

Byrne Dairy Project, Finger Lakes East

Project Rationale

Long-time Central New York dairy manufacturer Byrne Dairy, Inc. proposes a multimillion dollar, multi-phased development to commence this year at Finger Lakes East Business Park in Cortland County.

Upon satisfaction of contingencies, not the least of which is an approved PILOT agreement with the Cortland County Industrial Development Agency, the company proposes to acquire the entire business park site (approximately 125 acres) for a "phase one" development of facilities enabling yogurt production, artisan cheese production, a visitors center, and agriculture-related tourism activities.

Capital investment for phase one, including land acquisition, has been set at approximately \$30 million for the project site, which will comprise 12 acres of land at Finger Lakes East and 10 acres owned by the adjacent Osbeck Farms, site of the agri-tourism center. Remaining park land will be used for subsequent phase development to include expansion of the yogurt plant and construction of warehousing and contract manufacturing. Plans are for the company to begin construction in the early second quarter of 2013. Construction is expected to be complete in late 2013/early 2014, with up to 78 new jobs to be created within the first five years of operation.

In addition to the capital investment and job creation, this project will:

- Set the stage for further significant capital investment and job creation as the park is built out;
- Drive new revenue for the town of Cortlandville as the company meets full tax obligations for the 115 acres outside of the initial project site;
- Drive new sales tax revenue for the town and county through on-site sales of Byrne Dairy products and other spending by visitors to tourism events at the site;
- Drive new occupancy tax revenue for the county due to overnight stays generated by those tourism events;
- Drive new water use revenue for the town and city of Cortland;
- Drive new wastewater revenues for the town and city of Cortland;
- Reduce costs to city taxpayers as whey by-product from the site is converted to energy powering the wastewater plant;
- Attract other potential commercial and retail; developments to the Route 13 corridor as the project is built operated; and
- Boost the agriculture sector in the county as it supports the new Byrne operations (multiple agriculture-related jobs are created for every one job created in Dairy manufacturing).

For these reasons staff is recommending approval of IDA incentives as outlined in the attached.

Project Summary Sheet

Project Name: Byrne Dairy Inc.

TOTAL PROJECT AMOUNT

\$30,162,962

Summary of tax exemptions being sought with Project: Sales Tax Exemption
Mortgage Recording Tax Exemption
*Real Property Tax Exemption

*Applicant has proposed discounting the anticipated project assessment by 65 percent (\$5,320,000 to \$1,862,000) for the term of a 20-year abatement agreement. Applicant will make fixed payments each year, based upon the 2013 tax rate (cumulative county, town, and school) plus an annual escalator of 2 percent.

This proposal varies from the agency's Uniform Tax Exemption Policy (UTEP), which calls for an overall tax abatement of 65 percent over a 10-year period. This proposal also departs from the UTEP in that it would mean payments to the taxing jurisdictions in each year of the agreement.

Description and estimated value of each exemption:

8% Sales Tax exemption on estimated purchases valued @ 4m	\$320,000
1% Mortgage Recording Tax exemption-1%, \$25m	250,000
Real Property Tax exemption	<u>2,943,229</u>
Total Exemption sought:	\$ 3,513,229

Financial Comparison:

Current Annual Property Tax Payments		Proposed Annual Property Tax Payments
Finger Lakes East	Zero	40,285 (property not subject to abatement)
Osbeck Property	7,723	65,226 (estimated PILOT payments)
Total	<u>7,723</u>	<u>105,511</u>

Annual estimated increase to current property tax base -- **\$97,788**

20-year estimated increase to the current tax base -- **\$1,955,760**

Economic Impact:

Create 78 Full Time new jobs within 5 years. The jobs will consist of 60 manufacturing and 18 agri-tourism. The salary range for manufacturing is \$35,000-50,000; agri-tourism salary range is \$15,000 -25,000. Health benefits are offered to employees with a 60% employer contribution. A 401 K matching of 25% up to the 1st 6% is offered to all employees.

Estimated value of personnel:

Wages, salaries annual average: \$2,910,000

Health benefit company contribution will average \$240 per single and \$660 family plan

Cost Benefit Ratio:

Total Project Investment: \$30,162,962

Estimated Wages (20 years) \$58,200,000

Total Investment \$88,362,962

Total Exemptions

Sought \$3,513,229

Ratio of investment/abatement **25/1***

*Does not include health benefits and items non-quantifiable at this time as follows:

- Drive new sales tax revenue for the town and county through on-site sales of Byrne Dairy products and other spending by visitors to tourism events at the site;
- Drive new occupancy tax revenue for the county due to overnight stays generated by those tourism events;
- Drive new water use revenue for the town and city of Cortland;
- Drive new wastewater revenues for the town and city of Cortland;
- Reduce costs to city taxpayers as whey by-product from the site is converted to energy powering the wastewater plant;
- Attract other potential commercial and retail; developments to the Route 13 corridor as the project is built operated; and
- Boost the agriculture sector in the county as it supports the new Byrne operations (five agriculture-related jobs are created for every one job created in Dairy manufacturing).