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Reuse and the Benefit to Community A Beneficial Effects Economic Case Study for the Buckbee-Mears Co. Site

Introduction

From the mid-1970s until 2005, an electronics manufacturing facility operated at the Buckbee-Mears Co. site in Cortland, New York. As the EPA-led cleanup finished in 2009, the agency pursued options for supporting the site's return to beneficial use. EPA used several legal and informational tools to assist with the foreclosure of the property so it could be sold at auction. These included a Superfund settlement agreement with the bank that held the property's mortgage and memoranda of agreement with the city of Cortland and Cortland County, which held tax liens on the site property. EPA also supported an assessment to further the redevelopment dialogue and facilitate reuse. Yaman Realty Services bought the site property in 2014 and invested nearly \$800,000 in upgrades and renovations before opening the Cortland Industrial Center. In 2019, Bio365 signed a lease to occupy a 30,000-square-foot building for soil production and build an adjacent warehouse for expanded capacity. In 2021, Empire Kellogg Holdings, LLC bought a former factory building, in which it now operates a document storage facility. Today, both businesses operate on site.

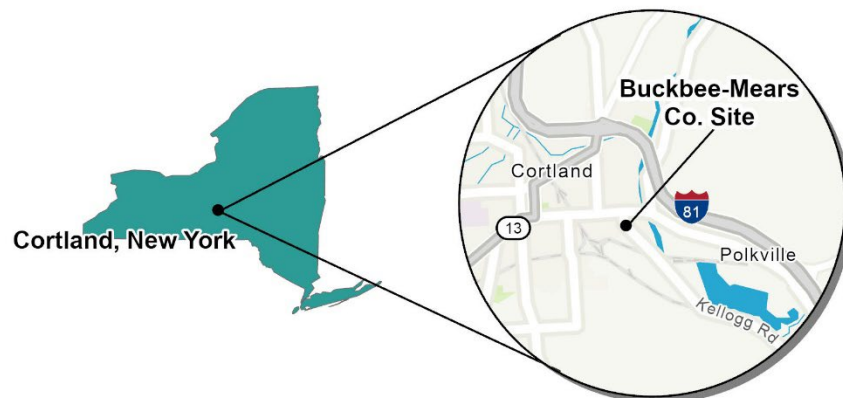
Site restoration and reuse can revitalize local economies with jobs, new businesses, tax revenues and local spending. Cleanup may also take place while active land uses remain on site. This case study explores the cleanup and reuse of the Buckbee-Mears Co. site, illustrating the beneficial effects of site redevelopment.

Beneficial Effects

Site businesses employ about 22 people. They provide an estimated annual employment income of about \$1.5 million.

Site properties are currently valued at about \$2.2 million. They generate over \$42,000 in annual property tax revenues.

Collaborative partnerships among EPA, the state, local governments, a bank and a developer resulted in creative solutions that addressed property ownership challenges and enabled successful redevelopment.



Sources: Esri, HERE, Garmin, SafeGraph, GeoTechnologies, Inc., METI/NASA, USGS, EPA, NPS, USDA

Figure 1. The location of the Buckbee-Mears Co. site in Cortland, New York.

Site History

The roughly 74-acre area is located between Kellogg Road and the New York, Susquehanna & Western Railway line near downtown Cortland, New York. The surrounding area is rural, with commercial, industrial and residential uses located near the site. According to the 2020 U.S. Census, about 32,000 people live in the city of Cortland. Site infrastructure includes a security gate, an electric substation, an inactive rail spur and a wastewater treatment plant. Access to Interstate 81, the New York, Susquehanna & Western Railway, and the Hancock International Airport make it an ideal location for commercial and industrial businesses. About 4,100 people live within one mile of the site.

Contamination History

From the mid-1970s to June 2004, the Buckbee-Mears Company (BMC) made electronics for television picture tubes and computer monitors on site. In October 2004, International Electron Devices-USA LLC (IED) acquired the site property from BMC. IED operated the facility for a brief period in 2005, making aperture masks for cathode ray tubes and other parts for the medical, automotive and electronics industries. In spring 2005, IED stopped manufacturing operations and abandoned the site.

Site Cleanup

During summer 2006, the Cortland Police Department found large quantities of abandoned chemicals from former manufacturing operations at the site. The department notified the New York State Department of Environmental Conservation (NYSDEC). In turn NYSDEC notified EPA. EPA issued an administrative order, a legal agreement requiring a party to take response actions, to IED to perform and pay for required cleanup activities. When IED failed to comply, EPA took over cleanup of the site under its Superfund program.

From 2007 to 2009, EPA sampled and removed materials in storage tanks, chemical feed lines, potential radiation sources, mercury switches, demolished and removed structurally damaged and contaminated buildings and metal waste, and encapsulated contaminated concrete floor slabs. EPA completed cleanup in 2009 and filed a Superfund lien on the property to secure its claim for cleanup costs. In addition to EPA's \$8.3 million



Figure 2. Workers cleaning up hazardous materials on site in the late 2000s.



Figure 3. Cleanup required demolishing structurally damaged and contaminated buildings.



Figure 4. The warehouse on site, prior to its renovation for Bio365 operations.

lien, the city and county had tax liens of \$1.2 million and a bank held a mortgage of \$8.4 million. Collectively, over \$17.6 million in liens were filed for a property that, at the time, had an assessed value of \$2.1 million. These liens were a major barrier to the site's reuse. For more information about the site, visit: epaosc.org/BuckbeeMears.

Planning for Reuse

EPA enforcement staff, responsible for securing Superfund cleanups and government cost recovery, initiated settlement negotiations with the State Bank of India, which held the mortgage for the property, and reached out to the city and county to address their tax liens and facilitate the foreclosure, sale and redevelopment of the site property.

EPA and the bank finalized a legal agreement. Under its terms, the bank would foreclose on the property and sell it at a foreclosure auction. EPA and the two local taxing authorities (the city of Cortland and Cortland County) would then lift their respective liens on the property and the parties would share property sale revenue after the auction, according to an agreed-upon formula. The State Bank of India received a covenant not to sue and contribution protection from EPA for existing contamination at the site. This meant that EPA would not hold the bank accountable for cleaning up contamination at the Site or reimbursing EPA for costs incurred during cleanup.

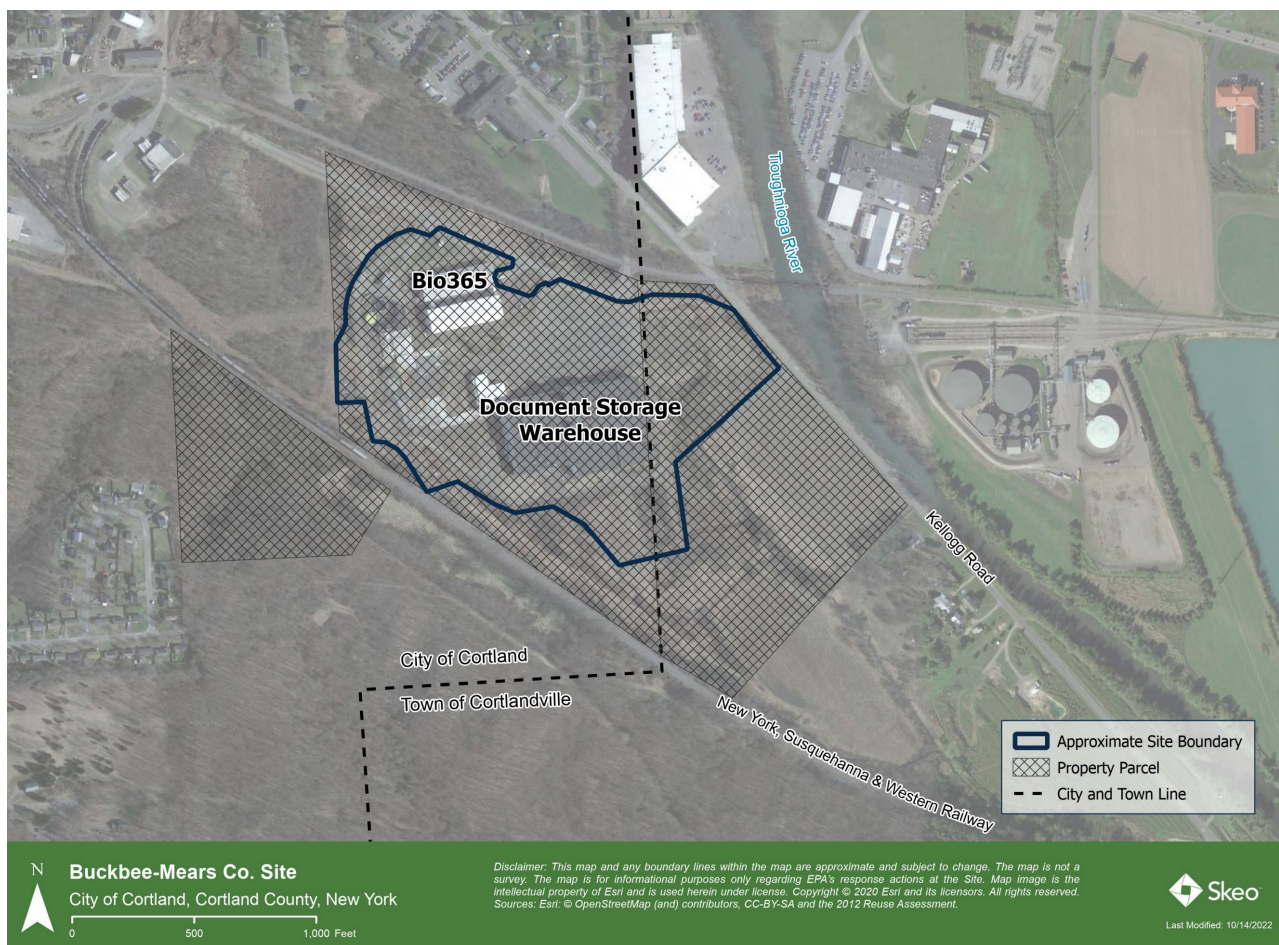


Figure 5. Map showing site boundary, the site property parcels and locality boundaries.

EPA also entered into memoranda of agreement with the city and county. These municipal settlements stated that if the property did not sell at the foreclosure auction, the city could foreclose on and facilitate the sale of the property and the bank would no longer be entitled to any proceeds from the sale. If the city foreclosed, it would pay EPA 50% of the proceeds from the sale, after the city and county received up to \$150,000 to cover transaction costs. To further support site redevelopment, EPA agreed to release its Superfund lien and waive any post-sale windfall lien as part of the settlements.

During this period, EPA also funded a reuse assessment that provided clear, comprehensive documentation of the site's cleanup and readiness for reuse. It identified areas well suited for specific land uses and recommended ways to address remaining reuse challenges, including residual contamination in soil below concrete slabs, mold cleanup requirements, and renovation of the on-site rail spur and electrical infrastructure.

The State Bank of India obtained an order of foreclosure and worked with all parties to market the property for sale. EPA's reuse assessment became part of outreach materials used by the city, county and local economic development organization to facilitate marketing efforts for the property. In 2013, the city of Cortland received a \$359,500 Brownfield Opportunity Area (BOA) grant from NYSDEC to pursue the redevelopment of local former industrial areas, including the site property.

In 2014, Yaman Realty Services, a local developer, purchased the property at the foreclosure auction. The developer spent nearly \$800,000 rehabilitating it, including cleaning up mold contamination. The developer gutted and renovated two on-site buildings – expanding an existing warehouse space and retrofitting the large building with higher ceiling clearance and larger bays to make it more attractive for prospective tenants and warehousing purposes – transforming a once-abandoned, neglected property into a valuable community asset. EPA assisted the developer by helping potential purchasers and tenants learn about the site's cleanup status and Superfund liability. The developer also completed an environmental audit to document the finding that the site's contamination had been addressed properly.



Figure 6. Multi-modal access at the site includes a renovated rail spur for the transport of goods.

NYSDEC's BOA Program and Cortland's BOA Grant

This state program provides resources to New York communities developing revitalization strategies to return dormant and blighted parcels to productive use. Cortland's grant is funding preliminary analysis work, a first step in the city potentially receiving a BOA designation from NYSDEC. BOA designation would provide more funding and tax credits to support community-wide revitalization efforts.

Beneficial Effects

Today, the site hosts the Cortland Industrial Center. The two original buildings remaining on site – a 30,000-square-foot warehouse and an adjacent, 210,000-square-foot factory building – did not need to be demolished as part of the cleanup and were made available for sale or lease. In 2021, Empire Kellogg Holdings, LLC purchased about 36 acres (two property parcels) of the site property. About 39 acres (one property parcel) remain within the Cortland Industrial Center where one tenant currently operates.

The businesses discussed below operate on site and continue to bolster the local economy and generate local and state tax revenues. This section describes the beneficial effects of these reuses at the site.

Bio365

In 2019, tenant Bio365 signed a five-year lease for the warehouse; it renovated the building for soil production and built an adjacent warehouse for expanded capacity, providing 60,000 square feet of space for its operations. This soil production business creates biologically active and nutrient-dense biochar soil for commercial, organic agriculture, specifically in greenhouses. The patented process mimics the natural decay of organic matter on an accelerated timetable of two to three weeks, resulting in a nutrient-rich composting soil. Created by leading soil scientists, its products are sold in stores in nine states and the District of Columbia. Jobs at its on-site facility contribute about one million dollars in estimated annual employment income to the community.

Empire Archives

In 2021, Yaman Realty Services sold the former factory building at the site to Empire Kellogg Holdings, LLC, a real estate holding company. Today, Empire Archives, an information management company that stores and manages hard copy records operates in the building. The new owner has made improvements to the building including new water lines, a sprinkler system, and updated electrical and security systems. Jobs at its Cortland facility contribute about \$480,000 in estimated annual employment income to the community.



Figure 7. Truck access point for the Bio365 facility on site.



Figure 8. View of totes containing materials for mixing and packaging of Bio365's agricultural products.



Figure 9. View of the renovated former factory building at the site, now a document storage warehouse.

Property Values and Tax Revenues

On-site properties help generate property tax revenues that support local government and public services. Today, site properties have a combined value of over \$2.2 million. In 2022, site properties generated over \$42,000 in total property tax revenues. On-site businesses also generate tax revenues through the collection of sales taxes, which support state and local governments.¹

Conclusion

Collaboration and cooperation among EPA, NYSDEC, local governments, a bank and redeveloper were vital to the site's successful cleanup and beneficial reuse. Flexible thinking, innovative negotiations and clear communication addressed barriers to reuse and positioned the site property for redevelopment. Today, this once-contaminated area now supports a business that uses ecological and sustainable methods for specialty soil production and a warehouse for document storage. The on-site businesses support local economic growth, providing about 22 jobs and about \$1.5 million in annual employee income.

“EPA gave us a report that clearly explained to us what happened at the site and what had been tested. Very supportive and very helpful.”

– David Yaman, Principal, Yaman Realty Services



Figure 10. Rail access at the Cortland Industrial Center.

*For more information about EPA's Superfund Redevelopment Program, visit:
<https://www.epa.gov/superfund-redevelopment>.*

¹ The combined state and county sales tax rate is 8%. For more information, visit: <https://www.tax.ny.gov/bus/st/rates.htm>.



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Technical Appendix

Employment Information for On-Site Jobs

EPA obtained the data included in this appendix directly from reputable sources and reported the data as presented by those sources. Information on the number of employees and sales volume for on-site businesses typically comes from the Hoovers/Dun & Bradstreet (D&B) database.¹ D&B maintains a database of over 300 million businesses worldwide. When Hoovers/D&B database research was unable to identify employment and sales volume for on-site businesses, EPA used interviews with site stakeholders to determine business and employment information.

Wage and Income Information for On-Site Jobs

EPA obtained wage and income information from the U.S. Bureau of Labor Statistics (BLS). Part of the U.S. Department of Labor, the BLS is the principal federal agency responsible for measuring labor market activity, working conditions and price changes in the economy. All BLS data meet high standards of accuracy, statistical quality and impartiality.

EPA used the BLS Quarterly Census of Employment and Wages database to obtain average weekly wage data for businesses at the Buckbee-Mears Co. site. Average weekly wage data were identified by matching the North American Industry Classification System (NAICS) codes for each type of business with weekly wage data for corresponding businesses in Cortland County. If weekly wage data were not available at the county level, EPA sought wage data by state or national level, respectively. In cases where wage data were not available for the six-digit NAICS code, EPA used higher-level (less-detailed) NAICS codes to obtain the wage data.

To determine the annual wages (mean annual) earned from jobs generated by each of the selected businesses at the Buckbee-Mears Co. site, EPA multiplied the average weekly wage figure by the number of weeks in a year (52) and by the number of jobs (employees) for each business.

¹ <http://www.dnb.com>.

Table 1. Buckbee-Mears Co. Site: Information for On-Site Organizations and Businesses

On-Site Business	NAICS Code ^a	NAICS Title	Number of Employees	Average Weekly Wage (2021) ^b	Annual Wage (Mean Annual) per Employee	Total Annual Income ^c	Annual Sales (2022)
Bio365	325314 ^d	Fertilizer (Mixing Only) Manufacturing	15 ^e	\$1,298	\$67,496	\$1,012,440	NA
Empire Archives	493190 ^d	Other Warehousing and Storage	7 ^f	\$1,340	\$69,680	\$487,760	NA
Totals			22			\$1,500,200	NA

^a NAICS code provided in the D&B database, unless otherwise noted.

^b Average weekly wage per employee based on BLS 2021 Average Weekly Wage data.

^c Total annual income figures derived by multiplying “Number of Employees” by “Annual Wage (Mean Annual) per Employee”.

^d Used assumed NAICS code and business description, based on business type.

^e Employee number provided by an interview with a Bio365 employee on 2/22/2023.

^f Employee number provided by email correspondence with Empire Archives’ owner on 2/17/2023.

NA = data not available.

Property Values and Local Tax Revenue Generated from Property Taxes

EPA obtained data on the most recently assessed values for property parcels at the Buckbee-Mears Co. site in December 2022 through property records accessible through Cortland County’s online property appraisal database.² EPA also obtained 2022 property tax information for the site parcels.

Table 2. Property Value and Tax Summary for Taxes Payable in 2022

Parcel ID No.	Total Taxable Value of Land and Improvements (2022)	Total Property Tax (2022)
87.78-01-01.100	\$1,240,000	\$23,809
87.78-01-01.200	\$960,000	\$18,433
Totals	\$2,200,000	\$42,242

² Cortland County Real Property Tax Services: <https://www.cortland-co.org/195/Real-Property-Tax-Services>.