

Fresh Direct

Food Processing/Manufacturing & Distribution Facility Project

About Company Fresh Direct was founded in 2002 as a pioneer in internet grocery shopping service, offering home delivery and frozen gourmet meals. Fresh Direct's operations are located in Long Island City, NY, in a 192,000 facility which houses corporate office functions, as well as food production and inventory, "pick and pack" order assembly, dry goods inventory and distribution operations. Fresh Direct currently employs approximately 2,073 employees in NY.

Overview The Company has reached capacity in its facilities in Long Island City and is seeking to identify a more long-term occupancy strategy. High operating costs due to multiple facilities and inefficient space impose significant burden on the Company's operations.

Employment Fresh Direct plans to consolidate its current NY-based operations and over 2000 existing employees (includes FT and PT) into renovated or new facilities in LIC, Bronx or Jersey City. In addition to the existing jobs, the company projects creation of an additional 900+ new jobs within 5-7 years of establishing its consolidated facility.

Average Salary & Payroll The average wage of employees is approximately \$30,000. The total annual payroll for the full employment year 5 would be in excess of \$400 M*

Capital Investment The total upfront capital investment in New Jersey facility is projected to be over \$100 M

Competitor Locations

Pros:

Cons

Long Island, NY

- Existing Location (for expansion purposes the company can purchase & develop a lot adjacent to its current LIC facility)
- The least amount of business disruption and lowest employee attrition
- Lowest transportation cost
- Lowest investment, freeing resources to be invested in business expansion
- Most predictable implementation

- High operating cost
- Parking constraints
- Construction during operating
- More constrained design

*Harlem River Yards, Bronx, NY
Built-to-Suit*

- Construction of a new 400,000 sf facility, providing highly efficient operating space with limited business disruption/employee attrition.
- Employee accessibility via mass transit

- Start up of new facility
- Marginally higher transportation cost
- Parking constraints

*Hudson County, NJ
Built-to-Suit*

- Construction of a new 400,000 sf facility, providing highly efficient operating space
- Lower construction and building operating cost

- Start up of new facility
- Highest transportation cost
- Maximum exposure to employee turnover/business disruption
- Substandard employee transit accessibility
- Tunnel traffic/schedule risks

Economic & Fiscal Impact Within 5 years of establishing operations in NJ, the project would generate in excess of \$90 million annually in direct personal income tax revenues, and significant indirect personal income taxes. In addition, the project would employ approximately 700 construction workers. The project would generate significant other State and local tax revenues including utility tax, sales tax and property taxes.