

Why did Amazon jilt Grand Island, and will Project Olive find a new WNY home?

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Stephen T. Watson
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With Amazon withdrawing from Grand Island, it's not clear whether the region has lost this development opportunity for good.

Derek Gee

One day after the developer pulled the plug on the hotly contested Amazon megaproject, people on and off Grand Island debated who should get the blame – or credit – for its demise.

Amazon and its developer, Trammell Crow Co., aren't saying why they withdrew their bid to build one of the world's largest warehouses here, prompting speculation on the cause of death.

It was a combination of factors, according to officials familiar with the \$300 million project that would have employed 1,000 people:

- Amazon made a business decision in the face of rising costs for roads, utilities and other project needs.
- The company didn't want to set a precedent by paying \$10 million toward community amenities requested by the town.
- The company didn't think it could hire enough local construction workers as required under any tax incentive agreement.
- Amazon feared an open-ended window for legal challenges from project critics.
- And the group of island residents who opposed the project had grown more vocal and better organized in recent weeks.

"I think this was a corporate decision based on economics," Town Supervisor John Whitney said.

With Amazon withdrawing from Grand Island, it's not clear whether the region has lost this development opportunity for good. The company said it is not considering another property in Erie County, but officials said Amazon may look to build in Niagara or Genesee counties.

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And it raises the question of what comes next for Grand Island, which is larger than Manhattan but has just over 20,000 residents. Will the polarizing Amazon fight continue to divide this community, and can islanders reach consensus on how much development is appropriate for the island?

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"What do we want?" asked Eric Fiebelkorn, president of the Grand Island Chamber of Commerce and a project booster. "How do we move forward?"

What went wrong?

The Buffalo News first revealed Amazon's interest in the undeveloped 145-acre property at 2780 Long Road, just off the I-190, in May 2019, though confidential discussions among the developer and local officials had taken place for some time.

Trammell Crow in February submitted plans for the 3.8 million-square-foot facility, known as Project Olive. Boosters embraced the project's potential economic benefits, including a nearly \$31 million annual payroll.

But critics said it was out of scale for the island and would generate too much congestion on its roads and bridges. They urged the Town Board to reject the developer's rezoning request.

The developer in July abruptly canceled a planned appearance in front of the Town Board, telling the town supervisor the project was "on pause," but negotiations continued.

The Town Board had set a public hearing for Thursday, but it was canceled after James Murray-Coleman, a senior vice president with Trammell Crow, called Whitney late Wednesday afternoon.

"He said thanks for getting us to the 5-yard line," Whitney said.

Whitney said the call lasted only about two minutes and came after senior Amazon and Trammell Crow executives met this week to assess the project's status.

Some observers said the company, in the end, weighed the risks and rewards of moving forward while approval is very much in doubt.


The developer cited the increasing costs of paying for required road and utility improvements on and around the property in the northwest corner of the island, officials said.

Trammell Crow late last month had agreed to pay \$10 million toward a community center and other public amenities. But at least one official familiar with the project said high-level Amazon executives recently balked at this condition, saying it would set an unwelcome precedent for future developments.

The \$10 million was in addition to an estimated \$51 million the project would generate for the town, Grand Island School District and county over the first 15 years of a payment-in-lieu-of-taxes or PILOT agreement.

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The PILOT agreement and any sales tax breaks needed the approval of the Erie County Industrial Development Agency. **Why did Amazon jilt Grand Island, and will Project Olive find a new WNY home?** SHARE THIS  33 comments

Trammell Crow had told officials it believed it could come close to but would not meet that target given the scale and complexity of the project. In suburban Syracuse, where Trammell Crow is building an identical Amazon warehouse, the company received a waiver from the local labor requirement for that project.

Officials here said the ECIDA would be open to granting a similar waiver as long as Trammell Crow showed a good faith effort to hire local labor. Richard Lipsitz Jr., for one, said the requirement shouldn't be a major hurdle for Amazon and Trammell Crow, given their experience with large-scale facilities.

"It sounds like that's an excuse," said Lipsitz, vice chairman of the ECIDA and president of the Western New York Area Labor Federation.

Fiebelkorn said representatives of Trammell Crow told him another issue was the Covid-19 related extension of the state's four-month deadline for people to contest a decision made by a public body. The company feared critics would have unlimited time to file a court challenge over any vote by the Town Board.

Was the growing public opposition a factor?

Members of a group called the Coalition for Responsible Economic Development for Grand Island, or CRED4GI, had organized protests outside Town Hall, held strategy sessions, urged the public to speak at Town Board meetings and collected about 2,000 signatures on petitions.

Fiebelkorn and others said Amazon is used to public criticism and this on its own didn't drive away the e-commerce giant.

Other sites eyed

Amazon said in a statement that, for now, it isn't pursuing this project on Grand Island or elsewhere in Erie County.

"We stand ready, willing and able to work with any company that is interested in investing in Erie County," County Executive Mark Poloncarz said in an interview. "We're just going to treat you the same as everyone else."

Amazon, through Trammell Crow, had considered other locations in the county. This included a portion of the former Bethlehem Steel property, which Poloncarz previously described as his first choice for a project site.

The company conducted extensive due diligence over the course of a year and came close to selecting the Lackawanna but ultimately decided it did not want to build on a brownfield site, according to people knowledgeable about the search process.

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Economic development leaders outside Erie County are optimistic they can lure Amazon to their communities.

"We want the jobs," said Richard L. Andres Jr., chairman of the Niagara County Legislature's Economic Development Committee.

Stephen Hyde, president and CEO of the Genesee County Economic Development Center, did not mention Amazon in a statement but touted the suitability of the county's 1,250-acre business park for large-scale developments.

Grand Island's future

Islanders have wrestled for decades with the question of how much growth is wanted on the island, which remains largely residential, with large swaths of green space and parkland.

The business community had welcomed Project Olive because, they argued, the town already has accommodated light industrial development, but it needed something more to draw people to the island.

"The island itself would have benefited greatly from having that industrial anchor," said Vienna Haak, a real estate agent. "We've chased away many, many projects in the past."

But other residents say the bridges limit how much development is appropriate for Grand Island and the town can't support anything of Amazon's scale.

"That was just too big to fit," said Kevin O'Neil, a member of the opposition coalition.

The Long Road property owned by William and Michael Huntress of Acquest Development could, under its current zoning, see development of up to 10 million square feet of industrial space. Michael Huntress lamented the lost economic opportunity in a brief note to The News.

"Sad day for Western New York," he wrote.

With other mixed-use developments in the pipeline, Grand Island has to figure out what it wants.

"We're all standing still, saying, 'Well, now what?' " Haak said.

News Staff Reporter Thomas J. Prohaska contributed to this report.

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