

Former Foster Paper Site Utica, New York

Liability Transfer

Property History

This abandoned paper manufacturing facility spanned roughly seven acres along the Route 5 commercial corridor in Utica, New York. Once home to the Foster Paper Company, the property had deteriorated after closure of the paper plant and faced numerous environmental regulatory issues arising from its historic use.



Challenge

The subject of a US Environmental Protection Agency (USEPA) Brownfield Pilot grant, the Foster Paper site was targeted for redevelopment by the City of Utica and the Utica Industrial Development Agency (IDA) as part of their Brownfield Initiative. The City and the IDA had an interested buyer in Butler Real Estate, Inc., a national real estate development company, and an interested end user in Utica Converters. However, the complex environmental issues associated with the property presented a formidable challenge to transferring the property to a new end user.

Solution

Synapse assisted in the implementation of an innovative environmental liability transfer strategy for the Foster Paper site. Working in conjunction with the City and the IDA, Synapse assisted in closing the remaining regulatory issues with the New York State Department of Environmental Conservation (NYSDEC), facilitated the structuring of the deal financing, and provided an environmental insurance product that supported the transfer of the property to Butler Real Estate. Utica Converters became the credit enhancer for the property and has since constructed a new 98,000 square foot tire manufacturing facility over the old Foster Paper building.



The new manufacturing facility has stimulated more investment in and around the Route 5 corridor, an area targeted by the Utica Brownfield Revitalization Corp. in its 2004 BOA application. Through implementation of a liability transfer strategy Synapse assisted the City and the IDA in bringing in new end users at this site. The Foster Paper project was cited at the Butler National Real Estate Convention as a model for Brownfield redevelopment success stories.