

# ECIDA **Aid** YOUR GROWTH IS OUR BUSINESS

NEWS FROM THE ECONOMIC DEVELOPMENT CORPORATION FOR ERIE COUNTY

## “Larkinville” Heads into its Second Decade of Rebirth with Continued ECIDA Assistance

In 2001 more than a few local developers wondered what Howard Zemsky and his Larkin Development Group were thinking when they unveiled a \$50 million plan to turn the hulking former Larkin Soap Co. warehouse into a Class-A office building.

Doubts about whether the 10-story, 600,000-square-foot could find new life have more than been erased, with the Larkin Co. Building, as it's now known, is at 100 percent occupancy.

More than 1,000 workers are housed in the massive structure, including key tenants First Niagara Financial Corporation, Capital Management and Kaleida Health.

And the Larkin District, often referred to as Larkinville, is continuing to grow with several adjacent properties slated for adaptive reuse and new construction by Zemsky's group and other investors.

“The ECIDA has been playing a particularly important role in filling the gap that was created when New York State's Empire Zone program was terminated. I am referring to real property tax exemption

and sales tax in particular,” Zemsky said.

“The ECIDA Business Development staff has been very professional and responsive in all our dealings. It's my strong sense they are doing an excellent job executing Erie County's economic development goals, and helping companies grow.”

In the past year, the Erie County Industrial Agency has approved tax incentive packages and facilitated Recovery Zone Bonds totaling nearly \$9 million to support some \$62 million in new investment in the fast-evolving, near eastside neighborhood.

“The Larkin District is a poster child for adaptive reuse of turn-of-the-century manufacturing and warehouse structures and new construction that enhances the neighborhood,” said ECIDA Executive Vice President John Cappellino. “We expect more projects to be unveiled in the months and years ahead.”

Last November, the Larkin Group joined with First Niagara to cut the ribbon on a \$2 million public-private streetscape

project which includes period-style lighting, cobbled walkways and a series of raised flower beds and new trees.

“We've really just gotten to the starting line,” said John Koelmel, First Niagara president and CEO. “This is all about making progress.”

Zemsky's group is currently focused on two key projects – the total overhaul of the “U Building” located on Van Rensselaer St., directly behind the Larkin Co. Building. Constructed in 1893, the three-story Revival-style, 46,000- square-foot will offer Class A office space.

Built for the D. Ullman Sons Recycling Co., it was occupied by the Larkin Soap Co. for nearly 30 years, housing the Larkin Men's Club. McDonalds Products and Par Foam Products were the most recent tenants.

Larkin Development is also refurbishing a former gas station building next to the “U Building,” at the corner of Van Rensselaer and Seneca streets, into a retail facility.

*continued on next page*



*Vacant Seneca Street gas station undergoing adaptive reuse to become retail site to serve Larkin District workers and residents.*



*Buffalo Mayor Byron Brown, Howard Zemsky, of Larkin Development Group, and John Koelmel, Chairman and CEO of First Niagara Financial Group tour Larkin District upgrades.*



*One of several “Larkinville” streetscape improvements*

# Results of ECIDA-Commissioned Cross-Border Study Announced

A new study, commissioned in part by the Erie County Industrial Development Agency, revealed the positive and negative economic impacts resulting from changes and new processes implemented at the United States and Canada border since 2001. The study provides a look into what effect these regulations have on business and tourism development in the region.

The preliminary findings of the Niagara Border Remedial Action Study, compiled by Deloitte & Touche Corporate Finance Canada, were revealed at the Binational Dialogues Summit 2011, held March 11 in Niagara Falls, Ont.

The ECIDA served as a presenting partner for this year's summit, focused on "Building a Binational Community." Attendees totaled 216.

The event featured a keynote speech by Terry Wright, EVP, Games Operations, for the Vancouver 2010 Olympic & Paralympic Winter Games.

The study, which began in August 2010, uses background research and case studies based on recent binational events and procedural changes local industry sectors have made to adapt to the new border changes over the past decade. It examines the impact of the Sept. 11 terrorist attacks, SARS, gas prices, travel document changes, traffic and other factors that could have an effect on tourism and



*ECIDA International Division staffers Maryann Stein and Brian Kurtz at April 11 Binational Summit in Niagara Falls, Ont.*

business in western New York and southern Ontario.

The ECIDA participated in the study to help gauge a better understanding of the issues affecting business and trade between the two countries locally.

Maryann Stein, Director, ECIDA International Division, said she often advises clients on border crossing rules and requirements. She's concerned the confusion and misinformation about cross-border travel can negatively affect the local economy.

"Businesses cannot afford to have their trucks stuck for hours and hours at the border because an agent decides the driver doesn't have the right documentation," she said. "Delays translate into lost customers. It's not fair to businesses, or people, to start changing horses in midstream."

Among other statistics, the study found one-day visits to the U.S. by Canadians increased, while the number of Americans crossing the border for one-day trips decreased.

The results of the study highlight problems with confusion on required legal documents and misperceptions of high traffic. However, the report also indicates the biggest reason American and Canadian citizens do not cross the border is a lack of interest in the offerings of the other country.

Jason Burgess, Vice President and director of Deloitte & Touche Corporate Finance Canada, presented the results, and said this reflects the Ontario businesses' advertising focus shifting to Toronto markets and away from the Buffalo Niagara region.

The report also identifies several areas of business and infrastructure improvements that can benefit local companies and create new jobs in Buffalo Niagara.

The final report will be released later this spring and will include added information from area businesses and a remedial implementation plan.

## "Larkinville" Heads into its Second Decade of Rebirth with Continued

**ECIDA Assistance** *continued from front page*

Zemsky's group will also begin construction early next year of a new, \$8.4 million, 57,000-square-foot building at Seneca and Hydraulic streets, which will serve as the new headquarters for Capital Management. The collection agency currently houses over 600 staffers in the Larkin Co. building.

"This new facility will accommodate continued growth while creating an environment that will allow our employees to continue to meet and exceed the expectations of our clients that include the largest insurers and purchasers of consumer debt," said Capital Management CEO Jeffrey Hauser.

The Larkin Group's success has led other developers to draw a bead on Larkinville. Seneca Larkin 701 LLC, a group headed by businessman Gordon Reger has purchased the Seneca Industrial Center, located just west of the Larkin Co. Building, with plans to update the sprawling, 1.2 million-square-foot complex into a mix of light industrial and residential space.

The ECIDA provided assistance for the first \$12 million phase of the project which got underway in late 2010. Total investment is expected to top \$50 million when the multi-phase effort is complete.

The ECIDA also provided a tax incentive package to the Kamman Group LLC to renovate a four-story, late 1800s building at 755 Seneca St. into a mixed-used facility. The \$2 million adaptive reuse has created new offices for the Chaintreuil Jensen Stark architecture firm as well as loft apartments.

Since its inception in January 2009, the adaptive reuse policy has leveraged more than \$145 million in projects that are giving new life to 23 endangered buildings, with an economic impact of nearly \$250 million.

## ECIDA Worldwide Credit Reports

With more than a decade of experience providing world class, high quality credit reports, the Erie County Industrial Development Agency proudly announces new lower prices for easily accessible credit reports online.

- Lowest advertised prices in the nation
- Normal speed prices lowered by \$4 to \$11, and Express speed prices lowered \$6 to \$90, depending on location
- Superflash service available—the fastest delivery speed in the world
- Bulk ordering pricing available
- Contact the ECIDA to receive a discount on your first order
- Access worldwide credit reports at <http://www.ecidany.com/creditreports>

# Well-Known Local Ice Cream Maker Scoops Up ECIDA Micro Loan

By the time Nick Charlap turned 16, he had already decided that ice cream was his life. Now some 30 years later, the second-generation dairy products manufacturer is finding sweet success with a little help from the Erie County Industrial Development Agency's Micro Loan program.

In the past year, armed with a \$35,000 low-interest Micro Loan, Nick Charlap's Ice Cream has upgraded production capabilities and added a third retail location.

"I always loved working for my family's dairy business and knew I wanted to make ice cream," Charlap recalled. "I love the smile people get on their faces when they take that first lick of a cone. It's a happy business to be in."

The Charlap name has been associated with milk products since 1961 when Nick's father, Henry Charlap purchased Duggan's Dairy, in North Boston, and renamed it Charlap's Dairy Farms. The Charlaps processed milk from southtowns farmers and sold it under their label to dozens of local retail accounts.

In the 1970s, ice cream was added to the menu, and then-teenager Nick learned the art of small batch ice cream production. He later took on the role of ice cream production manager servicing a growing roster of accounts.

"When The Hatch restaurant opened at the Erie Basin Marina they became our No. 1 account. During the warm weather months we were delivering to them seven days a week," Charlap said.

Over the next decade, the self-described "ice cream man," took on the additional role of route supervisor for all Charlap's products, giving him a broader view of the dairy business. Then in 1998, he purchased an ice cream stand on Euclid Avenue in Hamburg, and went into retail business on his own, selling the family-made treat.

In 2000, Henry Charlap sold the brand to a Maine-based investment group, a business decision that led Nick to start producing his own ice cream under the Nicky C's name. When the out-of-town owners went into bankruptcy in 2003, Nick reclaimed

the Charlap's brand and acquired his family's original dairy production facilities on Boston State Road.

The local company currently produces about 150,000 gallons of ice cream a year, with a line-up of 38 flavors, which includes everything from vanilla to mint chip to cotton candy.

"Our signature vanilla is still the best seller. The flavor is second to none," Charlap explained. "We use a blend of natural and artificial vanilla flavorings that is just so nice."

While the company has continued to build on its success over the last decade, there have been a few hiccups. The August 2009

flood, which caused major damage in Southern Erie County and through the Southern Tier, nearly washed out the company's production facilities.

"Our manufacturing plant was under water. We had to shut down and do extensive cleaning to get back in business," Charlap said. "We eventually got a Small Business Administration loan to help us cover some of the loss, but it was a difficult time."

Charlap's accountant also steered him to the ECIDA for help in upgrading equipment and making other physical investments.

"They were just wonderful and helpful to work with. I went

downtown and filled out the paperwork and had a check about a week later. It went so smoothly," Charlap said.

In March, Charlap used \$10,000 of the Micro Loan for signage and interior changes at the company's newest retail location in West Seneca. Nick Charlap's Ice Cream has co-located with candy maker Antoinette's Sweets, in the Antoinette's on the Hill site at 1203 Union Road.

With the retail expansion, Charlap's now employs 40 production and retail staffers. Nick's wife, Mary, is a key player, overseeing the ice cream cake division and calling the shots on the look of the retail sites. And the couple's daughter, Mackenzi, 10, has been designated "top taste tester."



*Mary and Nick Charlap dish up sweet treats at their newest retail shop at 1203 Union Road in West Seneca.*

**In the past year, armed with a \$35,000 low-interest Micro Loan, Nick Charlap's Ice Cream has upgraded production capabilities and added a third retail location.**

# ECIDA Reduces Headquarters Property Holdings in Sale to Enterprise Charter School

## Agency Will Remain in Current Location As Long-time Tenant Becomes Owner of Adjacent Building

Earlier this year the ECIDA lost a tenant and gained a new next door owner, when it sold the majority of its Oak Street facility to Enterprise Charter School.

In the \$4.7 million deal, the charter school took ownership of the nearly 97,000 square feet of space it had leased since 2003, leaving the ECIDA with the 12,800-square-foot office it has occupied since 1999.

"It's a sale that made sense for us and the school," said ECIDA COO Al Culliton. "They had reached the point where they were ready to expand and make capital investments and we were ready to recommit to our own space."

The ECIDA's Industrial Land Development Corporation also assisted the sale financing through a \$7.3 million mix of tax exempt and taxable bonds. Enterprise Charter School plans to construct a 10,000-square-foot gymnasium on the 4.7 acre site and make significant infrastructure improvements to its existing space.

Enrollment at the K-8 charter school currently stands at just over 400 students.

Built by Uniland Development in 1987 as the corporate Headquarters of BlueCross/BlueShield, the complex has been home to the ECIDA and it's affiliated Advanced Training Center since 1999 when it relocated from the Liberty Building. The ECIDA purchased the site, located on the southeast corner of Oak and Genesee streets, in 2001.

The charter school became a tenant when it debuted in 2003, signing a 20-year lease.

"We had a pretty good idea Enterprise would want to take ownership before the lease was up and this turned out to be the right time," Culliton said.

As part of sale, the ECIDA has changed its official address to 143 Genesee St. The agency is also contemplating exterior updates and enhanced landscaping to make the most of its high-trafficked, downtown corner location.



*The ECIDA plans landscaping and façade upgrades at its headquarters at the corner of Oak and Genesee streets in downtown Buffalo.*



Contact us today to find out how we can assist you.

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# 2010 Highlights



## A message from ECIDA Chairman Philip C. Ackerman

When 2010 opened, the economic development picture was admittedly bleak and the volume of projects in our pipeline was meager at best. But despite that slow start, 2010 turned out to be a very productive and interesting year, with a diverse collection of projects, ranging from six new Minority Entrepreneurs Grant and Loan Program participants to several multi-million dollar ventures with traditional industrial companies.

When we closed the books on 2010, this agency had leveraged more than \$1 billion in new economic investment - a tremendous result that our staff, board and the business community across Erie County can take great pride in.

The ECIDA's 2010 body of work included 67 projects receiving a mix of low interest loans, tax abatements and grants totaling over \$230 million. Our two-year-old adaptive reuse program helped developers bring new life to 13 more endangered buildings, adding to the nine projects aided in 2009.

In 2010, 25 projects with an aggregate value of \$143.2 million were approved for sales, property and mortgage recording tax abatements through the ECIDA. The agency's loan arm, the Industrial Land Development Corporation approved funds for six projects valued at \$81.8 million; a list that included a new dormitory at Buffalo State College and expansions at Canisius and Medaille colleges.

The ECIDA, through its affiliated ILDC lending arm, was one of only two entities in the state that was able to fund projects through the Federal Stimulus Recovery Zone Program. Recovery Zone funding helped 3 projects get financed, including a new steel production facility in Buffalo.

A diverse group of 32 small companies were on the receiving end of \$3.2 million in loans, ranging from \$5,000 to \$600,000. And the agency's innovative Minority Entrepreneurs Grant and Loan Program selected six fledgling firms to share \$139,000 in aid in the program's second round of funding.

2010 also saw growth for the ECIDA's International Division, which is partnering on a \$100,000 first-of-its-kind study on cross-border business. Meanwhile, the value of goods moved through its foreign trade zones increased to \$47 million, up from \$33 million in 2009.

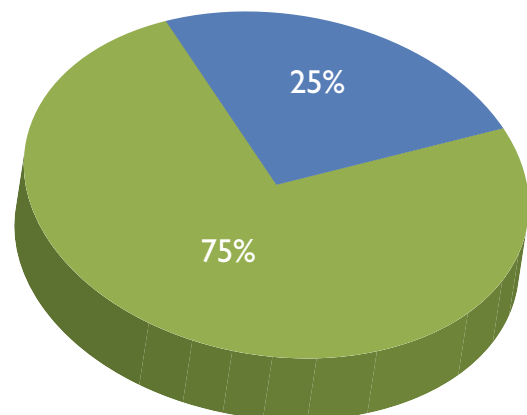
The ECIDA's completely revamped website enabled the International Division to more than double its credit report services. The new website also allows visitors to search for available development sites with a sophisticated Geographic Information System tool, as well as a user-friendly benefits calculator.

Through our first quarter of 2011, the momentum continues, setting the stage for what we anticipate will be another outstanding year of growth, job retention and creation, and improved economic confidence. We expect great things and look forward to supporting employers and employees across Erie County.

### ECIDA Bond Activity

- Induced and Closed 36 Projects
- Total Private Investment: \$1,028,000,000
- Creating over \$1.62 Billion of Economic Activity
- Creating 1,098 New Jobs, and 7,800 Construction Jobs:  
General Motors, Sonwil, 701 Seneca, Canisius, Galvstar, Goya,  
New Era, Steuben Foods

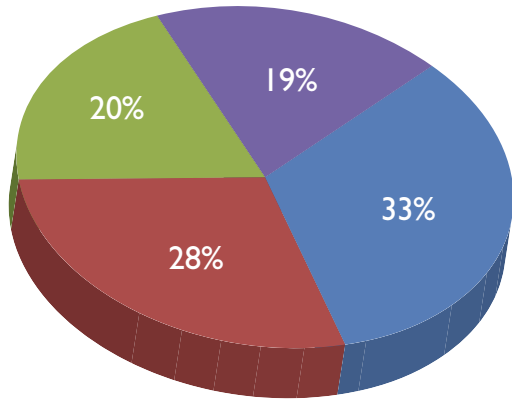
### Incentive Projects Investment



■ Construction

■ Equipment

### Type of Projects



- Not-for-Profit
- Misc.
- Manufacturing/Distribution
- Adaptive Reuse

### Federal Recovery Zone Bonds

Funded 3 Projects.....\$ 21.4 Million  
 Creating Local Economic Impact of .....\$ 54 Million  
 Construction Jobs to be Created..... 420 jobs

One of Only Two Areas in State to Fund Federal Recovery Zone Projects

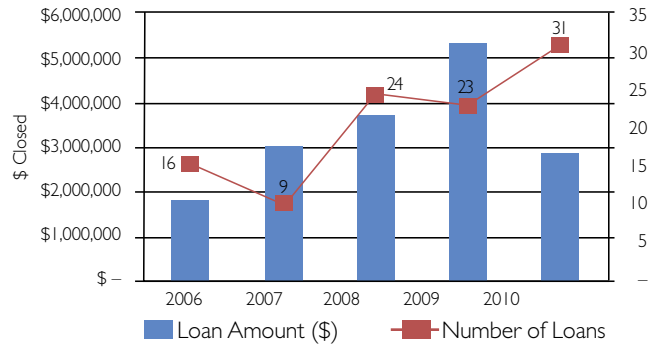
### RDC Loan Activity

Loan Approvals/Closings 2010 ..... 32  
 2010 Projects.....\$ 3,248,000  
 Minority Loan Program, 6 firms ..... \$139,000  
 Retained and Created over ..... 394 jobs

### 2010 ILDC Financing

- \$162 Million of Project Investment
- Total Economic Impact of Construction \$180 Million
- Total Construction Jobs Created 1,400 jobs
- Create or Retain additional 1849 jobs
- ILDC Financing saved local Not for Profit Companies an estimated \$13 million in financing costs

### Lending RDC/ILDC Loans Closed – 5 Year History



### Adaptive Reuse Activity

To Date:  
 22 Projects.....\$ 144 Million  
 Total Economic Impact of.....\$242 Million  
 Total Construction Jobs Created..... 1,854 jobs

### International Activity

#### Monthly Trade Seminars

- Each month hosted trade seminars on various international trade topics, avg. 40 attendees/month

#### Export Credit Insurance

7 Policies \$3,000,000 sales

#### World Wide Credit Reports

- Doubled Activity, over 122 Companies using newly redesigned website interface
- Over \$47 Million in Merchandise received through Foreign Trade Zone #23, a 42% increase over 2009