existing facility?**

**Within New York State** No

**Within Erie County** No

If EITHER IS YES, please complete the following. If BOTH ARE NO, please 'save and continue' to the next section (Section VI: Facility Type - Single or Multi Tenant).

The Agency is required by state law to make a determination that Agency assistance is required to prevent the project occupant from relocating out of the state, or to preserve the project occupant's competitive position in its respective industry.

**Will the project result in a relocation of an existing business operation from the City of Buffalo?**

<BLANK>

**If yes, please explain the factors which require the project occupant to relocate (For example, present site is not large enough, or owner will not renew leases etc.)**

**What are some of the key requirements the project occupant is looking for in a new site? (For example, minimum sq. ft., 12 foot ceilings, truck loading docs etc...)**

**If the project occupant is currently located in Erie County and will be moving to a different municipality, has the project occupant attempted to find a suitable location within the municipality?**

<BLANK>

**Is the project reasonably necessary to preserve the project occupant's competitive position in its industry?**

<BLANK>

**If yes, please explain and provide supporting documentation**

**What factors have lead the project occupant to consider remaining or locating in Erie County?**

**What is going to happen to the current facility that project occupant is located in?**

**Please provide a list of properties considered, and the reason they were not adequate. (Some examples include: site not large enough, layout was not appropriate, did not have adequate utility service, etc.) Please include full address for locations.**

## Section VI: Facility Type - Single or Multi Tenant

### **Is this a Single Use Facility or a Multi-Tenant Facility?**

Single Use Facility

#### **For Single Use Facility**

**Occupant Name**      Niagara Transformer Corp.  
**Address**              1755 Dale Rd.  
**Contact Person**      John Darby  
**Phone**                 716-896-6500  
**Fax**                     716-896-8871  
**E-Mail**                 jdarby@niagaratransformer.com  
**Federal ID #**  
**SIC/NAICS Code**      3612 / 335311

#### **Multi-Tenant Facility**

**Please explain what market conditions support the construction of this multi-tenant facility**

**Have any tenant leases been entered into for this project?**

<BLANK>

**If yes, please list below and provide square footage (and percent of total square footage) to be leased to tenant and NAICS Code for tenant and nature of business**

## Section VII: Environmental Questionnaire

### **General Background Information**

#### **Address of Premises**

1755 Dale Rd.

#### **Name and Address of Owner of Premises**

Niagara Transformer Corp. 1747 Dale Rd. Buffalo, NY 14225

#### **Describe the general features of the Premises (include terrain, location of wetlands, coastlines, rivers, streams, lakes, etc.)**

Vacant lot. Some site prep work has been completed including retention pond, etc.

#### **Describe the Premises (including the age and date of construction of any improvements) and each of the operations or processes carried out on or intended to be carried on at the Premises**

No current buildings on site.

#### **Describe all known former uses of the Premises**

#### **Does any person, firm or corporation other than the owner occupy the Premises or any part of it?**

No

**If yes, please identify them and describe their use of the property**

#### **Have there been any spills, releases or unpermitted discharges of petroleum, hazardous substances, chemicals or hazardous wastes at or near the Premises?**

Yes

**If yes, describe and attach any incident reports and the results of any investigations**

Site is a NYS Brownfield cleanup site due to PCP contamination. Remediation has been completed and a COC has been received from NYS.

**Has the Premises or any part of it ever been the subject of any enforcement action by any federal, state or local government entity, or does the preparer of this questionnaire have knowledge of: a) any current federal, state or local enforcement actions; b) any areas of non-compliance with any federal, state or local laws, ordinances, rules or regulations associated with operations over the past 12 months?**

No

**If yes, please state the results of the enforcement action (consent order, penalties, no action, etc.) and describe the circumstances**

**Has there been any filing of a notice of citizen suit, or a civil complaint or other administrative or criminal procedure involving the Premises?**

No

**If yes, describe in full detail**

**Solid And Hazardous Wastes And Hazardous Substances**

**Does any activity conducted or contemplated to be conducted at the premises generate, treat or dispose of any petroleum, petroleum-related products, solid and hazardous wastes or hazardous substances?**

<BLANK>

**If yes, provide the Premises' applicable EPA (or State) identification number**

**Have any federal, state or local permits been issued to the Premises for the use, generation and/or storage of solid and hazardous wastes?**

<BLANK>

**If yes, please provide copies of the permits.**

**Identify the transporter of any hazardous and/or solid wastes to or from the Premises**

**Identify the solid and hazardous waste disposal or treatment facilities which have received wastes from the Premises for the past two (2) years**

**Does or is it contemplated that there will occur at the Premises any accumulation or storage of any hazardous wastes on-site for disposal for longer than 90 days?**

No

**If yes, please identify the substance, the quantity and describe how it is stored**

**Discharge Into Waterbodies**

**Briefly describe any current or contemplated industrial process discharges (including the approximate volume, source, type and number of discharge points). Please provide copies of all permits for such discharges**

None

**Identify all sources of discharges of water, including discharges of waste water, process water, contact or noncontact cooling water, and stormwater. Attach all permits relating to the same. Also identify any septic tanks on site**

None

**Is any waste discharged into or near surface water or groundwaters?**

No

**If yes, please describe in detail the discharge including not only the receiving water's classification, but a description of the type and quantity of the waste**

**Air Pollution**

**Are there or is it contemplated that there will be any air emission sources that emit contaminants from the Premises?**

<BLANK>

**If yes, describe each such source, including whether it is a stationary combustion installation, process source, exhaust or ventilation system, incinerator or other source**

**Are any of the air emission sources permitted?**

<BLANK>

**If yes, attach a copy of each permit.**

**Storage Tanks**

**List and describe all above and under ground storage tanks at the Premises used to store petroleum or gasoline products, or other chemicals or wastes, including the contents and capacity of each tank. Please also provide copies of any registrations/permits for the tanks**

Storage tanks for transformer oil (mineral oil) will be installed on the site. Exact capacity to be determined.

**Have there been any leaks, spills, releases or other discharges (including loss of inventory) associated with any of these tanks?**

<BLANK>

**If yes, please provide all details regarding the event, including the response taken, all analytical results or reports developed through investigation (whether internal or external), and the agencies which were involved**

**Polychlorinated Biphenyls ("PCB" or "PCBs") And Asbestos**

**Provide any records in your possession or known to you to exist concerning any on-site PCBs or PCB equipment, whether used or stored, and whether produced as a byproduct of the manufacturing process or otherwise.**

**Have there been any PCB spills, discharges or other accidents at the Premises?**

Yes.

**If yes, relate all the circumstances**

PCPs were found on site. A cleanup has been completed under the NYS Brownfield program, and testing indicates that the site has been satisfactorily cleaned up to permissible levels.

**Do the Premises have any asbestos containing materials?**

No

**If yes, please identify the materials**