

Upstate Niagara Cooperative, Inc.
\$ 255,000,000
AMENDATORY RESOLUTION

ELIGIBILITY

- NAICS Section – 311511

COMPANY INCENTIVES

- Approx \$5,998,343 in real property tax savings
- **ADJUSTED:** Approx \$3,997,610 in real property tax savings (per change in SF and tax rates)
- Up to \$ 3,937,500 in sales tax savings
- **AMENDED:** Up to \$6,125,000 in sales tax savings
- **ADDED:** Up to \$1,890,000 in mortgage recording tax savings

JOBS & ANNUAL PAYROLL

- Current Jobs: 240 FT
- Projected retained jobs: 240 FT
- Est. salary/yr. of jobs retained: \$71,000
- Projected new jobs:130 FT
- Est. salary/yr. of jobs created: \$70,000
- Annual Payroll: \$ 26,500,000
- Construction Jobs: 994

PROJECTED COMMUNITY BENEFITS*

- Term: 10 YEARS
 - NET Community Benefits: \$926,932,206
 - Spillover Jobs: 1,690
- Total Payroll: \$872,667,762

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

Incentives: \$11,627,651
 Community Benefit: \$845,396,750
 Cost: Benefit Ratio: 1:73

Project Title: W Seneca Expansion
 Project Address: North America Drive, West Seneca, NY14224
 (West Seneca Central School District)

Agency Request

A sales and real property tax abatement associated with a 165,000 SF expansion to an existing plant in West Seneca. The additional space will primarily be used for manufacturing purposes with remaining SF allocated to warehouse and office space.

	<u>PRIOR</u>	<u>CURRENT</u>
Building Addition	\$ 60,000,000	\$ 93,780,000
Manufacturing Equipment	\$ <u>90,000,000</u>	\$ <u>161,220,000</u>
Total Project Cost	\$ 150,000,000	\$ 255,000,000
85%	\$ 127,500,000	\$ 216,750,000

Company Description

Upstate Niagara Cooperative (UNC) Inc is a dairy cooperative made up of approximately 260 dairy farms, primarily located in NYS. UNC - a food and beverage company has been producing a wide variety of award-winning, high-quality dairy products since 1971. These offerings include milk, cream, flavored milk, shelf stable ready to drink beverages, yogurt, dip, sour cream, cottage cheese, canned evaporated milk and ice cream mix products. These products are marketed under the names, Upstate Farms, Bison, Intense Milk, Milk for Life, Spring Farms, Gold Cow and Valley Farms brands in addition to numerous contract and retail customer labels.

Project Description

Upstate Niagara Cooperative has updated its expansion plans for its project in West Seneca. Overall project costs have increased by \$105 M with costs of the building addition increasing by over \$33M and the cost of the manufacturing equipment increased by \$71M. While costs have increased, the total project square footage has decreased (from 250,000 to 165,000 SF) with the elimination of some vacant space (set aside for future development), a decision not to construct a fully automated cooler space and by reducing the size of the filling room. These decisions combined with adding certain efficiencies allowed the company to maintain a similar throughput in less overall space.

Factors contributing to the increase in construction costs include a rise in material costs, fine tuning of original estimates (initial budget was prepared based upon rough estimates), and some new / unanticipated costs including the need to add a new sewer line.

This request for incentives includes a mortgage recording tax benefit that was not pursued in the original request.

* 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	\$ 3,997,610
	Sales	\$ 6,125,000
	Mortgage Recording	\$ 1,890,000
	Total	\$12,012,610
	Discounted at 2%	\$11,627,651

Benefit: Projected Community Benefit*

BENEFITS	Region	Recipient	Revenue Type	\$ Amount **
	Erie County	Individuals	Payroll Construction	\$ 155,770,764
			Payroll Permanent	\$ 716,896,998
		Public	Property Taxes	\$ 1,001,670
			Sales Taxes	\$ 7,254,050
			Other Muni Revenue (NFTA)	\$ 630,000
	New York State	Public	Income Taxes	\$ 39,270,049
			Sales Taxes	\$ 6,107,734
			Total Benefits to EC + NYS***	\$926,932,206
			Discounted at 2%	\$845,396,750

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

Discounted Cost \$11,627,651
 Discounted Benefit \$845,396,750
 Ratio 1: 73

Conclusion: The Cost Benefit for this project is: 73:1. For every \$1 in costs (incentives), this project provides \$73 in benefits (payroll & tax revenue). **Note: For Erie County, every \$1 in costs (incentives) provides \$106 in benefits to the community.**

New Tax Revenue Estimated

PILOT Type	Current Yearly Taxes	Estimated New Assessed Value	Additional County Revenue over abatement period	Additional Town Revenue Over abatement period	Additional School Revenue over abatement period	New Yearly Taxes Upon Expiration of Abatement Period
10 Year Standard PILOT	\$ 182,997	\$ 6,000,000	\$ 474,628 <u>\$ 228,938*</u> \$ 703,566	\$ 741,905 <u>\$ 357,860*</u> \$1,099,765	\$ 1,615,107 <u>\$ 779,051*</u> \$ 2,394,158	\$ 682,925
10 Year EIP PILOT (Tier 2): has 12 yr benefit period			\$561,178	\$ 877,194	\$1,909,626	
Combined Tax Rate: \$ 83.28						

*added 2 years at full property taxes – for comparison purposes

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 = \$ 255,000,000 85% = \$ 216,750,000
Employment	Coincides with 10-year PILOT	Maintain Base = 240 FTE Create 85% of Projected Projected = 130 FTE 85% = 110 FTE Recapture Employment = 350 FTE
Local Labor	Construction period	Adherence to policy including quarterly reporting
Pay Equity	Coincides with 10-year PILOT	Adherence to Policy
Unpaid Tax	Coincides with 10-year PILOT	Adherence to Policy
<u>Recapture Period</u>	Coincides with 10-year PILOT	Recapture of Real Property Tax, 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 240 FTE jobs and created 110 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

- 6/30/25: Public hearing held.
- 9/24/25: Inducement Resolution presented to Board of Directors adopting a Neg Dec in accordance with SEQRA
- 9/24/25: Lease/Leaseback Inducement Resolution presented to the Board of Directors

Company ECIDA History

- 9/25/24: \$150M Private Investment Additional 250K SF to existing plant in WS. Inducement Resolution presented adopting a Neg Dec per SEQRA. Lease/Leaseback Inducement Resolution presented to the Board of Directors (Pending)
- 10/21/2013: \$2.9M Building Addition = 8,600 SF. Sales Tax Incentive – West Seneca (Inactive)
- 3/10/2004: \$38M Construction of 165,000 SF manufacturing facility. Property & Sales Tax Incentives – West Seneca (Inactive)
- 6/12/2002: \$1.03M Equipment Purchases. Sales Tax Incentive – Cheektowaga (Inactive)
- 8/16/2000: \$ 1.16M Construction of 20,400 SF cold storage & dry room. Property & Sales Tax Incentives – Cheektowaga (Inactive)
- 8/16/2000: \$ 8.14M Renovations 34,000 SF management & admin building, Property & Sales Tax Incentives – Cheektowaga (Inactive)