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\$11.6 million site expected to boost N.Y. agribusiness

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Developers of an \$11.6 million feed and fertilizer storage and distribution facility expect to create some 280 jobs, save farmers millions of dollars a year, and revitalize a long-dormant rail yard in hopes of luring \$30 million or more in added investment.

Commodity Resources Corp. began construction of the 87,000-square-foot facility in Caledonia, Livingston County, last September. The company expects the facility to be partially operational in May, and completed in August. Plans also call for a 4,000-square-foot office building.

The project, in light of its extensive rail infrastructure, also will benefit those far beyond Livingston County, said Patrick Rountree, director of the Livingston County Industrial Development Agency. The facility will be similar to rail hubs found throughout the Great Plains and will help farmers throughout Upstate New York compete with farmers out West.

"Nothing like this really exists in the East," he said. "It will be important to Livingston County and Caledonia, but it's vastly more important to the agriculture of New York."

The facility is expected to create 282 direct and indirect jobs. It will create 21 direct jobs in three years, 19 of them in the first year of operation, CRC officials said. Roughly three positions, including general manager, are open now.

A study by the state Department of Agriculture and Markets estimates the CRC project would help create an additional 53 jobs in the community and 208 farm jobs across the state. The new farm jobs are based on a projected \$13.1 million in savings, over three years, to dairy farmers, resulting in the purchase of 8,329 cows, the study states.

"We wanted to do something that would benefit a wide range of agriculture," said Leslie Cole, CRC president and chairman.

The feed and fertilizer facility is on some 30 acres off state Route 5 and adjacent to another 50 to 55 acres that are zoned industrial. The land is adjacent to a multitrack railroad yard that can hold 300 to 350 rail cars at a time, company officials said.

"The idea is to draw companies that can use the large railroad yard," said CRC plant



Photo courtesy of CRC

Construction began in September.

manager Matthew Cole, son of Leslie Cole. "We're putting this rail yard back to use."

Rochester & Southern Railroad Inc., a regional rail line owned and operated by Genesee & Wyoming Inc., will offer regular service to the yard six days a week. Greenwich, Conn.-based Genesee & Wyoming sold the yard—which traces back to G&W's founding in 1899 and was critical in the operation of local salt mines—to CRC for \$1.25 million last September.

David Collins, president of R&S Railroad, said the railroad invested proceeds from the sale into CRC. Collins is a CRC director.

"An increase in their business is good for us," he said.

Some 4,000 to 6,000 trains a year are expected to roll through the yard once the facility is running, CRC officials said.

Rountree said the CRC project has been in the works for seven years. Local economic development officials helped CRC obtain more than \$7.6 million in federal loan guarantees from the U.S. Department of Agriculture, some \$2.1 million in state transportation funding and a \$315,000 grant through the state's small-cities program.

The county IDA also approved sales tax, property tax and mortgage tax abatements to the project for the next 10 years, Roun-

tree said. Other project financing includes a \$10 million loan from HSBC Bank.

The first mortgage on the entire CRC project totaled \$9.6 million, he added.

CRC's feed and fertilizer facility is critical to Livingston County's agricultural industry, Rountree added. It will boost productivity of area farmers and assist local food-related companies, such as Kraft Foods Inc., which operates a plant in Avon, and Seneca Foods Corp., which operates a canning facility in Leicester.

County farmers annually spend some \$11.9 million on feed, \$8 million on labor, \$7 million on fertilizer and chemicals, \$4.7 million on repair and maintenance and \$3.1 million on petroleum products, the state agriculture study reports.

The study also reports agribusinesses such as machinery dealers, veterinarians, bottling facilities, feed and grain suppliers, fertilizer and pesticide suppliers, as well as packers, haulers and shippers, could benefit directly or indirectly from the CRC project.

LCIDA officials already are marketing the CRC site to companies throughout the United States and Europe. Rountree declined to name the firms, but said the potential for the efficient transport of soybeans, corn and wheat throughout the highly populated Northeast could attract companies to the area.

"There is so much potential for this project," he said.

Leslie Cole said representatives of CRC, the local industrial development agency, state Ag and Markets, and R&S Railroad last Friday met with top executives of a U.S. agricultural company with operations in several states. He declined to name the firm, but said it was eyeing the purchase of some 20 acres adjacent to the CRC facility.

"They're looking at a nearly \$30 million investment," Cole said. "They're interested in building immediately."

Other companies have expressed interest in establishing either a liquid fertilizer plant or a dry-storage warehouse, he added.

Ronald Klein, vice president for marketing at R&S Railroad, a division of Genesee & Wyoming Inc., which maintains local operations on Scottsville Road, said the success of the CRC project is dependent upon the adjacent rail infrastructure.

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“The project couldn’t exist without the rail access,” he said. “The only way you can move that product is by rail.”

The yard, which has been dormant since the shutdown of Akzo Nobel Salt Inc.’s Retsof salt mine in 1996, can receive and unload mile-long, 70-car trains quickly, Klein and CRC’s Matthew Cole said.

“At our site, we can unload 70 cars in 24 hours,” Matthew Cole said.

In addition, the rail line, R&S Railroad, connects to four Class 1 railroads—CSX Corp., Canadian National Railway Co., Canadian Pacific Railway Co. and Norfolk Southern Corp.—providing access to transcontinental rail networks throughout the United States and Canada, Klein said.

Having access to four Class 1 railroads also means more shippers will be able to choose which railroad hauls their



Photo courtesy of CRC

CRC expects the facility to be complete in August.

freight, giving them the opportunity to either go with a lower-cost carrier and save money, or go with the carrier with the best route and deliver their products

faster, he added.

Genesee & Wyoming operates 22 short-line and regional railroads in five countries: the United States, Canada, Mexico, Bolivia and Australia. It operates 8,000 miles of owned and leased track, and operates an additional 3,000 miles under track-access arrangements.

In the fourth quarter of fiscal 2002, GWI reported net income of \$5.8 million, or 33 cents a share. Excluding an extraordinary item from the early extinguishment of debt, it posted income of \$6.1 million, or 35 cents a share. That is up from \$2.9 million, or 21 cents a share, the year before.

Revenues for the quarter totaled \$56.2 million, up 26.5 percent from \$44.4 million the previous year.

GWI stock (NYSE: GWR) was trading at \$14.50 per share, up 5 cents, midweek. It hit a 52-week low of \$12.70 on Feb. 14.

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