



CVS Nears Completion

The economic impact of STEG's investment in the White Wagon Road site in the Town of Chemung was finally felt in 2010 as construction workers from across the Twin Tiers extended over 5 miles of water, sewer and gas pipelines from Pennsylvania into New York. Other workers completely upgraded the electrical system serving both sides of the state border ensuring reliability. Skilled electricians, plumbers, steel erectors, carpenters and equipment operators constructed the 751,000 sq.

ft. structure and installed over 9 miles of conveyor systems. All totaled, over \$100 million was invested by CVS, and an additional \$10 million by the CCIDA, NYSEG, as well as state and federal (stimulus) funds.

be hired and spend three months stocking the building with product. By the third quarter of 2011, the facility will employ 500 people distributing products to CVS stores in the northeast. CVS projects that its payroll at the Chemung Distribution Center will exceed \$30 million annually. This payroll is generated from retail sales at CVS stores in Connecticut, Massachusetts, Maryland, Delaware, Virginia, Ohio, Pennsylvania, New Jersey, Rhode Island, Vermont, Ontario and Quebec, Canada, as well as in New York State. Every single dollar of payroll will come from outside of Chemung County. Conservatively, these wages will yield a multiplier of 2 and an additional \$60 million in payroll around the Twin Tiers.

County IDA invested approximately \$1 million of private funds, acquiring land and conducting numerous environmental and engineering studies to cause the sight to be certified "Shovel Ready".

The CVS project is a prime example of why communities invest in economic development and why Chemung County and its municipalities invest in STEG. CVS and its consultants would not have located at the White Wagon Road site if STEG hadn't identified the site and invested in it. The result is \$1.4 million in new property taxes annually, \$30 million in direct payroll and \$60 million in indirect payroll annually from investment.

STEG and the Chemung



STEG began working to prepare the White Wagon Road site in 2002 and competed for CVS with over 200 sites in 6 States .



Over 9 miles of conveyors will transport products from four stories of racking throughout the state of the art facility.

2010 In Review

- Schlumberger Breaks Ground on \$40 Million Facility
- CAF Receives Amtrak Contract and Will Create 575 Jobs
- Marcellus Shale Driving New Development
- Sikorsky Brings International Headquarters to Chemung County

In 2009, the 140 acre site generated a total of \$33,000 in property taxes annually. Today, the property is assessed for \$51 million, generating over \$1.4 million in new property taxes annually. In November 2010, 100 employees will

Chairman's Letter



As I complete my second and final term as Chairman, I am pleased with the accomplishments of George Miner, Jamie Johnson, and the Southern Tier Economic Growth (STEG) staff. They have worked admirably with regional government officials to protect and enhance the business climate of our area.

Whether it is attracting new employers like CVS, DeMet's Candy, Schlumberger, Sikorsky, or participation in the revitalization of Downtown Elmira, their efforts add up to a meaningful improvement in the vitality of life in Chemung County.

This private public partnership called STEG WORKS. Over 75 percent of the STEG Board of Directors are private business people working side by side with chief elected officials and community leaders.

As a group, we are ready to respond to existing and new businesses that are expanding or adding jobs. Our mission is about job creation. We are prepared and will continue to pursue new opportunity in the future.

I hope you join me in 2011 when the Board initiates a financial campaign to sustain STEG's economic development administration through 2014.

Thank you for the opportunity to be a part of this great organization.

Respectfully,
Michael P. Hosey
Chairman

Presidents Letter



I am as excited about economic development opportunities for Chemung County and the Twin Tiers as much today as I was seventeen years ago.

This month CVS placed its first job ads in the newspaper. They received over 3,000 applications in the first week. These 500 new jobs are the result of a partnership most people said couldn't happen, the extension of public and private utilities from Pennsylvania to serve an economic development project in New York. To all our friends in the Northern Tier of PA, thank you. We look forward to doing it again soon!

When Sikorsky purchased Schweizer Aircraft Corporation about 450 employees and the community at large thought their jobs were in jeopardy. In November, Sikorsky signed a 12 year lease on a second 100,000 sq. ft. facility into which it will invest over \$10 million to locate its International Military Systems headquarters in Chemung County and house over 300 of its 1,200 employees in Horseheads, as well as foreign dignitaries from around the globe.

Still, one of the greatest economic opportunities lies untapped directly under our feet -natural gas. While the Southern Tier has had success in retaining companies with a long history such as Corning Inc., Hilliard, F. M. Howell, Kennedy Valve and Anchor Glass, we've seen others come and go like Toshiba, IBM and ABB Traction, to name a few. The natural gas play promises to have a positive economic impact on our region for the next 50 years or longer.

Chemung County is prepared for this economic growth thanks to the public private partnership leading STEG. STEG's staff looks forward to the challenges that are ahead.

Sincerely,
George E. Miner
President

Contact

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Marcellus Shale Helping The Regional Economy

Schlumberger broke ground on its new gas field technology services campus located on 85 acres in the Center at Horseheads this spring to provide a permanent home to the 270 employees the company has hired in Chemung County. Schlumberger intends to expand employment by at least another 100 positions should gas exploration be allowed in New York.

The \$30 million campus will complete its initial phase in 2011 now that infrastructure has been installed, and significant investments made in storm water pollution prevention systems. Schlumberger selected Horseheads over competing locations in the Marcellus Shale region in 2009 which has resulted in numerous other

gas field technology companies following Schlumberger's lead to establish operations in Chemung County.

This additional investment by other gas related companies in the community has been made easier due to Chemung County's proximity to the majority of Northern Pennsylvania's Marcellus wells, access to Interstate 86, Norfolk Southern rail, and the communities superior road network like Routes 13, 14, 352 and the Clemens Center Parkway.

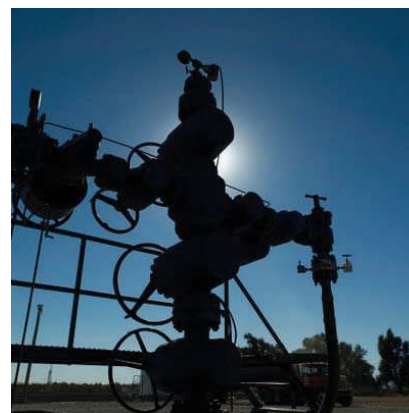
Norfolk Southern railroad, which has seen its business in New York erode since buying Conrail, is now in Elmira weekly doing business. The company has cleaned up the rail yard at Woodlawn and Clemens Center and installed a trans-loading facility to handle sand for fracking as well as gas pipe and other materials. Underutilized facilities, like the former cement plant owned by Dalrymple Contracting on Route 64, has new life with a lease to, Northwest Concrete Products who is supplying sand to Halliburton in Williamsport, PA.

The Center at Horseheads, a World War II army depot, could be arguably the single largest

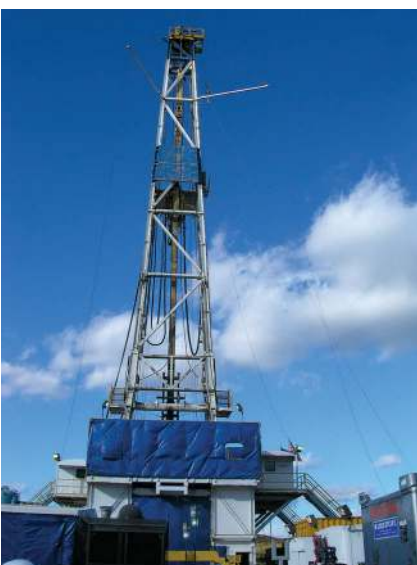
benefactor in Chemung County. Having struggled over the last 15 years since Corning closed its Corelle packaging/distribution operations, the facility now has new life, thanks to the gas industry.

Kayden Industries purchased 5 acres of land and constructed a manufacturing facility to make and maintain centrifuges which clean natural gas at the well head. McJunkin Redman, McKees Rocks, Keane Frac, New Park Fluids, Superior Well Services and Gas Field Specialists all joined Schlumberger in the Center by leasing over 200,000 sq. ft. of industrial buildings plus several acres of pipe yard to service gas wells in Pennsylvania. Hundreds of new jobs have been created.

That doesn't count the jobs and economic impacts that have resulted from the influx of natural gas, workers and investments. The new Hampton Inn in Big Flats is a prime example. So is the Texas Roadhouse restaurant serving a cuisine preferred by our new neighbors relocating from Texas, Oklahoma, Arkansas, etc.



It is estimated that for every \$1 the Marcellus Shale industry spends generates \$1.94 in economic output in the community



In October, staff traveled to Pennsylvania to meet with representatives from Chesapeake Energy and tour a drill site.

Sikorsky Continues Growth

Six years ago when Sikorsky purchased Schweizer Aircraft Corporation most thought it was the end of one of Chemung County’s most prestigious companies and the last remaining family owned aviation manufacturer in New York.

Sikorsky advised local officials that the acquisition was strategic. Schweizer had a superior track record for getting new aircraft certified, and Sikorsky wanted to deliver new aircraft. Sikorsky immediately increased production of the unmanned Fire Scout helicopter which is sold to the U.S. Military and began production of a new experimental coaxial rotored helicopter, the X-2, which first flew at the Elmira-Corning Regional Airport in August 2008. Within two years the

X-2 has achieved speed records for helicopters.

At the same time, the X-2 was experiencing its first test flight; Chemung County was constructing a \$16 million, 100,000 sq. ft. assembly plant for Sikorsky on the west end of the airport. The Sikorsky Hawk Works plant began assembling Black Hawks and Naval Hawks for international military sales in 2008. Today, countries such as Saudi Arabia, Brazil, Turkey, Singapore, Bahrain, etc. are defending their borders with Black Hawks made in Big Flats.

In addition, STEG has worked through the Chemung County Industrial Development Agency to assist Sikorsky by providing financing to construct helicopter tie downs, a compass rose calibration pad and renovations to hangar space at the Elmira Corning Regional Airport.

In 2010, Chemung County finalized plans/negotiations with the company for a customer delivery center and in-



Chemung County Executive Tom Santulli and Will Shaffer, General Manager of Sikorsky unveil the name of the new facility in Horseheads during the lease signing ceremony .

creased office and production space bringing all international military sales to the community. Sikorsky is investing over \$10 million to upgrade the underutilized 100,000 sq. ft. Wings of Eagles (“War Plane”) Museum on the airport into a modern Military Completions Center of Excellence.

Sikorsky has added 800 new jobs in Chemung County over the past 4 years. Training programs and facilities to meet Sikorsky’s current and future labor force needs is a critical priority to STEG.



In November the X2 broke a world speed record officially becoming the world’s fastest helicopter after clocking over 250 knots (287.69 mph) on a test run

Efforts Continue in Urban Centers

STEG continued its commitment to assisting businesses in the City of Elmira in 2010 by partnering with Elmira Downtown Development to take over as the administrator for the New York Main Street program.

The grant program through the Office of Community Renewal has been a driving force behind the redevelopment taking place in downtown. Staff worked to complete projects for Brian Adams and Associates at 244 West Water Street which included a complete façade re-

placement. The new home of REMAX at 120 North Main Street also received extensive renovations both on the Façade and the building's interior which now provides 20 private offices.

The Rosenbaum's, Harold's and Marvin's building restoration project has continued to unfold. STEG received a grant in November from the Preservation League of New York State and the New York State Council On The Arts, to fund Architectural Conservator Richard Pieper and Structural

Engineer Peter Novelli to provide a forensic analysis of the existing condition of Rosenbaum's. The review will help determine the future development potential of the structure.

STEG also continued its marketing efforts for the City of Elmira's and Village of Horseheads commercial loan program, coupled with outreach and training to residents interested in starting a small business.

In addition to hosting the September "How to Start a Successful Business" seminar, STEG was a presenter for the "Forum on Alternative Financing" held in Corning.

Companies Host Educators

The Hilliard Corporation joined a growing list of Chemung County businesses who have agreed to host groups of teachers through a program sponsored by STEG, the Chemung County Chamber of Commerce and the Elmira, Horseheads, and Elmira Heights School Districts. The "Teacher Tour" program takes groups of high school teachers from all the districts in specified curriculum areas to businesses to see how their specific program of study is ap-

plied to a real world application in Chemung County.

Since its inception 4 years ago, teachers have gone out to businesses such as Synthes, Sikorsky, Cameron Manufacturing and Design, Vulcraft of NY, the Arnot Ogden Medical Center, St Joseph's Hospital, Talisman (Fortuna), and Elmira Savings Bank. In addition to touring the businesses, the educators also receive a prospectus on the State of the economy in Chemung County as well as spending an afternoon developing work plans based on the information they learned during the tour.

As one of the County's largest private sector employers with over 500 employees, Hilliard welcomed math teachers into their motion control division where they design and manufacture clutch assemblies and components for a number of applications including recreational vehicles for Polaris.

For the first time teachers from the area middle schools are being included on the tours in an attempt to expose students to career opportunities at a younger age.



In addition to ATV's, Hilliard's clutch assemblies are used in a number of applications including lawnmowers and snow blowers.

CAF Investment Paying Dividends

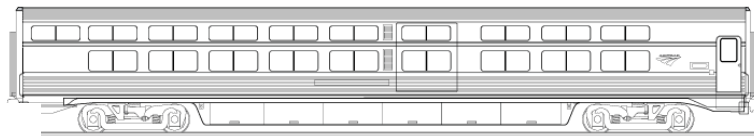
In 2001, STEG assisted Spanish rail car manufacturer Construcciones y Auxiliar de Ferrocarriles acquire a 450,000 sq. ft. facility in Elmira Heights vacated when ABB/Adtranz

CAF took possession of the facility, originally built by US Steel Bridge in 1894, and in 2002 began manufacturing subway cars for Pittsburgh Transit in 2003. Additional subway contracts were secured with Washington D.C.

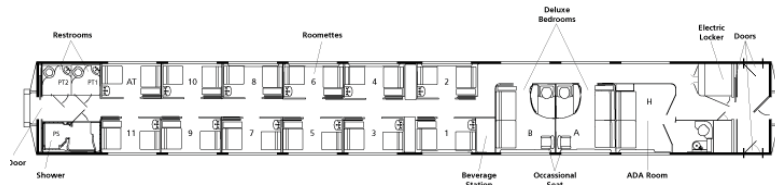
ment by Amtrak that CAF was awarded a five year, \$298 million contract to build 130 single-level rail cars that will create 575 new jobs.

The 130 rail cars include 25 sleeping cars, 55 baggage cars and 25 dormitory cars for use in long-distance trains. The new cars will replace the existing fleet, some of which have been

in service since the 1940's. The first rail car is expected to roll off the line in October 2012, after CAF invests over \$5 million in new production lines in the Elmira Heights plant.



SLEEPER CAR



dropped out of the rail/mass transit business. CAF, for short, acquired the property from Canadian competitor Bombardier when the company acquired the assets of Adtranz.

STEG helped CAF in securing a state grant, and CAF was one of the earliest beneficiaries of the State's once powerful Empire Zone Program. STEG even invested some of its own funds to help offset the cost of purchasing the property and re-equipping the plant to manufacture and assemble rail vehicles.

CAF strived to make a name for itself in North America where German, French, Italian, Japanese and Canadian rail manufacturer's dominated the scene, most of which have facilities in New York State in hopes of securing coveted contracts with the New York City Metro Authority, the largest in the world.

Transit and Sacramento, California with employment bouncing between 100-200 employees.

In July, the community's investment in CAF paid a huge dividend with the announce-

"The Amtrak contract will be the first time CAF has manufactured the car shells in the United States"



The new cars will include: modern interiors with better layouts; better lighting and more efficient air conditioning and heating systems; additional outlets to power personal electronic devices; bicycle racks in the baggage cars; as well as improved accessibility for passengers with disabilities

Anchor Glass At Full Capacity

In May, STEG staff worked with the Chemung County Industrial Development Agency to extend property tax incentives to the Anchor Glass plant that is shared between the City of Elmira, Village of Elmira Heights and Town of Elmira. This action was necessary to secure the future of the plant in our community.

Headquartered in Tampa, Florida, the Elmira plant is one of

eight remaining Anchor Glass Container plants, and 1 of 2 glass bottling plants in New York State. One of the highest paying employers in the County, the plant operates 24 hours a day 365 days a year.

Recent investments in technology have allowed Anchor to manage their quality while increasing the amount of recycled glass in their product. The plant currently uses all of the

recycled glass produced in Chemung County.

This type of investment and management have allowed Anchor to secure contracts to keep the plant at full capacity for the next six years, including the production of over 1 million bottles daily for the Boston Beer Company (Samuel Adams) with an annual payroll of over \$30 million. Anchor Glass has a regional economic impact exceeding \$90 million annually.



Energy costs drop about 2-3% for every 10% recycled glass used in the manufacturing process.

2010 Budget

Income

Chemung County	\$ 60,000.00
City of Elmira	\$ 30,000.00
Town of Big Flats	\$ 1,000.00
Town of Chemung	\$ 5,000.00
Town of Elmira	\$ 7,500.00
Town of Horseheads	\$ 10,000.00
Town of Southport	\$ 10,000.00
Town of Ashland	\$ 1,000.00
Village of Elmira Heights	\$ 5,000.00
Village of Horseheads	\$ 10,000.00
Municipal Grants	\$ 7,000.00
Private Business Contributions	\$243,670.00
Chemung County Industrial Development Agency	\$ 90,000.00
Fees and Interest	\$ 42,530.00

TOTAL \$522,700.00

Expenses

Salaries/Fringe	\$412,750.00
Facilities/Utilities	\$ 14,900.00
Equipment/Supplies	\$ 9,750.00
Project Costs	\$ 25,000.00
Marketing	\$ 10,000.00
Administration	\$ 49,100.00

TOTAL \$521,500.00

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