

Middleburgh Meadows LLC project selection

Nature of the proposed project: To rehabilitate and construct retail space to include 15,000 square of new construction for a grocery store and 5,000 square feet of additional new construction for an additional tenant. Also construct 16 4-unit townhouses featuring attached garages, and a recreation center for residents of the Townhome community.

Nature of the property before the project: The property is approximately 11.46 acres in size. It currently has a vacant retail building with square footage of 3,800, a vacant house and vet clinic totally 6,360 square feet, the former River Implement building having an estimated 10,000 square feet and an occupied ranch house of 1,784 square feet. The properties are located in a flood zone and would seek to elevate with the construction of the new buildings where necessary.

Economic condition of the area at the time of application: Schoharie County has experienced significant job losses over the last 15 years. These include Story House in Summit of approximately 30-40 jobs and the Guildford Mill of over 500 jobs. Unemployment for the County is 4.80%. The Village is in the midst of recovering from the 2011 floods and has experienced some revitalization over the last several years; which has served as a catalyst for further interest. Main Street in particular has seen several new retail establishments.

Extent to which project will create jobs: The grocery store is expected to create 20 full time jobs and 10 part time jobs by the end of the second year. The other retail projects anticipate a combined 9 full time and 8 part time jobs being created.

Estimated value of tax exemptions to be provided: At an estimated assessment of \$735,000 (70% equalization rate on \$1,050,000 costs) the tax without a PILOT would be approximately \$42,137 per year at a rate of \$57.33 per thousand. The PILOT on the store property would provide taxes of \$163,750 over years. Over 15 years the value of the exemption over the existing taxes would have an estimated total of \$468,305 (632,055-163750); without including the Town houses. The value of the sales tax exemption is estimated to be \$300,000 and the mortgage recording tax exemption would be \$30,000. The exemption value of the Town houses would equal 65% of the taxable value; presently estimated at \$100,000 or \$5,733 in taxes per home. If the Townhome is sold the dwelling would be taxed at 100%.

The impact of the project and the proposed tax exemptions on the affected tax jurisdictions: The company would pay the current amount of taxes for 15 years on the grocery store. This has the effect of not losing any of the existing tax revenue. The jurisdictions would not receive any increase in taxes from the increased value for 15 years on this parcel. The company would be paying water, sewer, library and fire taxes which would be a positive for the area. In addition the project is also expected to generate new sales tax revenue for the County. For the housing component the taxes currently paid are those that will be paid, however, there is no proposed inflation factor; which would be lost revenue. Once built and if sold the houses would go on the tax roll which would increase tax revenue over the current base by the value of the house minus the existing land tax.

The impact of the proposed project on existing and proposed businesses and economic development projects in the County: The grocery store would provide a service that does not exist in the area. There are two convenience stores which offer some of the products a full scale store would so this might have a slight negative impact; although the types of store does differ. The townhouses are a type of housing that does not currently exist in the area. This would offer

residents an option and is hoped to attract more people to the area; which would provide more retail consumers for the area's existing businesses. Overall, the project seems to complement the area's needs.

The amount of private sector investment: An estimated investment of \$11,130,000 is anticipated on full build out.

The likelihood of accomplishing the project in timely fashion: The grocery project would have a time frame for completion of within 1 year and the likelihood of accomplishing it is excellent. The housing portion would be accomplished over several years. The developers are well known and have been successful with other businesses in the past, based on this the likelihood of completion would be good.

Effect of project on environment: A SEQR is being completed with the Village of Middleburgh as lead Agency. Municipal water and sewer are available. The project would have to comply with flood plain regulations. The completed SEQR had a negative declaration.

The extent to which proposed to which the proposed project will provide additional revenue to jurisdictions: Real estate tax revenue will remain at the \$4,500 amount it currently is for 15 years if the Store is not built. If the store is built the additional real estate taxes would equal \$96,250 (the PILOT of \$163,750 - \$67,500). There would be a 2% loss per year (assuming an annual tax cap increase of 2%) per year for this time period in regards to the grocery/retail component. The Townhomes when built will increase taxes by \$2,000 per unit if rented (not sold) and 100% of their new value if sold; estimated at \$5,733 per unit in today's dollars. If and when all 16 Townhomes are built this would equal an additional \$128,000 per year in revenue if rented and \$366,912 if sold. Yearly sales tax revenue will increase to \$11,200 based on estimated yearly taxable sales of \$140,000. Library and fire taxes will increase due to the increase in assessment.

The extent to which the proposed project will provide a benefit not otherwise available within Schoharie County: The project will provide a grocery store for area residents that currently does not exist and folks have to travel 10 plus miles to get to a store. The housing will provide an alternative housing option to the area.

The cost benefit ratio: The cost benefit was completed by using the inform analytics software. The store and housing components of the project were done separately using the data related to each. The store had a benefit cost ratio of .6 to 1.0 if using the inform analytics software; which increases to .9 to 1.0 when included the sales tax revenue. The housing portion of the project had a 1.14:1 ratio if the units are sold. If the housing units are rented the ratio is .3 to 1.0. This ratio assumes all the housing units are built in year 1 and the tax benefit goes into effect then. In reality the housing units will be phased in; creating less of a cost and a benefit cost ratio closer to 1 to 1. See attached sheets for details.

Other factors: All 4 taxing jurisdictions want this PILOT. Attached is a support letter from the Village Mayor and NYS Senator.

Internal Report: Middleburgh Meadows LLC - Middleburgh Meadows

Table 1: Basic Information

Project Name	Middleburgh Meadows
Project Applicant	Middleburgh Meadows LLC
Project Description	grocery store
Project Industry	Food and Beverage Stores
Municipality	Middleburgh Village
School District	Middleburgh
Type of Transaction	Lease
Project Cost	\$2,627,000
Mortgage Amount	\$1,302,000

Table 2: Permanent New/Retained Employment (Annual FTEs)

	State	Region
Total Employment	38	38
Direct**	25	25
Indirect***	0	0
Induced****	0	0
Temporary Construction (Direct and Indirect)	13	13

Table 3: Permanent New/Retained Labor Income (Annual) & Average Salary (Annual)

	State Labor Income	Region Labor Income	Average Salary
Total	\$1,293,040	\$1,293,040	\$34,402
Direct**	\$626,059	\$626,059	\$25,042
Indirect***	\$0	\$0	\$0
Induced****	\$0	\$0	\$0
Temporary Construction (Direct and Indirect)	\$666,980	\$666,980	\$52,995

Table 4: Cost/Benefit Analysis (Discounted Present Value*)

Total Costs to State and Region	\$612,904
Mortgage Tax Revenue Forgone	\$13,020
State	\$9,765
County	\$3,255
Local	\$0
Property Tax Revenue Forgone	\$504,740
485-B Property Tax Abatement	\$117,042
Above 485-B	\$387,698
Sales Tax Revenue Forgone	\$121,664
Construction Materials	\$41,664
Other Items	\$80,000
Less IDA Fee	-\$26,520
Total Benefits to State and Region	\$383,791
Total State Benefits	\$197,895
Income Tax Revenue	\$98,526
Direct**	\$73,848
Indirect***	\$0
Induced****	\$0
Construction (Direct and Indirect, over 0 years)	\$24,678
Sales Tax Revenue	\$99,369
Direct**	\$91,899
Indirect***	\$0
Induced****	\$0
Construction (Direct and Indirect, over 0 years)	\$7,470
Total Regional Benefits	\$185,895
Property Tax/PILOT Revenue	\$86,526
Sales Tax Revenue	\$99,369
Direct**	\$91,899
Indirect***	\$0
Induced****	\$0
Construction (Direct and Indirect, over Array years)	\$7,470
Benefit to Cost Ratio	0.6:1

Note: If you add in the estimated sales tax revenue of \$11,200 per year (8% of \$140,000 in estimated taxable sales) x 15 years (\$168,000), the total benefits raise to \$551,791. (\$383,791 + \$168,000) This moves the benefit cost ratio to .90 to 1.00.

Table 5: Regional Fiscal Impact (Discounted Present Value*)

Total Local Client Incentives	\$542,307
Total Anticipated Local Revenue (Property Tax plus Local Sales Tax)	\$185,895
Net Local Revenue	\$-356,412
Benefit to Cost Ratio	0.3:1

Table 6: Property Tax Revenue (Discounted Present Value*)

Total Property Tax	\$136,480
County Property Tax	\$136,480
Property Tax on Existing Property	\$11,941
Property Tax on Improvement to Property	\$124,539

* Figures over 15 years and discounted by 2%
 ** Direct - The recipient of IDA assistance adds new jobs to the regional economy and/or retains jobs at risk of being lost to another region. Investments that result in displacing existing jobs (e.g., most retail and many service sector industries) do not fall under this definition.
 *** Indirect - The recipient of IDA assistance makes purchases from regional firms, which stimulates suppliers to add jobs and payroll that are new to the regional economy or are saved from being lost to competitors outside the region.
 **** Induced - The recipient of IDA assistance by adding to and/or retaining payroll stimulates household spending that is new to the regional economy and/or saved from being lost to competitors outside the region.

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Internal Report: Middleburgh Meadows Hsg - Middleburgh Meadows Hsg

Table 1: Basic Information

Project Name	Middleburgh Meadows Hsg
Project Applicant	Middleburgh Meadows Hsg
Project Description	Construction of 16 four unit condo's to be sold; or rented if not sold.
Project Industry	Construction
Municipality	Middleburgh Village
School District	Middleburgh
Type of Transaction	Lease
Project Cost	\$8,728,000
Mortgage Amount	\$8,728,000

Table 2: Permanent New/Retained Employment (Annual FTEs)

	State	Region
Total Employment	84	84
Direct**	1	1
Indirect***	0	0
Induced****	0	0
Temporary Construction (Direct and Indirect)	82	82

Table 3: Permanent New/Retained Labor Income (Annual) & Average Salary (Annual)

	State Labor Income	Region Labor Income	Average Salary
Total	\$4,443,218	\$4,443,218	\$52,947
Direct**	\$51,935	\$51,935	\$51,935
Indirect***	\$17,699	\$17,699	\$56,373
Induced****	\$17,721	\$17,721	\$43,141
Temporary Construction (Direct and Indirect)	\$4,355,864	\$4,355,864	\$52,995

Table 4: Cost/Benefit Analysis (Discounted Present Value*)

Total Costs to State and Region	\$3,304,456
Mortgage Tax Revenue Forgone	\$87,280
State	\$65,460
County	\$21,820
Local	\$0
Property Tax Revenue Forgone	\$3,032,610
485-B Property Tax Abatement	\$764,370
Above 485-B	\$2,268,239
Sales Tax Revenue Forgone	\$272,096
Construction Materials	\$272,096
Other Items	\$0
Less IDA Fee	-\$87,530
Total Benefits to State and Region	\$1,155,063
Total State Benefits	\$264,672
Income Tax Revenue	\$203,063
Direct**	\$25,185
Indirect***	\$8,583
Induced****	\$8,129
Construction (Direct and Indirect, over 0 years)	\$161,167
Sales Tax Revenue	\$61,608
Direct**	\$7,624
Indirect***	\$2,598
Induced****	\$2,601
Construction (Direct and Indirect, over 0 years)	\$48,786
Total Regional Benefits	\$890,391
Property Tax/PILOT Revenue	\$828,783
Sales Tax Revenue	\$61,608
Direct**	\$7,624
Indirect***	\$2,598
Induced****	\$2,601
Construction (Direct and Indirect, over Array years)	\$48,786
Benefit to Cost Ratio	0.3:1

Table 5: Regional Fiscal Impact (Discounted Present Value*)

Total Local Client Incentives	\$3,102,948
Total Anticipated Local Revenue (Property Tax plus Local Sales Tax)	\$890,391
Net Local Revenue	\$-2,212,557
Benefit to Cost Ratio	0.3:1

Table 6: Property Tax Revenue (Discounted Present Value*)

Total Property Tax	\$956,077
County Property Tax	\$956,077
Property Tax on Existing Property	\$30,429
Property Tax on Improvement to Property	\$925,648


* Figures over 15 years and discounted by 2%

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Selling the units as built leaves a positive cost benefit. The basic analysis shows a cost of the developer’s sales tax benefit of \$336,000 (4.2 million x .05) plus the benefit of the mortgage recording tax of approximately \$2,500 for a total cost of \$338,500.

The benefit is income tax revenue estimated at \$264,672; plus sales tax revenue of \$61,608 regional and \$61,608 locally for a total benefit of \$387,888.

This is a ratio of 1.145 to 1.00. This doesn’t include any positive analysis/contribution toward increase local sales and jobs through the increased population base.

If units are rented, then the inform/analytics cost benefit analysis indicates a cost/benefit of .3 to 1.0. This ratio assumes all units are built in year one and therefore the “tax” loss revenue starts in year one and not phased in as planned by the developer.

If the project wasn’t built and property remained the same, the taxes collected would total \$150,000 (10,000 x 15 years) assuming no increases and no present or future value. If the project is built with the PILOT, tax payments are estimated to total \$960,000; if the units are rented.

Board Report

Table 1: Basic Information

Project Name	Middleburgh Meadows Hsg
Project Applicant	Middleburgh Meadows Hsg
Project Description	Construction of 16 four unit condo's to be sold; or rented if not sold.
Project Industry	Construction
Municipality	Middleburgh Village
School District	Middleburgh
Type of Transaction	Lease
Project Cost	\$8,728,000
Mortgage Amount	\$8,728,000
Direct Employment Expected to Result from Project (Annual FTEs)	1

Figure 1: Estimated State & Regional Benefits / Estimated Project Incentives (Discounted Present Value*)

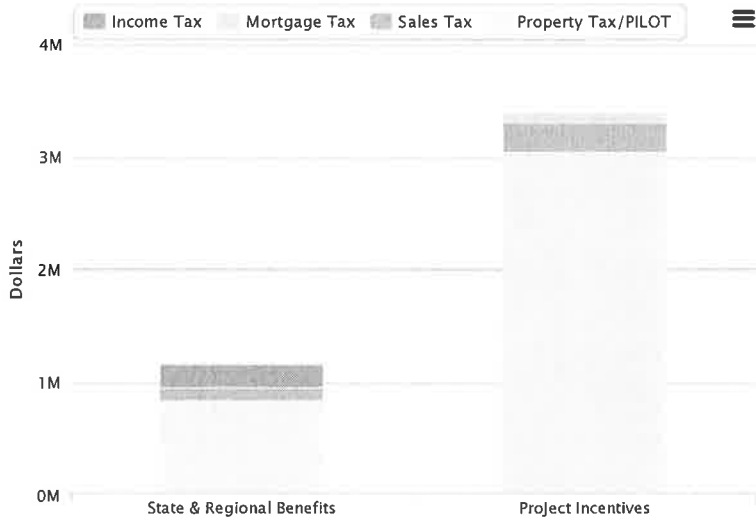


Table 2: Estimated State & Regional Benefits / Estimated Project Incentives Analysis (Discounted Present Value*)

Total State and Regional Benefits	\$1,155,063	
Total Project Incentives	\$3,304,456	
Benefit to Cost Ratio	0.3:1	
Projected Employment	State	Region
Total Employment	84	84
Direct**	1	1
Indirect***	0	0
Induced****	0	0
Temporary Construction (Direct and Indirect)	82	82

Table 3: Estimated State & Regional Benefits (Discounted Present Value*)

Total State and Regional Benefits	\$1,155,063
Income Tax Revenue	\$203,063
Property Tax/PILOT Revenue	\$828,783
Sales Tax Revenue	\$123,217

Table 4: Estimated Project Incentives (Discounted Present Value*)

Total Project Incentives	\$3,304,456
Mortgage Tax	\$87,280
Property Tax	\$3,032,610
Sales Tax	\$272,096
Less IDA Fee	-\$87,530

* Figures over 15 years and discounted by 2%

** Direct - The recipient of IDA assistance adds new jobs to the regional economy and/or retains jobs at risk of being lost to another region. Investments that result in displacing existing jobs (e.g., most retail and many service sector industries) do not fall under this definition.

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