

**Cortland County IDA
Application for benefits**

Review Date April 2014

Name of Applicant: Forkey Construction & Fabricating

Nature of Business Retail Commercial/Service ☒ Manufacturing
Other

Description of Project: Purchase 3690 Luker Rd (former Borg Warner facility),
renovations and purchase of new equipment

Location of Project: 3690 Luker Rd – Town of Cortlandville

Total number of FTE employees as of the date of application: 83

Projected number of new FTE positions to be created within the ____2____years of project:
50

Average starting wage: 23k-36k 12.60 – 19.78 p/hour

Date to begin new jobs : Fall 2014 or early 2015 – as soon as move is complete

Projected fixed asset investment to be made: 2,175,000

Exceeds \$500,000 ☒ Yes No

Qualifying Checklist

Referenced in Development Policy:

Yes No (Check one for each category)

☒ ☐ The number of jobs to be created, with priority given to businesses
Creating five full-time permanent jobs that pay starting hourly wages at
135% of the current NYS minimum wage or higher (10.80)

☒ ☐ The timeline for the projected investment and job creation is within the
first two years of application

☒ ☐ The applicant will increase the skill base of the local workforce through
training, opportunities for professional development and career track
advancement will be using TC3

- ☒ ☐ Goods and services will be procured regionally, thereby increasing regional buyer-supply chains and producing a greater multiplier effect
 - ☒ ☐ The level and type of investment is \$500,000 or greater
 - ☒ ☐ The business enhances strategic goals identified in the BDC development Plan and enhance the overall regional economic climate
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Additional comments or notes:

See attached Project Summary Sheet – includes more details

Forkey Construction & Fabricating, Inc. Luker Road Expansion

Project Rationale

Forkey Construction & Fabricating, Inc., located at 2235 Clarks Corners Road in Lapeer, is a home-grown Cortland County company with core competencies in CNC machining, turning, forming, welding, saw cutting, and sheet/plate processing. Over the past 20 years, the company has grown from five employees working from the garage of its majority owner, Charles Forkey Jr., to more than 80 at its current 30,000 square-foot location. The company provides fabricated parts and value engineering services to industrial customers worldwide, including its top customer, Raymond Corp., in Greene, NY.

The company has historically accommodated its growth by adding space to its manufacturing center, but further expansion is now impossible, forcing the company to turn away business it could otherwise accommodate. This has caused the company to seek other, more expansive facilities including several in Cortland, the Southern Tier, and Northeastern Pennsylvania.

Ultimately, the company has decided to stay in Cortland County, seeking to move its operations to the former Borg Warner facility on Luker Road in the Town of Cortlandville. A formal purchase offer for that 131,000 square-foot facility has been negotiated with several contingencies, including their ability to secure property and mortgage tax abatements from the CCIDA.

The project will:

- Retain 83 well-paying jobs for Cortland County (machinists, machine operators, welders, parts cleaners, inspectors, shipping and receiving, etc.);
- Create at least 50 new well-paying jobs within the next two years in Cortland County;
- Fill a building emptied last year with a decision by Borg Warner to cease its powder metal operations there. Projections are that by Fall 2016 Forkey Construction will employ more people at the site than Borg Warner at its peak; and
- Add new life to the commercial business sector in proximity to the plant;

Upon satisfaction of contingencies, including state incentives and an approved PILOT agreement, the company proposes to close on its \$2.175 million acquisition and retrofit of the facility.

Staff is recommending approval of IDA incentives as outlined in the attached.

Project Summary Sheet

Project Name: Forkey Construction & Fabricating Inc.
Luker Road Expansion

| | |
|-----------------------------|--------------------|
| TOTAL PROJECT AMOUNT | \$2,175,000 |
|-----------------------------|--------------------|

Summary of tax exemptions being sought with Project:

Property Tax Exemption:

| | |
|--|-----------|
| Estimated new tax revenue if no IDA exemptions (9 yrs @ 2014/15 rates and \$1,750,000 assessment) | \$592,515 |
|--|-----------|

| | |
|--|---------|
| Estimated payments in lieu of taxes over term of 9 year agreement | 296,253 |
|--|---------|

| | |
|------------------------------|---------|
| Estimated abatement (50%) | 296,262 |
|------------------------------|---------|

Mortgage Recording Taxes:

| | |
|---|-----------|
| Based on estimated \$1m recorded mortgage | \$ 10,000 |
|---|-----------|

| | |
|---|------------------|
| Estimated Value of Total Exemptions: | \$306,262 |
|---|------------------|

EMPLOYMENT IMPACT:

| | |
|-------------------------------------|-----------|
| FTE before PILOT: | 83 |
| Estimate of F/T jobs to be created: | <u>50</u> |

| | |
|-------------------|------------|
| Total jobs | 133 |
|-------------------|------------|

Minimum FTE before PILOT penalties apply (80%) - 106

New jobs created range from \$23,000 to \$36,000 annually. Please see an itemization enclosed with the PILOT application.

Employment continued:

All positions are full- time and are eligible for health benefits. The company pays 50% of the cost of a single low deductible plan.

Health insurance costs 133 employees over 9 years = * \$2,129,400

*Represents a 64% increase from the current cost of 83 employees

| | |
|---|----------------|
| Existing Annual Payroll 83 employees: | \$ 2,756,000 |
| Add 23 new jobs year 1: | 611,000 |
| Add 27 new jobs year 2: | <u>815,000</u> |
| Value of Annual Payroll, 133 employees: | \$ 4,182,000 |

Value of annual payroll over the 9 year PILOT: \$36,823,111

Cost- Benefit Analysis:

Total Exemptions – 9 year period: 306,262

Investment – 9 year period:

| | |
|--------------------|------------------|
| Project Investment | 2,175,000 |
| Gross Payroll | 36,823,111 |
| Employee Benefits | <u>2,129,400</u> |
| Total Investment: | \$ 41,127,511 |

Ratio: Exemptions/Investment - .01%

Cost per new job for exemption: \$6,125 over 9 years
\$ 681 annually

Cost all jobs (133): \$2,303 over 9 years
\$ 256 annually

This project meets all of the qualifying criteria as noted in the Development Policy as follows:

- *The number of jobs to be created will have an annual wage that exceeds 135% of the current NYS minimum wage. Wages for this project range from 126% to 200% of the 2014 minimum wage*
- *The timeline for projected investment and job creation is within the first two years of application*
- *The applicant will increase the skill base of the local workforce through ongoing training*
- *The applicant procures goods and services locally and regionally as often as possible*
- *The level and type of investment to be made by the applicant exceeds the minimum investment of \$500,000*
- *The project enhances the strategic goals identified in the BDC's economic development plan and will enhance the overall regional economic climate. Growth in manufacturing is a priority to Cortland County*