

Niagara County Industrial Development Agency
Project Summary Sheet
Falls Road Railroad Co., Inc. (1/1/09)
Project No. 09-04

Applicant: Falls Road Railroad Co., Inc.

Project Location: Niagara County

Assistance: PILOT

Description: Falls Road Railroad is a shortline railroad that operates between Lockport, Niagara County and Brockport, Monroe County, providing rail freight services to manufacturers and processors. The railroad's major customer is the ethanol plant located in Medina for the inbound movement of corn and ethanol being shipped out by tankers.

In addition to the freight operation, The Medina Railroad Museum operates tourist excursion trains between Lockport and Medina during the summer and fall months. This has been a very successful attraction to the area drawing people from both within and outside the region.

The Falls Road Railroad Co., Inc. is an existing project of both the Niagara and Orleans County IDAs'. There have been a number of agreements and modifications to the agreements that have been made to keep the railroad operational. At this time the Falls Road Railroad and the NCIDA / OCIDA would like to enter into a new agreement that better defines the obligations of the Railroad and benefits to the two Agency's / County's.

The new agreement sets forth a schedule of payments for the PILOT arrearages (1997 - 2008) along with a payment of the current fiscal year. Additionally, there is a proposed 15 year PILOT supported with an Irrevocable Letter of Credit in lieu of a PILOT Mortgage. Because of the increase in rail freight traffic and larger numbers of tourists for the excursion train, Falls Road Railroad will be in a better financial position to meet its obligations.

Project Costs: No New Investment - Some rail upgrades and maintenance

Economic Impacts: Provides freight serving to existing and new industry and serves the tourist excursion trains of Median Railroad.

Staff Recommendations:

- Project is consistent with Agency policy and legislation.
- Improves and defines PILOT payments and schedules
- Insures continuity of operations and service

Niagara County Industrial Development Agency

Project Summary Sheet

Falls Road Railroad Co., Inc. (1/1/09)

Project No. 09-04

Falls Road Railroad Co. Inc. - Proposed Payment Schedule

This proposed Agreement between Niagara County, Orleans County and Falls Road Railroad sets forth a schedule of payments for the PILOT arrearages (1997 - 2008) along with a payment of the current fiscal year. Additionally, there is a proposed 15 year PILOT supported with an Irrevocable Letter of Credit in lieu of a PILOT Mortgage.

The new fifteen (15) year PILOT is based on the past arrearage amounts with an average \$35,000 annual PILOT payment on a sliding scale as follows. The percentage Niagara County receives is 43.1% of the below schedule. This is based on the distribution of railroad assets between Niagara and Orleans County:

Niagara County's Past PILOT arrearage Totals \$158,663

TOTAL 15 year arrearage and PILOT obligation; \$525,000

Niagara County Share	(43.1%)	\$226,500
Orleans County Share	(56.9%)	\$298,500

<u>Years</u>	<u>Payment</u> 100.0 %	<u>Total</u>	<u>Niagara County Share</u> 43.1%	<u>Total</u>
1	\$ 30,000		\$13,000	
2	\$ 30,000		\$13,000	
3	<u>\$ 30,000</u>		<u>\$13,000</u>	
Subtotal	\$ 90,000	\$ 90,000	\$39,000	\$39,000
4	\$ 35,000		\$15,000	
5	\$ 35,000		\$15,000	
6	\$ 35,000		\$15,000	
7	\$ 35,000		\$15,000	
8	\$ 35,000		\$15,000	
9	\$ 35,000		\$15,000	
10	\$ 35,000		\$15,000	
11	\$ 35,000		\$15,000	
<u>12</u>	<u>\$ 35,000</u>		<u>\$15,000</u>	
Subtotal	\$315,000	\$405,000	\$135,000	\$174,000
13	\$ 40,000		\$17,500	
14	\$ 40,000		\$17,500	
<u>15</u>	<u>\$ 40,000</u>		<u>\$17,500</u>	
Subtotal	\$120,000	\$525,000	\$52,500	\$226,500