



2009 Annual Report and Business Survey

The current economic recession, the worst since the Great Depression, is clearly being felt throughout the regional economy. Although we have not witnessed a significant decline in employment or announced downsizings in Amherst, the recession has limited the number of private investment projects the AIDA assisted.

Amherst had a 6.7% unemployment rate while the region had a 8.4% rate. Year over year job losses regionally are mainly attributed to the declining manufacturing sector and lack of construction and retail jobs. Two job categories that have increased in jobs over the past year, Professional, Scientific and Technical, and Health Services, constituted most the inquiries and projects undertaken by the AIDA.

In 2009, the AIDA approved 7 projects totaling \$20,682,889 leading to the construction and renovation of 20,000 square feet, creating 416 jobs and retaining 344 jobs in Amherst. The AIDA averages roughly 16 projects totaling \$72 million annually. A listing of these 7 approved projects are presented in the table below.

2009 also established shared service agreements with the Erie County IDA and Clarence IDA, building on other networking relationships that assisted companies access financing and other incentives such as workforce training.

Each Year, the Amherst Industrial Development Agency (AIDA) surveys existing companies it has assisted directly or that occupy space in buildings provided incentives.

Information contained in this 2009 Annual Report and Business Survey is drawn from multiple sources within both the AIDA and the business community.

Our focus continues to be on driving new private sector investment and the benefits it provides, from increased property tax revenues to job opportunities created by the project that drives the mission of the Agency:

“To promote economic diversity and broaden the tax base of the Town of Amherst in order to reduce the tax burden on homeowners, while helping to maintain and enhance a high quality living environment.”

Since 1972, AIDA projects resulted in the creation and retention of nearly 35,000 jobs and over \$2 billion of new investment in the community.

2009 Approved Projects					
Project	Investment	Type	Square Feet	Jobs Created	Jobs Retained
Windsong	\$8,725,008	*IS	**	5	181
Dopkins LLC	1,249,037	*Re-Fi	**	**	**
Exigence North Amer.	2,560,000	*L	20,000	7	16
Diagnostic Imaging	3,107,422	IS	**	7	56
GEICO Insurance Co.	1,041,078	IS	**	**	91
Azero Health	500,000	IS	**	45	**
FLC Spindriff	3,500,000	Re-Fi	**	**	**

*L = Lease
IS = Installment Sale
Re-fi = Refinancing
** = Not Applicable

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PILOT Revenues

Industrial Development Agencies (IDAs) were created to diversify the tax base and encourage new investment that would stimulate new property tax revenues and employment opportunities. AIDA projects supplied considerable revenue increases over the years. 115 projects developed in the late 1980s and early 1990s have reached the end of their Payment in Lieu of Tax (PILOT) agreements and have been returned to the tax rolls paying full taxes. The 115 properties returned to the tax rolls paid **\$6,600,348** in 2009 Town, County and School taxes.

Currently, the AIDA holds title to 168 properties that are in various stages of their PILOT schedules. These 168 properties paid almost \$8 million in 2009 to the three school districts in Amherst, Town Government and Erie County. Compared to the amount of revenue generated from properties during their PILOT schedules in 1991, AIDA projects are generating significantly more revenue even when the figures are adjusted for inflation. A breakdown of the revenue generated is displayed below.

PILOT Revenues				
Tax Jurisdiction	# Properties 1991	PILOTs Year Ending 1991*	# Properties 2009	PILOTs Year Ending 2009**
Town of Amherst	137	\$172,192	168	\$1,254,055
Erie County	137	\$266,708	168	\$1,415,754
Williamsville CSD	72	\$323,821	99	\$3,476,193
Sweet Home CSD	61	\$326,215	59	\$1,619,530
Amherst CSD	4	\$103,328	9	\$215,365
PILOT Totals:		\$1,192,264		\$7,980,897

* In 1991 dollars, assessments & tax rates ** In 2009 dollars, assessments & tax rates

Redevelopment Efforts

For the past ten years, redeveloping older areas in the Town of Amherst and Village of Williamsville has been key initiative of the AIDA, which was reaffirmed in the 2006 adopted Town of Amherst Bicentennial Master Plan. Since 2000, the AIDA approved over \$140 million in projects in Town of Amherst designated Enhancement Areas. Just as important, these approved projects will pay over \$11.7 million in additional property taxes over their abatement periods.

The AIDA also continued its involvement in redevelopment initiatives aimed at improving the aesthetic and economic conditions of the Town's commercial areas. Behan Associates was hired in conjunction with the Town and is finalizing new zoning code language for an overlay district for the Harlem-Kensington-Cleveland and Main-Eggert commercial. The overlay should encourage developers and property owners to undertake expansion and improvements of properties by removing outdated zoning restrictions associated with parking and the amount of a site a building can occupy. The goal is to encourage new development to use building forms and street orientation like this existing building on Kensington Avenue in Snyder.



Business Survey

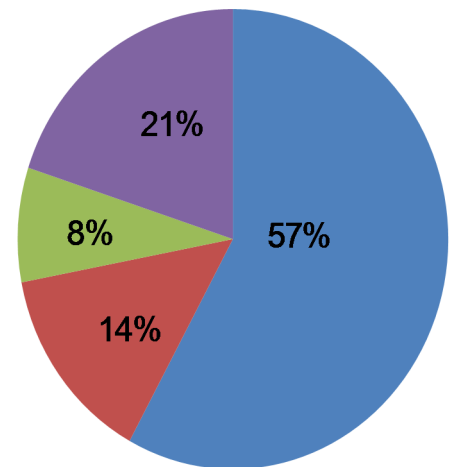
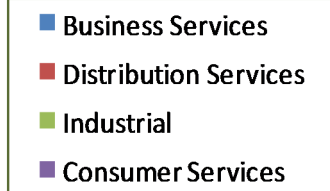
Out of 802 surveys mailed out, we received 298 responses for a 37% response rate. While properties are under AIDA title, property owners are required to supply the agency with tenant lists, but as properties begin paying full taxes on the property and title is re-conveyed the owner is no longer required to provide information to us. The number of companies we provide results on this year has remained relatively unchanged since 2005, but is significantly more than 1991 in which we reported on 438 companies.

As the amount of properties we have title to decreases, it is becoming increasingly difficult to maintain an accurate database of firms. We anticipate fluctuations of the absolute number depending on the number of firms we can accurately report on in a given year. In years past, we used interns to increase the amount of data collected but did not have the resources to do so this year.

Survey Company Breakdown: Industry Sectors

The vast majority of the 802 companies we have in our database are considered Business Services firms, which comprises mainly back office operations in finance and insurance, and technology companies. Distribution Services consist of wholesale trade, transportation and utility firms. Industrial represents manufacturing firms. Consumer Services consists of companies categorized as retail, healthcare, entertainment and the arts.

The percentages reflected in the chart to the right remain relatively the same from year to year.



Survey Company Breakdown: Commuting Data

In our survey we also asked where a company's employees live. Not surprisingly, a majority of workers commute to the Town of Amherst based businesses from other localities within the region as detailed in the table to the right. This is not completely unexpected considering that Amherst has accounted for 75% of the job growth that occurred in the region since 1990.

Where Employees Commute From	
Jurisdiction	%
Town of Amherst	25%
City of Buffalo	13%
Other Erie County Community	47%
Outside of Erie County	15%

Survey Company Breakdown: Employment By Industry Sector

Breaking down employment by Industry Sector shows trends that mirror what is occurring in the National and Regional economies. Business and Distribution Services show significant increases over figures reported in 2005, while firms in the Industrial and Consumer Services categories show declines in employees. The table below breaks down employment by industry sector that we were able to collect in 2009 and provides a comparison with data collected from 2005, which had 44 additional firms in the database.

Employment by Industry Sector – 2005 and 2009								
Industry Sector	# Full-Time Jobs		Change	# Part-Time Jobs		Change	% All Jobs	
	2005	2009		2005	2009		2005	2009
Business Services	17,231	19,548	+2,317	2,255	2,353	+98	52%	63%
Distribution Services	5,032	3,252	-1,780	539	380	-159	15%	10%
Industrial	3,565	2,630	-935	203	122	-81	10%	8%
Consumer Services	6,053	4,633	-1,420	2,697	1,823	-874	23%	19%
TOTALS:	31,881	30,063	-1,818	5,694	4,678	-1,016		

As mentioned previously, it is becoming increasingly difficult to maintain an accurate database of firms in properties we are not in title of. We anticipate fluctuations of these numbers depending on the number of firms we can accurately report on in a given year. The numbers represented above do not measure all employment in the Town of Amherst, which totals over 57,000.

Future Expansions

The 2009 survey revealed 28 companies plan facility and/or employment expansions within the next two years. If implemented, expansions translate into over 213,040 SF of new space requiring an estimated 290 new positions. This is the lowest anticipated expansion response we have received in recent years and a direct reflection of the effects of the recession.

On the positive side, we have several additional expansion projects in the pipeline for 2010 including two significant not-for-profit financing projects.

Proposed Expansions - 2010			
Industry Sector	# of Proposed Expansions	SF of Proposed Expansions	Proposed New Employment
Business Services	17	139,900	143
Distribution Services	1	0	12
Industrial	3	11,100	12
Consumer Services	7	62,040	123
TOTALS:	28	213,040	290

2010 - The Year Ahead

UB2020 - SUNY at Buffalo's expansion plan for its three campuses is the single largest regional economic development initiative in the last twenty years. The anticipated \$3.6 billion regional economic impact upon full implementation will have a profound impact on the region and Amherst.

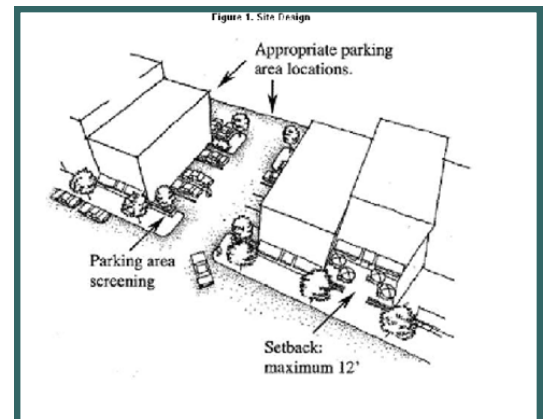
Starting with the new dormitory building pictured on the right, the AIDA, either directly or through the Amherst Development Corporation is working with the university on financing this and future projects. Additionally, we continue to work with companies formed at and that have relationships with the university to access economic development assistance through the AIDA or partner agencies.



New Tax Exemption Policy - Starting in 2010, the new PILOT schedules and tiered incentive structure used to evaluate projects and align incentives for those projects that provide the greatest value to the community and meet regional goals will be in use. Projects are scored on such criteria as if it is located in an area in compliance with the Framework for Regional Growth, if it is a cluster industry, if it buys locally, its overall cost benefit ratio, if it is building and investing in green to come up with an overall score that sets it PILOT benefit.

Our hope is to expand this criteria to other economic development agencies beyond the IDAs in Erie County to present a uniform evaluation of projects by State economic development agencies.

Redevelopment - The zoning overlay under development aims at strengthening neighborhood business districts through new investment in older properties. This new zoning code is considered form-based versus traditional Euclidian zoning that separates land uses. Form-based codes instead focus on the context, design, and character of the built environment and typically establish rules for building height and bulk, building setbacks, site layout, configuration of public open space, parking location, and streetscape design. It allows for buildings and parking layouts like those pictured to the right, which provides enough revenue producing square footage to make redevelopment worthwhile. In addition to this overlay aimed for neighborhood scale development, a new zoning classification will be developed for larger parcels, such as those along Sheridan Drive and Niagara Falls Boulevard.



Finalizing the zoning code and implementing it across the Town in additional commercial districts will be the focus in 2010. This is one of the main strategies in dealing with concerns that were expressed by the development community at the August 2009 *Straight Talk on Redevelopment* hosted by the AIDA, Town and Amherst Chamber. Additional meetings are planned with various interest groups throughout in 2010 to explain the new initiatives, the first of which is scheduled for January/February 2010.

