



Western New York Economic Development Fund Recommendation Memo

Applicant Name:	General Mills Operations, LLC. (the "Buffalo Plant")	REDC Region:	Western New York
Project Type:	Business Investment	County:	Erie County
Industry:	Food Manufacturing	Locality:	City of Buffalo
Amount Requested:	\$500,000	Start Date:	May 2016
		Finish Date:	October 2016
RECOMMENDED OFFER			
Recommended Total Award:	\$ 500,000		
Total Project Cost:	\$25,000,000		
% of Project Cost Recommended:	2%		
PROJECT BUDGET (Proposed by Applicant)			
Use of funds	Amount	Source of Funds	Amount
Mfc./Processing Equipment	\$13,000,000	WNY EDF	\$500,000
Construction & Renovation	\$5,000,000	Empire State Development	\$500,000
Design & Planning	\$4,000,000	General Mills Internal Capital Funding	\$24,000,000
Demolition	\$2,000,000		
Related Employee Training	\$1,000,000		
Total:	\$25,000,000	Total:	\$25,000,000
REGIONAL IMPACT MEASUREMENTS			
Job Commitments:	<p>The Buffalo Plant previously committed to retain 400 full time equivalent ("FTE") positions in exchange for the NYPA power allocations discussed below. It currently employs 417 FTEs.</p> <p>In exchange for a Fund Benefits award, the Buffalo Plant will commit to retain the other 17 existing FTEs (i.e., over the committed 400) over a period of time to be specified in a Fund Benefit Agreement.</p>		
Average Salary of Jobs:	\$115,000		
Indirect Jobs Created:	N/A		
Other Impact:	None		



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PROJECT DESCRIPTION (Adapted from Application)			
The Buffalo Plant is vying for additional cereal production business with sister facilities located in Cincinnati, Cedar Rapids, Albuquerque, and Covington, GA. To present a more competitive package to its corporate headquarters, the Buffalo Plant seeks support to purchase new cereal processing and packaging equipment, upgrade ingredient unloading systems, large packaging and material handling systems and upgrade employees skills.			
OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED			
ESD Excelsior:	\$ 500,000	NYPA: The Buffalo General Mills plant currently receives the following NYPA power allocations: (1) 500 kW Recharge Power, (2) 1000 kW Expansion Power, and (3) 4,100 kW Replacement Power.	\$
IDA: PILOT, Sales Tax & Mortgage Recording	\$ N/A	Other: N/A	\$
PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED			
TYPE	AMOUNT	STATUS	
	\$		
BASIS FOR RECOMMENDATION			
The Buffalo Plant is among the oldest of the General Mills' plants remaining in the US, thereby placing it at risk due to sales downturn in the cereal industry. General Mills recently closed or is in the process of closing cereal plants in Lodi, CA and Chicago. With those closings, General Mills needs to shift the production of Rice and Wheat Chex to another plant, which is the production line up for competition.			



Western NY Power Proceeds Allocation Board

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The Cincinnati, Cedar Rapids, Albuquerque, NM and Covington, GA facilities are also being considered for the production line. A Fund Benefit Award would allow the Buffalo Plant to present a more compelling reason for the parent company to shift this production line to Buffalo thereby retaining 17 FTE positions and securing the long term viability of the plant in WNY.

ANTICIPATED DISBURSEMENT TERMS

It is anticipated that Fund Benefits would be used to reimburse the applicant for a portion of the costs associated with the acquisition of machinery and equipment, construction and renovation, planning and design and demolition. Funds would be disbursed in lump sum upon project completion, as evidenced by such documentation NYPA may require verifying project completion and applicant expenditures of approximately \$25,000,000.