

**Cortland County IDA
Application for benefits**

Review Date March 2012

Name of Applicant: **Suit Kote Corp**

Nature of Business Retail Commercial/Service Manufacturing
 Other

Description of Project: **Purchase former Barden Homes facility – abandoned 5+ years
Expand maintenance garage operations at new location**

Location of Project: **2188 Albert Dr, Preble**

Total number of FTE employees as of the date of application: **210**

Projected number of new FTE positions to be created within the **2** years of project:
7

Average starting wage: **\$19.25 per hour/40K annual**

Date to begin new jobs : **2013**

Projected fixed asset investment to be made: **2,500,000**

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 (**8.75=11.81p/hr**)
- 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

- 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

Additional comments or notes:

See Project Rationale for more info

TOTAL PROJECT AMOUNT	\$2,500,000
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Estimated value of each type of tax exemption being sought with project:

Uniform Tax Exemption:

Estimated new tax revenue if no IDA exemptions (based on 2011/12 rates and \$2,000,000 assessment)	\$689,400
Estimated payments in lieu of taxes over term of PILOT agreement	\$241,290
Estimated difference	\$448,110

Sales Tax Exemption:

Based on estimated \$500,000 taxable purchases	\$40,000
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Mortgage Recording Taxes:

Based on estimated \$2M recorded mortgage	\$20,000
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Estimated Value of Total Exemptions:	\$508,110
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EMPLOYMENT IMPACT:

The application indicates that in addition to retaining 210 salaried and seasonal employees at the Preble facility, they anticipate 3 F/T and 4 seasonal new positions at the Cortlandville site. However the employment goals requested as part of the PILOT are for the retention of employees at the new facility as follows:

FTE Job Retention Projections	80 percent threshold*
10 Salaried	8
200 Seasonal F/T-P/T	<u>160</u>
Total Minimum-Preble facility	168

**job counts reported below this threshold may incur penalties*

Maintenance Facility Development Suit-Kote Corp.

March, 2012

Project Rationale

Founded in Cortland County more than 90 years ago, Suit-Kote Corporation is the premier privately-owned asphalt products manufacturer, road construction and maintenance, and asphalt applications engineering company in the Northeast.

Headquartered at 1911 Lorings Crossing Road, Cortlandville, and with a seasonal and full-time workforce totaling more than 700 people, Suit-Kote has seen significant growth over the last decade. While its Cortlandville facilities have served it well, its limited footprint has made it increasingly difficult for the company to best serve its expanded customer base and to maintain a competitive position in the marketplace.

In an effort to ease those pressures and to position Suit-Kote for continued growth, this project will relocate the company's maintenance operations and some of its back office functions to the former Barden Homes manufacturing facility in the Town of Preble. A consolidation of those functions in Preble would ease pressures on existing Suit-Kote facilities, allow more efficient maintenance and other operations at the new site, preserve more than 200 jobs that might otherwise be relocated out of state, create new job opportunities at both locations, drive new economic activity in the Town of Preble, and bring a dark manufacturing facility back to life.

Specifically:

- Suit-Kote seeks to acquire the Barden Homes facility at 2188 Albert Drive, Preble. The site comprises 111,000 square-feet of manufacturing space, a separate office space, and outdoor storage facilities;
- Suit-Kote would move equipment repair and transfer facility, sales office and construction office functions to the new site. The equipment would be used in the maintenance of the company's existing and/or future equipment and machinery. The equipment will be transferred from other Suit-Kote locations;
- The company will invest capital in upgrading, expanding, and renovating the Preble facility;
- All mechanical and equipment maintenance and repair functions will be performed at the new location; specific functions will include large and small engine repair, welding, automotive body repair, and painting;

- More than 200 road maintenance and work crew personnel will be relocated to Preble, as well as 10 full-time professional and service staff. The company anticipates the creation of 3 F/T and 4 seasonal new positions within Cortland County in the first 2 years; and
- Suit-Kote will use the Preble facility as its new home to operations; all of the manufacturing and mills will remain in Cortlandville along with its laboratory testing facility. The site will remain Suit-Kote company headquarters.

A uniform payment in lieu of tax (PILOT) for this project should be considered as an eligible project because:

- The company has publicly expressed the potential to locate this project outside of Cortland County, including several sites in northeastern Pennsylvania. Locating the project in Preble assures the retention of more than 200 seasonal jobs and 10 salaried and professional jobs in Cortland County. There is also potential for new job creation in the future (both sites);
- Loss of the company's maintenance operations will jeopardize the well-being of multiple local suppliers. The company spent more than \$5 million with local vendors in 2011 alone;
- It positions the company for future growth and assures the long-term presence of a major employer in Cortland County; and
- It brings back to life a vacant manufacturing facility in the town of Preble, and will drive new economic growth in that part of the county with the relocation of hundreds of workers there