



COUNTY OF ERIE

MARK C. POLONCARZ

COUNTY EXECUTIVE

April 8, 2016

Erie County Legislature
92 Franklin Street, 4th Floor
Buffalo, New York 14202

RE: Site Infrastructure Agreement for Bethlehem Steel Redevelopment

Dear Honorable Members:

Enclosed please find a proposed resolution seeking authorization for the execution of an agreement with Tecumseh Redevelopment, Inc. and South Buffalo Railway Company to allow design and construction of rail and road infrastructure at the former Bethlehem Steel site.

Should your honorable body require any further information, I encourage you to contact Kenneth J. Swanekamp, Director of Business Assistance at the Department of Environment and Planning. Thank you for your consideration on this matter.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Mark C. Poloncarz".

Mark C. Poloncarz, Esq.
Erie County Executive

MCP/cp
Enclosure

C: Thomas J. Dearing, Commissioner DEP
John Loffredo, Commissioner DPW

MEMORANDUM

To: Honorable Members of the Erie County Legislature
From: Department of Environment and Planning
Re: Site Infrastructure Agreement for Bethlehem Steel Redevelopment
Date: April 8, 2016

SUMMARY

The Department of Environment and Planning is seeking authorization for the County Executive to execute a three party agreement with Tecumseh Redevelopment, Inc. and South Buffalo Railway Company for redevelopment of the former Bethlehem Steel site. This contract confirms with the three parties that they are in agreement with the approach and concept plan for redevelopment.

FISCAL IMPLICATIONS

There is no direct fiscal obligation from this agreement. All expenditures of County funds will be authorized under separate resolutions and construction contracts following design of the rail and road improvements.

REASON FOR RECOMMENDATION

Erie County desires to continue the facilitation of redevelopment on the former Bethlehem Steel site. Welded Tube USA Realty, LLC (Welded Tube) previously acquired property from Tecumseh Redevelopment, Inc. In order for Welded Tube's steel pipe manufacturing facility to become operational, the parties to this agreement, together with the Erie County Water Authority and Welded Tube entered into a Site Infrastructure Agreement dated as of April 5, 2013 to allow installation of infrastructure for the operation of the Welded Tube project.

As a result of that agreement, a waterline was installed to Welded Tube, allowing it to complete its new facility. It will be necessary to relocate additional railroad tracks and construct an extension to Dona Street in Lackawanna in order to complete infrastructure for Welded Tube and allow other firms to locate at the former Bethlehem site.

BACKGROUND INFORMATION

Erie County, along with the ECIDA completed Phase 1 of rail improvements on the former Bethlehem Steel site, a \$4.7 million project. This project helped convince Welded Tube of Canada to build a new \$50 million manufacturing facility on the site. Although rail service has been improved to the Port of Buffalo, the remaining rail tracts along Route 5 block access for new infrastructure to serve Welded Tube and other portions of the site.

CONSEQUENCES OF NEGATIVE ACTION

Delays will be encountered in the redevelopment of the Bethlehem Steel site and momentum from recently completed projects will be lost. New York State Multi-Modal funding will be used for design and engineering of the rail portion of this project. Those funds expire at the end of 2016 and will be lost unless we move forward.

STEPS FOLLOWING APPROVAL OF RESOLUTION

The three party agreement with Tecumseh Redevelopment, Inc. and South Buffalo Railway Company will be executed and the engineering work for the rail and road construction will be initiated.

Comm. 7E-12

Page 2 of 3

A RESOLUTION SUBMITTED BY:
DEPARTMENT OF ENVIRONMENT AND PLANNING

RE: Site Infrastructure Agreement for
Bethlehem Steel Redevelopment

WHEREAS, the County of Erie is interested in the fostering of business growth and job creation within Erie County; and

WHEREAS, Erie County desires to encourage the sound, productive reuse of urban brownfields, be it industrial, commercial or recreational; and

WHEREAS, the former Bethlehem Steel site in the City of Lackawanna is now owned by Tecumseh Redevelopment, Inc.; and

WHEREAS, the relocation of existing rail lines are required to install new roads and infrastructure which are necessary to service new and future companies on the site; and

WHEREAS, Welded Tube USA Realty, LLC (Welded Tube) previously acquired property from Tecumseh Redevelopment, Inc. and in order for Welded Tube's steel pipe manufacturing facility to become operational, the Parties to this Agreement, together with the Erie County Water Authority and Welded Tube entered into a Site Infrastructure Agreement dated as of April 5, 2013; and

WHEREAS, the Site Infrastructure Agreement contemplated three phases of work to be performed on the real property owned by Tecumseh Redevelopment, Inc.; and

WHEREAS, the three phases of work included a Water Line Phase, a Railroad Phase and a Road Phase; and

WHEREAS, the Water Line Phase has been completed to the satisfaction of all Parties; and

WHEREAS, the Parties now desire to move forward with the Railroad and Road Phases of the Project; and

WHEREAS, construction of the Road Phase cannot be completed until the Lower E Yard has been relocated in a manner acceptable to Tecumseh Redevelopment, Inc. and the Railroad (the Railroad Phase).

NOW, THEREFORE, BE IT

RESOLVED, that the County Executive is hereby authorized to execute a Three Party Agreement and sign easements for the infrastructure project with Tecumseh Redevelopment, Inc. and the South Buffalo Railway Company to allow design and construction of the Railroad and Road Phases of the Bethlehem Redevelopment for the Welded Tube Project; and be it further

RESOLVED, that certified copies of this resolution shall be forwarded to the Office of the County Executive; the Commissioner of the Department of Environment and Planning; the Commissioner of the Department of Public Works; the Director of the Division of Budget and Management; the Comptroller's Office and the County Attorney.