

Carrier Terminal Services, Inc / Speed Global Services
\$ 7,145,000

PRIVATE INVESTMENT INDUCEMENT RESOLUTION

ELIGIBILITY

- NAICS Section – 493110

COMPANY INCENTIVES

- Approximately \$ 302,750 in sales tax savings
- Approximately \$ 1,267,468 in real property tax savings
- Up to 3/4 of 1% of the final mortgage amount estimated at \$40,481

JOBS & ANNUAL PAYROLL

- Current Jobs: 4 FT, 2 PT
- Annual Payroll: \$ 240,000
- Projected new jobs: 3 FT, 2 PT
- Est. salary/yr. of jobs created: \$48,000 FT/ 40,000 PT
- Projected retained jobs: 4 FT, 2 PT
- Est. salary/yr. of jobs retained: \$ 45,000 FT, 40,000 PT
- Total jobs after project completion: 7 FT, 4 PT
- Construction Jobs: 25

PROJECTED COMMUNITY BENEFITS*

- Term: 7 YEARS
 - NET Community Benefits: \$ 9,238,839
 - Spillover Jobs: 26
- Total Payroll: \$ 8,401,745

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

Incentives: \$ 1,520,894
 Community Benefit: \$ 8,809,490
 Cost: Benefit Ratio
 • 1:6

Project Title: 380 Vulcan
 Project Address 380, 400, 408, 416 Vulcan St, Tonawanda, NY 14207
 Kenmore Tonawanda Union Free School District

Agency Request

A sales tax, mortgage recording tax and real property tax abatement in connection with the renovation of 170,399 sq ft of vacant space needing major repairs for future warehouse and distribution use.

Land / Building Acquisition	\$ 1,350,000
Reconstruction / Renovation	\$ 5,300,000
Non- Manufacturing Equipment	\$ 460,000
Soft Costs/Other	\$ 35,000
Total Project Cost	\$ 7,145,000
85%	\$ 6,073,250

Company Description

Carrier Terminal Services, Inc is a real estate holding company owned by Carl T. Savarino with Speed Global Services as its operator. Speed Global Services (SGS) has a long history in Buffalo that was started by Carmelo Savarino who immigrated to Buffalo in 1913. Savarino began using the spare space on his grocery truck to pick up and deliver goods for other businesses. Carmelo & Sons Trucking was formed in 1946 which transformed the business from a grocery store to a trucking company. As the business expanded they changed their name to Speed Motor Express eventually bringing on larger customers such as General Motors, E. I DuPont, Scott’s Lawn Care, Moore Business Forms, and Sherwin-Williams Paint. Through growth and acquisition, SGS with its HQ in Buffalo, continues its success in international freight forwarding, warehousing, U.S. Customs services and North American distribution. This 4th generation logistics company has become a premier provider of supply chain solutions.

Project Description

The company is looking to purchase and repurpose 170,399 sq ft (or 98% of the 176,399 sq ft) of space within the 21 buildings located at 380, 400, 408 and 416 Vulcan St in the Town of Tonawanda. Upon completing the renovation, which will be done in phases targeting a completion date of January, 2024 – the property will be used by Speed Global Services for warehouse and distribution uses. Nineteen of these buildings have been unoccupied and vacant for more than 6 years and are in need of major repair and updates in order to meet code.

* 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	1,267,468
	Sales	302,750
	Mortgage Recording	40,481
	Total	1,610,699
	Discounted at 2%	1,520,894

Benefit: Projected Community Benefit*

BENEFITS	Region	Recipient	Revenue Type	\$ Amount **	
	Erie County	Individuals	Payroll Construction	3,713,852	
			Payroll Permanent	4,687,893	
		Public	Property Taxes	316,870	
			Sales Taxes	69,839	
			Other Muni Revenue (NFTA)	13,494	
	New York State	Public	Income Taxes	378,078	
			Sales Taxes	58,812	
				Total Benefits to EC + NYS***	9,238,839
				Discounted at 2%	8,809,409

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

Discounted Cost \$ 1,520,894
 Discounted Benefit \$ 8,809,490
 Ratio 1:6

Conclusion: The Cost Benefit for this project is: 1:. For every \$1 in costs (incentives), this project provides \$6 in benefits (payroll & tax revenue). **Note: For Erie County, every \$1 in costs (incentives) provides \$6 in benefits to the community.**

New Tax Revenue Estimated

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
\$ 10,134	\$ 2,211,000	\$ 42,825	\$ 274,043	\$ 236,468
Combined Tax Rate: \$ 102.36725				

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 = \$7,145,000 85% = \$ 6,073,250
Employment	Coincides with 7-year PILOT	Maintain Base = 4 FT, 2 PT Create 85% of Projected Projected = 3 FT, 2 PT 85% = 3 FTE Recapture Employment = 8 FTE
Local Labor	Construction period	Adherence to policy including quarterly reporting
Pay Equity	Coincides with 7-year PILOT	Adherence to Policy
Unpaid Tax	Coincides with 7-year PILOT	Adherence to Policy
<u>Recapture Period</u>	Coincides with 7-year PILOT	Recapture of Mortgage recording tax, state and local sales taxes

Recapture applies to:

State and Local Sales Taxes
Real Property Tax
Mortgage Recording 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 4 FT, 2 PT jobs and created 3 FT, 2 PT 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

- 6/27/22: Public hearing held.
- 7/27/22: Inducement Resolution presented to Board of Directors adopting a Negative Declaration in accordance with SEQRA
- 7/27/22: Lease/Leaseback Inducement Resolution presented to the Board of Directors