

## Upstate Niagara Cooperative \$2,900,000 INDUCEMENT RESOLUTION

### HIGHLIGHTS

- Eligibility: NAICS Section - **31—Manufacturing**

### COMPANY INCENTIVES

- Approximately \$200,000 in real property tax benefits
- Approximately \$65,000 in sales tax benefits



Project Title: Upstate Niagara Cooperative  
Project Address: 3300 North America Drive  
(West Seneca Central School District)  
SIC/NAICS: 2026/311511

### Agency Request

A sales tax, and real property tax exemption in connection with the construction of an 8,600 sq. ft. building addition.

New Building Construction	\$1,500,000
Manufacturing Equipment	1,400,000
Total Project Cost	\$2,900,000

### Company Description

Upstate Niagara Cooperative (“Upstate”) is a co-op and owned by 360 local, family-owned dairy farms in the Western New York area. It has been a manufacturer of high quality dairy products since 1965 and has continued to grow through the years by building its brands and offering consumers innovative value-added products.

Upstate operates milk processing and distribution centers in Buffalo and Rochester, cultured products facilities in West Seneca and North Lawrence, distribution centers in Syracuse and Watertown and a membership division located in Batavia. Upstate owns approximately 90% of Oatka Milk Products located in Batavia and is 100% owner of North County Dairy, LLC in North Lawrence, New York.

Almost 40% of the company’s products are distributed outside of New York State.

### Project Description

In order to facilitate the production of Greek Yogurt, the company requires the expansion of its chill tunnel. The proposed project is needed in order for the company to have the ability to chill down commercially acceptable strained Greek style yogurt. The project includes the construction of an 8,600 sq. ft. building addition, pump package, air handling units, electrical infrastructure, ductwork, control wiring, insulation and rigging. It is expected that the addition will increase the capacity of the current chill tunnel, ultimately having the ability to rapidly chill down and move the product through the manufacturing cycle and into the marketplace.

Upstate maintains two additional Erie County locations:

1730 Dale Road, Cheektowaga - 188 Employees  
25 and 90 Anderson Road , Cheektowaga - 80 Employees

# Upstate Niagara Cooperative

## Project Benefits

The expansion of the company into the Greek yogurt marketplace will enhance its competitive position in the industry.

## Project Incentives

- Approximately \$200,000 in real property tax benefits
- Approximately \$65,000 in sales tax benefits

## Impact on Taxes

Current Yearly Taxes	Estimated New Assessed Value	Additional Revenue to taxing jurisdictions over 7-year PILOT period.	Full taxes in first year after abatement period expires
\$0	\$472,500*	\$20,741	\$31,800
Combined Tax Rate: \$67.30			

\*New assessment is determined by taking 70% of construction budget and applying equalization rate of 45%

## Employment

Curren/Retained:  
175

Year 2 (after completion of Project)  
175

(although the company has indicated that they would not move out of state if the tax exemptions were not granted, if this project did not occur in West Seneca the new product would be co-packed by an out of state company which could impact existing employment and/or hinder future growth).

## 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 = \$2,900,000 85% = \$2,465,000
Employment	To coincide with PILOT term	100% of base (175)
Local Labor	Construction period	Adherence to policy including quarterly reporting
PILOT	PILOT Term = 7-Years	Up to 100% recapture at Agency discretion
Recapture Period	Coincides with term of PILOT or if sales tax only, the greater of two years or termination of sales tax benefit	Recapture of state and local sales taxes and PILOT.

Recapture applies to:

- State and local sales taxes
- Payment in Lieu of Taxes

# Upstate Niagara Cooperative

## 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.

At completion of project company must certify i) total investment amount equal to or greater than 85% of amount proposed ii) confirm that company will maintain base employment of 175 and iii) confirm adherence to ECIDA local labor hiring policy.

## Project History

10/03/2013	Public Hearing conducted. Transcript on file at ECIDA.
10/18/2013	Public Hearing conducted. Transcript on file at ECIDA.
10/21/2013	Resolution presented to Board of Directors authorizing adoption of a Negative Declaration in accordance with SEQRA.
10/21/2013	Lease/Leaseback Inducement Resolution presented to Board.