



## 2012 Year In Review

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*Sowing the Seeds for Economic Growth & Innovation*

# Chairman's Message

I am pleased to present the first annual report since my election as chair of the ECIDA Board of Directors in March 2012. This report demonstrates both the breadth and the impact of the economic development services that ECIDA provides – in fact, of the over \$1.5 billion in projects currently under construction or proposed for downtown development, the ECIDA has or will consider providing assistance to nearly 90% of the “for profit” projects.

The ECIDA is championing the creation of vibrant business districts – such as the revitalization of Main Street in Buffalo, as well as the development of Canalside and the Buffalo Niagara Medical Campus. And all around us, our region's growth is evident.

In 2012, the ECIDA's strategically focused programs supported more than \$410 million in private investments through the use of tax incentives and tax-exempt bond financing programs. And thanks to the ECIDA's contributions – as well as our initiative aimed at lowering the cost to renovate vacant buildings – more than 450,000 square feet of vacant or underutilized downtown space is under redevelopment for commercial and residential use.

Our brownfield redevelopment activities paved the way for the first new investment on the former Bethlehem Steel site – a prime piece of Erie County real estate that was dormant for more than 30 years – and our tax incentives and loan programs attracted Welded Tube of Canada to invest \$50.2 million for a new manufacturing facility on the site.

In support of local exports, the ECIDA joined forces with the University at Buffalo (UB) and others to launch the Exports to Canada program, pairing six local companies with interns from UB's master of business administration program. The program's success resulted in increased international sales for several participating companies and led UB to honor the ECIDA with its 2012 “Outstanding Internship Organization” award.

There is more good news: 2013 promises continued growth and prosperity. Indeed, the first two months resulted in board-approved tax incentive packages in support of five additional projects, bringing the amount of private investment supported by the ECIDA in 2012/2013 to more than \$648 million.

As the county's premier economic development agency, the ECIDA plants the seeds for business growth. Now, working in collaboration with public and private sector stakeholders, our investments are blossoming and coming to fruition.

That's good news for the ECIDA – and even greater news for everyone who lives, works and does business in Erie County.



Hon. John J. LaFalce  
Chairman  
ECIDA Board of Directors



The mission of the Erie County IDA is to provide the resources that encourage investment, innovation and international trade - creating a successful business climate that improves the quality of life for the residents of the region.



# Tax Exempt Projects – *Nurturing Success*

## Approvals

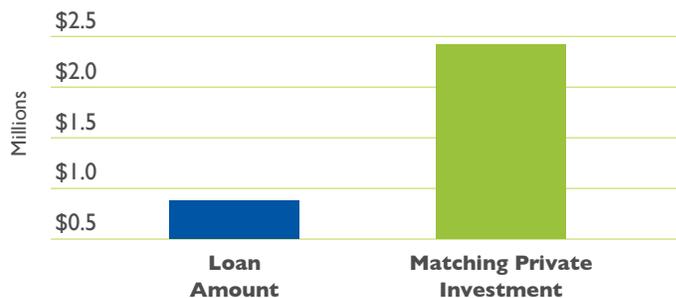
- **3 tax exempt bond financing projects valued at \$238.3 million**
- **21 tax incentives approved supporting \$172 million in private investments**
  - Jobs: 1,356 jobs retained, 544 permanent jobs to be created, 770 construction jobs to be created
  - Ratio of incentives to investment: More than a 10:1 ratio of private investment (\$172 million) to tax incentives (\$15.8 million)
  - Tax incentives do not impact the existing taxes owed on a property. Instead, tax incentives apply only to the taxes owed on the increased value of the property resulting from new construction or major renovations
  - New revenues: an estimated \$2.7 million in additional property taxes will be collected over the payment in lieu of taxes (PILOT) period.

## Private Investments – How Much & By Whom?



## Lending – *Planting the Seeds*

Ten business loans, ranging from \$13,000 to \$358,000, were approved – totaling \$850,000 in ECIDA support that leveraged additional private investment of \$2.4 million.



## Buffalo Building Revitalization

- Five adaptive reuse projects were approved in 2012, bringing the total to 33 properties revitalized since the program's inception in 2008. Four of the five projects are located in the City of Buffalo and will result in over 450,000 sq. ft. of previously vacant or underutilized space, now available for various uses including hotel, residential, office and commercial use. These projects include renovations to the former Graystone, Tishman, and Donovan buildings.



## Job Creation Results

- A total of 19 companies concluded their property tax incentive benefits in 2012 and were added back to the property tax roles. For these companies the number of jobs:
  - At time of application = **3,599**
  - Per current employment survey = **4,401**
  - Actual jobs created = 802**

# Brownfield Redevelopment

In 2012, the ECIDA's Development Group and our partners made substantial progress on the redevelopment of several brownfield sites, including four key projects:

## 1. Spaulding Fibre

The former Spaulding Fibre manufacturing facility – with more than 900,000 sq. ft. of vacant buildings on 47 acres – had been abandoned for 13 years. It represented a significant blight and public safety hazard for the neighborhood and the City of Tonawanda, and was designated as a Superfund site by New York State. Work to remediate the property began in 2004, with the Erie County Department of Environment and Planning coordinating a team approach for the eight-year, \$20 million project and the ECIDA providing critical support for construction inspection and contract and project management services. Additional project partners included the City of Tonawanda, National Grid, Empire State Development and the New York State Department of Environmental Conservation. Today, the site offers a range of economic development opportunities with a new access road with utilities and 2 to 15 acre parcels, ready for development.



## 2. Tonawanda Tank Farm

The Tank Farm site, located on River Road in the Town of Tonawanda, was a former petroleum storage site that had been abandoned by its owner. The Erie County Department of Environment and Planning coordinated the site remediation, that included \$100,000 from the ECIDA to remove derelict tank structures and grade the site for future development.



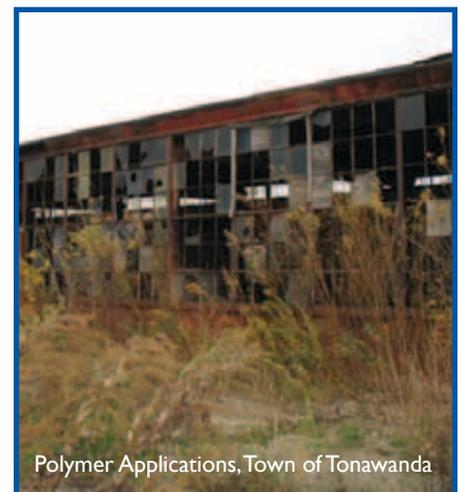
Spaulding Fibre, City of Tonawanda

## 3. Polymer Applications

The former Polymer Applications plant, located at 3445 River Road in the Town of Tonawanda across from the Huntley Power Plant, was an industrial facility built in the 1930s. Manufacturing at the 6.5 acre site ended in the 1980s, when the Environmental Protection Agency issued an emergency removal action following a fire at the facility. It was also designated a New York State

Department of Environmental Conservation Superfund site for remediation.

In 2012, remediation began, with the ECIDA serving as project manager for the cleanup with assistance from the Town of Tonawanda and Erie County Department of Environmental Protection. In addition, the ECIDA and National Grid have provided up to \$500,000 for the demolition of approximately 60,000 sq. ft. of structures and equipment. The project will be completed in the spring of 2013.



Polymer Applications, Town of Tonawanda

## 4. Bethlehem Steel

After decades of demolition and remediation, new construction is underway at the former Bethlehem Steel site in Lackawanna. In 2012, two major projects were initiated – the realignment and reconstruction of the major rail corridor and construction of the first new major manufacturing facility in more than 40 years. Both are slated for completion in 2013:

- **Railway:**

Initial redevelopment of more than 1,100 acres at the former steel plant is focused on 400 acres comprising three business park subdivisions on the north end of the property. This includes a \$4.4 million realignment and reconstruction of the current rail corridor, with more than two miles of new track. The ECIDA is serving as project manager and contracting agent and is helping to coordinate efforts between land owners,

Tecumseh Redevelopment, South Buffalo Railway, Gateway Trade Center, the City of Lackawanna, Erie County and utility companies serving the site. Funding for the project was secured by Erie County through the New York State Department of Transportation and National Grid.

- **Welded Tube of Canada, Inc.**

In 2013, the site will become the new home to the U.S. operation of Welded Tube of Canada, Inc. – a \$50.2 million investment in the long-vacant property

that will create up to 121 new jobs. The Toronto-based company manufactures cold-formed carbon and high strength, low-alloy tubular steel products. Welded Tube purchased approximately 45 acres at Tecumseh Business Park and has started construction on Phase I of the three-phase project. Company managers aim to have the first phase – the development of a 100,000 sq. ft. plant – operational by August 2013, with a 30,000 sq. ft. pipe testing facility and a 34,000 sq. ft. finishing plant to follow.



Bethlehem Steel, Lackawanna



Welded Tube, Lackawanna – initial construction phase

# Cultivating International Exports

In 2012, the ECIDA launched the Exports to Canada Assistance Program to provide technical assistance to Western New York companies interested in exporting goods and providing services to the Canadian marketplace. The program began with a two-day workshop/conference, bringing together local companies and exporting experts. In addition, the program commenced a joint venture between the ECIDA and the University at Buffalo (UB) School of Management that matched six WNY companies with UB graduate interns tasked with the goal of designing and implementing an export strategy for the companies.



*“The collaborative resources and commitment from the ECIDA and UB played a key role in our ability to quickly evaluate our opportunities and develop an initial go-to-market strategy. We are confident that in 2013 we will be conducting business in Canada as a direct result of our participation in the Program.”*

– Scott Terhaar, CFO, ValueCentric, Orchard Park, NY

## Growing Funding Options

The ECIDA added two new programs to our financing options:

- The **Grow Erie County Fund**, a partnership program between the ECIDA and the National Development Council that makes loans available with longer terms, lower down payments and lower interest rates (in comparison to other funding options). Tapecon, Inc. a manufacturer of superior quality labels, decals and membrane switches was the fund's first loan recipient, receiving a \$2 million loan for upgrades and expansion of its Buffalo-based corporate headquarters.
- The **Disaster Recovery Loan Program**, with \$2,000,000 to help Erie County-based businesses manage the impacts of local, national or international natural and other disasters.

The ECIDA continues to help start-up businesses through the **Microloan program** and initiatives such as **Launch NY** to ensure that education, mentoring and initial financing are available to start-ups across Western New York.

*“With the support of the ECIDA, I was able to take Fresh & Fluffy from paper to reality. The ECIDA staff have been so supportive, offering resources and advice as I enter my first full year in operation. It's great to know that ECIDA supports local businesses from all aspects.”*

– Stephanie Makowski, Owner, Fresh & Fluffy, Hamburg NY



## Harvesting Success

Between 2003 and 2007, the ECIDA invested \$420,000 in Buffalo-based technology company Synacor, which then leveraged the funds for continuous investment and growth. As a result, in 2012 Synacor went public with its first initial public offering (IPO) and the ECIDA earned \$4.1 million, a substantial profit on our investment. Today, we are reinvesting these funds in similar economic development ventures in support of our goal to help innovative companies with high growth potential.

*“Without the ECIDA investment, Synacor would not have become the company it is today. Synacor is now trading on the NASDAQ as SYNC, having grown more than 100-fold since the ECIDA investment and becoming the leader in next-gen startpages, TV Everywhere solutions and Cloud Identity Management services, as well as creating over 300 great jobs in downtown Buffalo.”*

– Ron Frankel, President and CEO, Synacor, Buffalo, NY

**synacor**<sup>®</sup>

# From Start-ups to Global Leaders – 2012 Investments

## Adaptive Reuse Projects

Key	Company
1	Graystone (5182 Group)
2	New Covenant Church (Creative Structures)
3	Tishman Building (Hamister Group)
4	Donovan Building (Harbor District)
5	298 Main St. (Main & Cathedral)

## Business Loans

6	Alliance Innovation Mfg.
7	Eastman Machine
8	Graphene Devices

## Microloans

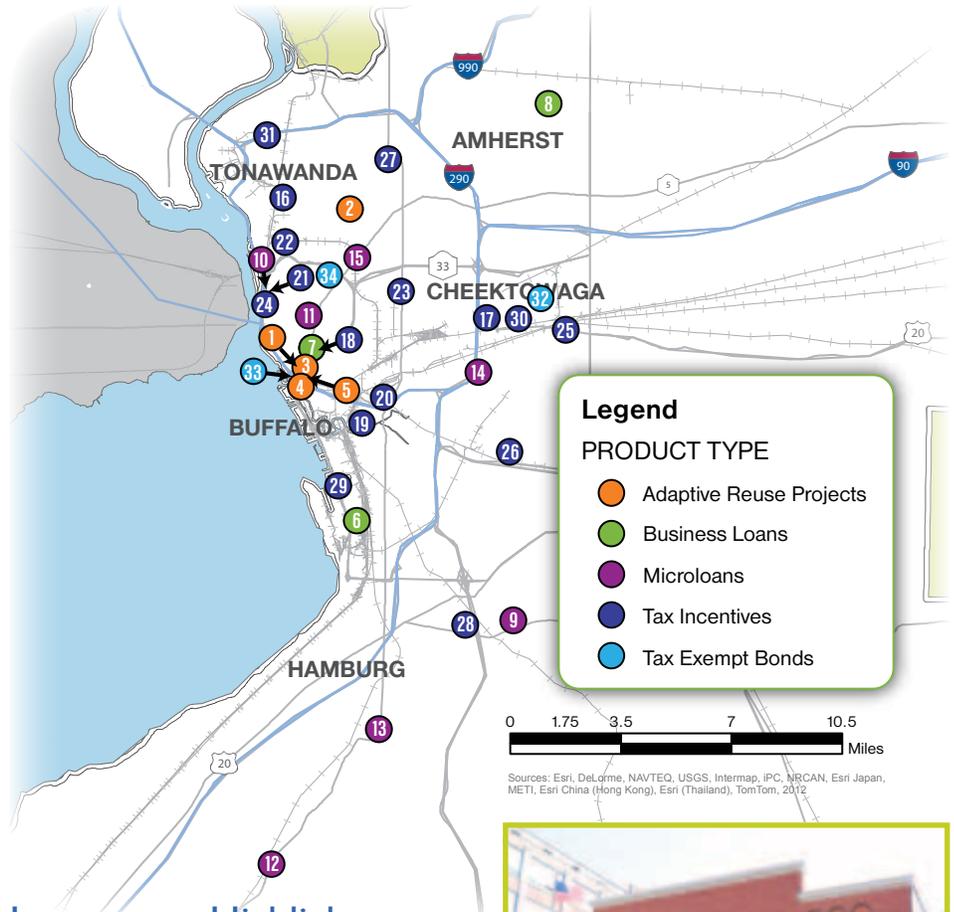
9	Amy Lynn's Dance Studio
10	Community Beer Works
11	eCO2Blast
12	Father & Son Galaxy
13	Fresh & Fluffy
14	Prestige Management
15	You & Who

## Tax Incentives

16	ATSBNY
17	Millennium Hotel
18	Eastman Machine
19	English Pork Pie
20	Goldman Titanium
21	West Buffalo Charter School
22	Niagara Lubricant
23	Outfront Portable Solutions
24	Rich Products
25	QMC Technologies
26	Sustainable Bio
27	U.S. Itek
28	ValueCentric
29	Welded Tube
30	Wendt Corp
31	Zenger Development Corp.

## Tax Exempt Bonds

32	Cantalian Center
33	Buffalo Public Schools Reconstruction
34	Medaille College



## Investment Highlights

**7** **18** **Eastman Machine**, a cutting machine manufacturer, serves customers worldwide from its corporate headquarters in Buffalo, NY. Eastman's most recent project aimed at upgrading its local facility received both sales tax incentives and loan assistance. Keeping Eastman's costs down allows them to stay ahead of their competition, both domestically and abroad.

**10** **Community Beer Works (CBW)** is Buffalo's first nano brewery, focusing on small-batch specialty beer. This rising star received essential financing through the ECIDA's microloan program, enabling CBW to upgrade equipment and increase capacity. Today, CBW's sought-after brews are on tap at a growing number of fine establishments in Western NY.

**21** **West Buffalo Charter School (WBCS)** began operation in the fall of 2012 in the renovated former Lafayette General Hospital, a century-old building in Buffalo's west side. The fledgling school plans to house an estimated 282 students in kindergarten through fourth grade and will emphasize core early literacy language skills. ECIDA tax incentives helped lower the costs associated with this development project for the benefit of WBCS.



# Board of Directors

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ECIDA Board of Directors

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County of Erie

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Mayor  
City of Buffalo

**Raymond Carr**

President  
Erie County Association of School Boards

**Hon. Anthony F. Caruana**

Supervisor  
Town of Tonawanda

**James Doherty**

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Buffalo and Erie County Labor Management  
Council

**Dennis Elsenbeck**

Regional Executive  
National Grid

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President  
Buffalo Common Council

**Hon. Betty Jean Grant**

Chairperson  
Erie County Legislature

**Michael Hoffert**

President  
Buffalo AFL-CIO Labor Council

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Supervisor  
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World Trade Center Buffalo Niagara

**Richard Lipsitz, Jr.**

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Western New York Area Labor Federation

**Thomas Loughran**

Chairman, Economic Development Committee  
Erie County Legislature

**Brenda McDuffie**

President and CEO  
Buffalo Urban League

**Frank B. Mesiah**

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NAACP - Buffalo Chapter

**Andrew J. Rudnick**

President & CEO  
Buffalo Niagara Partnership

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Supervisor  
Town of Amherst

**Howard Zemsky**

Chairman  
Niagara Frontier Transportation Authority



Did you know that the ECIDA

- **Is funded by the businesses we serve – not Erie County taxpayers?**  
The ECIDA does NOT receive any direct funding from local, state or federal sources for our operations. Instead, we collect fees from the businesses that benefit from the tax incentives we provide.
- **Provides tax incentives for new construction, renovations, and adaptive reuse projects that strengthen both businesses and municipalities?**

As an economic development agency, the ECIDA provides tax incentives that enable companies to make immediate investments in their infrastructures and workforces – investments that build tax bases, with long-term local and regional economic benefit.

- **Focuses on transparency and accountability, enabling the public to participate in, observe and monitor the tax incentive process?**

We hold our organization to the highest standards, with a uniform tax exemption policy, public hearings on proposed projects, and board meetings that are open to the public and the press.

In addition, our work is continuously monitored by an external independent audit firm, and state and federal agencies that include the Office of the State Comptroller, and the New York State Authorities Budget Office (NYSABO). Several of the reports and policies we provide to these agencies are available on the ECIDA website or through the NYSABO.



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