

OSC Manufacturing & Equipment Services, Inc./East Delavan Property, LLC

\$17,539,473

INDUCEMENT RESOLUTION

HIGHLIGHTS

- Eligibility: NAICS Section - 33 Manufacturing

COMPANY INCENTIVES

- Approximately \$171,135 in real property tax benefits
- Approximately \$114,000 in sales tax benefits
- 1% of the final mortgage amount estimated at \$70,000
- Project is estimated to generate \$45,490 in new tax revenues for local taxing jurisdictions over the abatement period.



Project Title: OSC Manufacturing & Equipment Services, Inc./East Delavan Property LLC

Project Address: 1001 East Delavan Avenue
Buffalo, New York 14215
(Buffalo Public School District)

NAICS: 333120

Agency Request

A real property tax, sales tax and mortgage tax exemption in connection with the renovation of a portion of the former American Axle Plant. OSC will renovate and occupy approximately 106,000 sq. ft.

Renovations	\$ 2,519,000
Manufacturing Equipment	135,000
Non-Manufacturing Equipment	48,000
Soft Costs	898,000
Other	13,939,473
Total Project Cost	\$17,539,473

Company Description

OSC is a full service specialty contracting firm. OSC provides constructive solutions management in the areas of Environmental Remediation, Civil Construction, Demolition/Dismantlement, Brownfield Re-development and Specialty Groundwater Treatment Systems. OSC Equipment Services designs and manufactures equipment specifically dedicated to activities associated with their clients' unique contracting needs. The company serves customers from the Marcellus Gas Region in Pennsylvania, West Virginia & Ohio area as well as contractors and industrial production facilities in Southern Ontario. OSC has undertaken the design & development of a mini excavator and will begin manufacturing the product.

The company maintains facilities in Toronto & Winnipeg.

Project Description

OSC has taken its business & development as far as it is capable at its current Ganson Street location. OSC is spinning off a new division that will be moving to the site of the former American Axle facility where it will launch the manufacturing of the OSC green machine mini excavator and solar trees. The mini excavators are run by a robust lithium ion battery that reduces fossil fuels & greenhouse emissions to nearly zero. The site will also house heavy metal fabricating and manufacturing, heavy equipment, repair services and industrial rental and sales. Office operations will remain at the Ganson Street location.

The East Delavan facility will require substantial renovations & upgrades. The renovations will be focused on improving the interior and exterior (new roof and windows) along with the entryway. The interior requires the addition of overhead cranes, central compressed air, oil and water. Electric and HVAC also requires upgrading.

This project acts as a catalyst for economic development and community development and stabilization in an extremely distressed area in the City of Buffalo. The reactivation/adaptive-reuse of a portion of this 55 acre site will resurrect this complex and the economically and socially devastated surrounding area.

Project Incentives

- Approximately \$171,135 in real property tax benefits over 10-year PILOT period
- Approximately \$114,000 in sales tax benefits
- 1% of the final mortgage amount estimated at \$70,000

Impact on Taxes

Once improvements are made to the facility, the company will request the Buffalo Assessor to break out the OSC space from the larger American Axle footprint. For purposes of estimating the impact on taxes, we've based the increase in value at 25% of the renovation budget. Based on an increase in value of \$629,000 the impact is as follows:

Current Yearly Taxes	Full Yearly Taxes to County and Local after abatement period	New County Revenue over Year abatement period	New Local Revenue over 10 Year abatement period
N/A	\$21,600	\$7,238	\$38,253
Combined Tax Rate: \$34.44			

Employment

	At Occupancy Existing Jobs	Year 2 (after completion of Project)
	20	31

Material Terms

Condition	Term	Recapture Provision
Total Investment	At project completion	Investment amount equal to or greater than 85% of project amount. Total Project Costs = \$17,539,473 85% = \$14,908,552
Employment	To coincide with PILOT term	100% of base (20) and 85% of 11 projected (9) = 29
Local Labor	Construction Period	Adherence to Local Labor Policy including quarterly reporting
PILOT	PILOT Term - 10-Years	Up to 100% recapture at Agency discretion
Recapture Period	To coincide with PILOT term	Recapture of state and local sales taxes and mortgage recording tax

Recapture applies to:

- State and local sales taxes
- Mortgage recording taxes
- PILOT

Recapture

Pursuant to Section 875 of New York General Municipal Law, the agency may recover or recapture from the company any state sales 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, mortgage tax and PILOT.

At completion of project company must certify i) total investment amount equal to or greater than 85% of amount proposed ii) for the 10-year PILOT term confirm that company has met 85% of its projected FTE employment while maintaining 100% of its base and iii) confirm adherence to ECIDA local labor hiring policy.

Project History

7/31/2013	Public hearing conducted. Transcript attached.
8/19/2013	Resolution presented to Board of Directors authorizing adoption of a Negative Declaration in accordance with SEQRA.
8/19/2013	Inducement Resolution presented to Board of Directors.