

Pfannenberg Expansion / Pfannenberg USA
\$ 15,850,000

AMENDATORY INDUCEMENT RESOLUTION

ELIGIBILITY

- NAICS Section – 334512

COMPANY INCENTIVES

- ORIGINAL: Up to \$ 176,750 in sales tax savings
- AMENDED: Up to \$411,250 in sales tax savings

JOBS & ANNUAL PAYROLL

- Current Jobs: 120 FT, 7 PT (123 FTE)
- Est. salary/yr. of jobs retained: \$72,435
- Projected new jobs: 23 FT, 0 PT (23 FTE)
- Est. salary/yr. of jobs created: \$74,435
- Total jobs after project completion: 146
- Annual Payroll: \$ 10,335,959
- Construction Jobs: 43

PROJECTED COMMUNITY BENEFITS*

- Term: 2 YEARS after project completion.
- NET Community Benefits: \$40,127,814
- Spillover Jobs: 43
- Total Payroll: \$37,845,271

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

Incentives: \$411,250
 Community Benefit: \$38,806,512
 Cost: Benefit Ratio
 • 1:94

Project Title: Pfannenberg Expansion / Relocation

Project Address: 13595 Broadway, Alden, NY 14004
 (Alden Central School District)

Agency Request

A sales tax abatement increase associated with the renovation of a vacant facility in Alden, NY. Overall project costs increased by more than \$4 M due to various new requirements, upgrades and a rise in materials costs.

	Prior	Current
Land / Building Acquisition	\$ 5,050,000	\$ 5,050,000
Reconstruction/Renovation	\$ 5,000,000	\$ 9,400,000
Manufacturing Equipment	\$ 600,000	\$ 600,000
Non- Manufacturing Equipment	\$ 300,000	\$ 300,000
Soft Costs/Other	\$ 500,000	\$ 500,000
Total Project Cost	\$11,500,000	\$15,850,000
85%	\$ 9,775,000	\$13,472,500

Company Description

Pfannenberg is a global company HQ in Hamburg, Germany with the North American HQ located in Lancaster, NY. Pfannenberg is a manufacturer of Thermal Management, Liquid Cooling Solutions and Signaling Technologies. Pfannenberg Thermal Management products are used by some of the largest companies worldwide to keep their electronics cool and safe, protecting critical manufacturing processes. Liquid Cooling Solutions provide the critical cooling required for manufacturing processes including machine tooling, plastic injection molding equipment and many other uses. Their visual and acoustic signaling devices protect personnel and equipment satisfying numerous alarm, warning and induction requirements.

Project Description

Pfannenberg has plans to grow its business. Their current location at 68 Ward Road, Lancaster cannot accommodate an expansion due to the parcel size and existing wetlands on the property. After an extensive search (in compliance with the ECIDA’s Countywide Intermunicipal Move policy), Pfannenberg chose 13595 Broadway in the Village of Alden for its new location.

This request for additional incentives results from a rise in material costs and additional / unanticipated costs per the updated architectural, site/civil and MEP (mechanical / engineering / plumbing). Changes include: 1) increased costs per engineering, code, regulatory requirements, 2) replacement and/or addition of building attributes and upgrades, and 3) construction material increases

* 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	\$ 0
	Sales	\$411,250
	Mortgage Recording	\$ 0
	Total	\$411,250
	Discounted at 2%	\$411,250

Benefit: Projected Community Benefit*

BENEFITS	Region	Recipient	Revenue Type	\$ Amount **
	Erie County	Individuals	Payroll Construction	\$ 6,527,187
			Payroll Permanent	\$31,318,084
		Public	Property Taxes	\$ 0
			Sales Taxes	\$ 314,589
			Other Muni Revenue (NFTA)	\$ 0
	New York State	Public	Income Taxes	\$ 1,703,037
			Sales Taxes	\$ 264,917
			Total Benefits to EC + NYS***	\$40,127,814
			Discounted at 2%	\$38,806,512

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

Discounted Cost	\$ 411,250
Discounted Benefit	\$38,806,512
Ratio	1:94

Conclusion: The Cost Benefit for this project is: 94:1. For every \$1 in costs (incentives), this project provides \$94 in benefits (payroll & tax revenue). **Note: For Erie County, every \$1 in costs (incentives) provides \$165 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
\$ 78,687	NA / limited value change expected	\$ n/a	\$ n/a	\$ n/a
Combined Tax Rate: \$ 28.289138				

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 = \$15,850,000 85% = \$ 13,472,500
Employment	2 years after project completion	Maintain Base = 123 FTE Create 85% of Projected Projected = 23 FTE 85% = 19 FTE Recapture Employment = 142 FTE
Local Labor	Construction period	Adherence to policy including quarterly reporting
Pay Equity	2 years after project completion	Adherence to Policy
Unpaid Tax	2 years after project completion	Adherence to Policy
<u>Recapture Period</u>	2 years after project completion	Recapture of state and local sales taxes

Recapture applies to:

State and Local Sales Taxes

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 123 FTE jobs and created 23 FTE 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

- 5/28/25: Public hearing held – amendatory request
- 6/25/25: Inducement Resolution presented to Board of Directors - Type II Action not subject to SEQRA review
- 6/25/25: Lease/Leaseback Inducement Resolution presented to the Board of Directors – amendatory request

Original Request:

- 10/01/24: Public hearing held.
- 12/18/24: Inducement Resolution presented to Board of Directors - Type II Action not subject to SEQRA review
- 12/18/24: Lease/Leaseback Inducement Resolution presented to the Board of Directors