

Zaepfel Development /Wythe Will Tzetzso

\$18,700,000

INDUCEMENT RESOLUTION

HIGHLIGHTS

- Eligibility: NAICS Section - **53 real Estate**

COMPANY INCENTIVES

- Up to \$160,000 in mortgage tax savings.
- Approximately \$4,200,000 in real property tax benefits
- Approximately \$787,500 in sales tax benefits



Project Title: Zaepfel Development /Wythe Will Tzetzso

Project Address: A portion of 779 Two Mile Creek Road
Tonawanda, New York 14150
(Kenmore-TTN UFSD)

SIC/NAICS: 6513/531110

Agency Request

A sales tax, mortgage tax and real property tax exemption in connection with the construction of an approximately 310,000 sq. ft. facility for lease to Wythe Will Tzetzso.

Land	\$ 500,000
New Building Construction	16,000,000
Manufacturing Equipment	200,000
Non-Manufacturing Equipment	1,000,000
Soft Costs	750,000
Other	250,000
 Total Project Cost	 \$18,700,000

Company Description

Zaepfel Development was founded in 1974 by James Zaepfel and is a full-service real estate development firm located in Williamsville, New York. The Zaepfel team has more than 30 years of real estate development, real estate services, property management, leasing and brokerage, and construction management experience. They are ranked as one of Western New York’s top five development firms.

Zaepfel has developed, owned, managed, built or sold nearly five million square feet of office, warehouse, industrial and flex space in Western New York, Pennsylvania and the southeast. They are currently developing new construction and renovation projects for the commercial, industrial, educational and institutional sectors.

Major construction undertaken by the company in recent years has included such high profile projects as the West Valley Nuclear Containment Facility and corporate headquarters for Wegmans Food Markets Inc. and Corning Glass.

Project Description

Zaepfel is constructing a 310,000 sq. ft. facility for lease to Wythe Will Tzetzso (“WWT”). WWT plans to establish a warehouse, production and office center in the facility which will initially employ 270 full time and part time employees.

Once the project is complete, the company will consolidate its 3 leased facilities into the newly constructed building. These three leased facilities are located in Tonawanda—Military Road, Cheektowaga—Broadway and Buffalo—3rd party leased facility on Clinton Street.

Zaepfel Development /Wythe Will Tzetzto

WWT was founded in 1961 and is based in Virginia. They are a national packager and distributor of branded, unbranded and private-label candy, confections and specialty foods. Some of their brands include Ghirardelli, Godiva, Jelly Belly and Harry and David.

WWT currently maintains locations throughout the country—Virginia—the company’s national headquarters—Tennessee—Operations Center and California. Once the project is complete, it is WWT’s intention to relocate its headquarters from Virginia to the new facility in Tonawanda. Manufacturing operations will remain in Virginia.

WWT has been approved by Empire State Development Corp. for the Excelsior Job Program which will provide tax credits in the amount of \$950,000.

Project Benefits

The project is expected to retain 165 full time and 105 part time jobs and increase that number 20 additional full time and 30 additional part time jobs.

Project Incentives

- An estimated \$950,000 in Excelsior Job Program tax credits.
- Real property tax savings of approximately \$4,200,000 over ten years
- Sales tax savings of approximately \$787,500
- Mortgage recording tax savings equal to 1% of final mortgage amount estimated up to \$160,000

Impact on Taxes

Current Yearly Taxes	Estimated New Assessed Value	Additional Revenue to taxing jurisdictions over 10 year PILOT period.	Full taxes in first year after abatement period expires
\$0	\$6,345,000	\$1,300,000	\$555,000
Combined Tax Rate: \$87.53			

*New assessment is determined by taking 73% of construction budget and applying equalization rate

Employment

<u>Current:</u> 217 FTE’s	<u>Year 2 (after completion of Project)</u> 252 FTE’s
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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 = \$18,700,000 85% = \$15,895,000
Employment	To coincide with PILOT term	100% of base (217 FTE) and 85% of projected (29) = 246
Local Labor	Construction period	Adherence to policy including quarterly reporting
PILOT	PILOT Term -10 years	Up to 100% recapture at Agency discretion
Recapture Period	Coincides with term of PILOT	Recapture of state and local sales taxes, mortgage recording tax and PILOT.

Recapture

Recapture applies to:

State and Local Sales Taxes
Mortgage Recording Taxes
Payment in Lieu of Taxes

Pursuant to Section 875 of New York General Municipal Law, the agency may recover or recapture from the company any state sales tax and use tax exemption benefits taken by the company that are in violation of the GML.

In addition, it is the recommendation of the ECIDA's Policy Committee to recapture the local share of sales tax and mortgage tax.

Project History

9/9/13	Public Hearing conducted. Transcript attached
9/16/13	The project is in compliance with the Town of Tonawanda Generic Environmental Impact Statement and no further SEQRA compliance is required by ECIDA Board.
9/16/13	Lease/Leaseback Inducement Resolution presented to Board.