

Yasgur Road Productions, LLC

Application to County of Sullivan
Industrial Development Agency for
Financial Assistance for

Yasgur Road Campground



Benefit/Cost Analysis

Prepared by:

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Background:

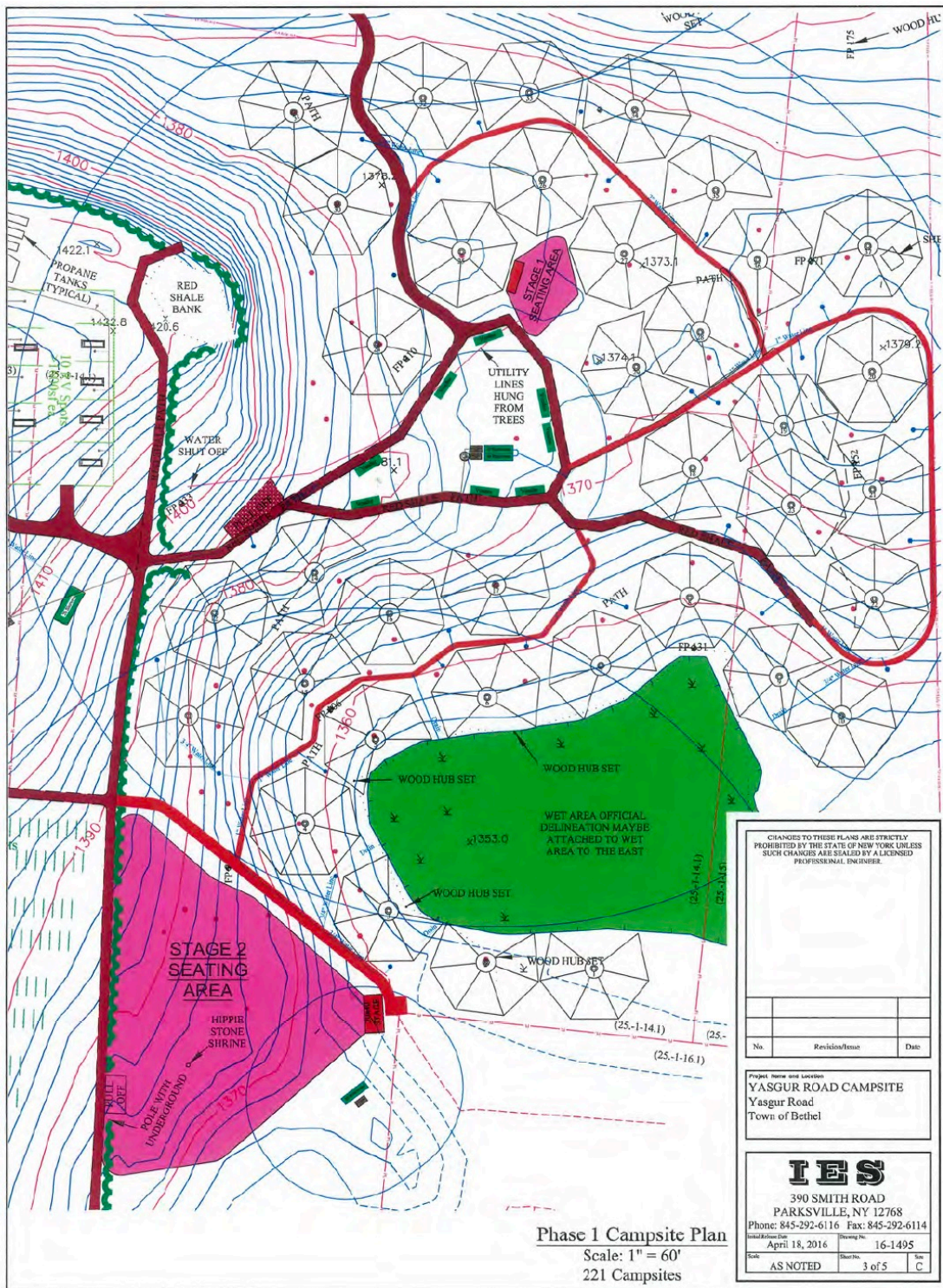
Yasgur Road Productions, LLC has applied for financial assistance for the development of 103.42 acres of land located in the AG/Gateway Zoning District of the Town of Bethel (Tax Map Parcels 25.1-14.1, 25.1-15 and 25.1-16.1). The project involves the development of a campground resort tentatively identified as "Yasgur Road Campground," which will involve the establishment of a 152-site facility for overnight camping. There will also be entertainment and sales of related services and merchandise.

The project involves an estimated \$835,600 in real property improvements, including sewer and water infrastructure. An estimated \$350,000 will be spent on otherwise sales taxable purchases and materials costs associated with the project.

Real property is currently assessed at 69.75% of market value in the Town of Bethel, yielding an estimated future assessed value of \$582,865 for the proposed improvements. Yasgur Road Productions, LLC has applied to the County of Sullivan Industrial Development Agency (IDA) for real property, mortgage and sales tax abatements to assist with bringing this project to completion.

New York State law governing IDAs requires "an analysis of the costs and benefits of the proposed project." Shepstone Management Company, Inc. has been requested by the IDA to provide such an analysis on an independent basis. This study is designed to compare the economic benefits of the project, including both direct and indirect revenues generated for local and state government, against the costs to these governments for additional services required. Both direct and indirect costs are considered on this side of the equation as well.

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The following is a summary of the findings from this analysis, including supporting materials forming the basis for the conclusion reached.

Methods and Assumptions:

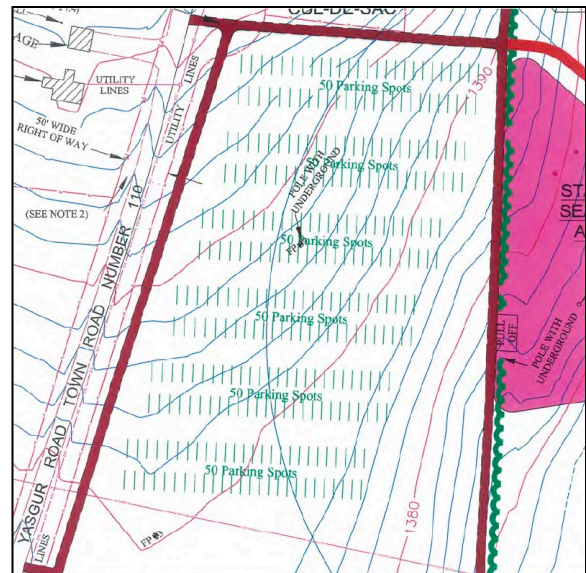
The following methods and assumptions were employed for the analysis of this project:

1) This new construction project involves an estimated \$350,000 in otherwise sales taxable material and equipment purchases.

2) It is assumed, for purposes of this analysis, that all project construction activities will occur in 2018 with the facility opening in 2019. It is further assumed the IDA will approve a PILOT Agreement under the Sullivan County IDA's [Uniform Tax Exemption Policy Tourism Industry Program \(§301.c\)](#);

the PILOT to apply to the estimated costs of developing the real property.

The applicable IDA PILOT schedule follows. The base assessed value is the Town's current assessed value.



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Tourist Industry Program Real Property Tax General Abatement Schedule					
Year	Base Value for PILOT	Value of New Real Property	% Abatement New Real Property	New \$ Value Abated	Total Value for PILOT
Construction Period	\$ 141,200	\$ -	-	\$ -	\$ 141,200
1	\$ 141,200	\$ 835,650	100%	\$ 835,650	\$ 141,200
2	\$ 141,200	\$ 835,650	100%	\$ 835,650	\$ 141,200
3	\$ 141,200	\$ 835,650	100%	\$ 835,650	\$ 141,200
4	\$ 141,200	\$ 835,650	100%	\$ 835,650	\$ 141,200
5	\$ 141,200	\$ 835,650	100%	\$ 835,650	\$ 141,200
6	\$ 141,200	\$ 835,650	90.0%	\$ 752,085	\$ 224,765
7	\$ 141,200	\$ 835,650	80.0%	\$ 668,520	\$ 308,330
8	\$ 141,200	\$ 835,650	70.0%	\$ 584,955	\$ 391,895
9	\$ 141,200	\$ 835,650	60.0%	\$ 501,390	\$ 475,460
10	\$ 141,200	\$ 835,650	50.0%	\$ 417,825	\$ 559,025
11	\$ 141,200	\$ 835,650	40.0%	\$ 334,260	\$ 642,590
12	\$ 141,200	\$ 835,650	30.0%	\$ 250,695	\$ 726,155
13	\$ 141,200	\$ 835,650	20.0%	\$ 167,130	\$ 809,720
14	\$ 141,200	\$ 835,650	10.0%	\$ 83,565	\$ 893,285
15	\$ 141,200	\$ 835,650	0.0%	\$ 0	\$ 976,850

- 3) According to the application to the IDA there will be a mortgage to which mortgage tax abatement will apply, which mortgage will not exceed \$425,000.

- 4) It is anticipated the Yasgur Road Productions, LLC project will create four full-time and six part-time or an estimated three full-time equivalent (FTE) jobs. An average salary of \$33,000 per year for each FTE is estimated based on [New York Department of Labor data](#) for the Hudson Valley adjusted for inflation.

- 5) The additional annual costs to local government for providing highway maintenance and other non-educational services in the Town of Bethel are estimated at \$2,344 for each new resident attracted (\$5,860 per household). This is based on an estimated county and town tax levy of \$9,746,387 based on

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2017 figures plus 3.0% (some 1.5% per year since 2017), divided by a Town of Bethel population of roughly 4,150 persons.

It is assumed one-third of employees or no more than one person will be new to Sullivan County. Further applying a Department of Commerce RIMS II multiplier of 1.4273 (the estimated output multiplier for New York State for “other amusement and recreation industries”), the project will produce an estimated maximum of one new family households (3 jobs x 33% new households x 31% family households x 1.4273), with a cost of approximately \$5,860 annually in non-educational local government services each.



It is assumed, based on the *Sullivan County Cost of Community Services Study*,

that 82.6% or \$4,843 per household would be covered from taxes paid by the new residents, leaving \$1,017 per household as the net cost for town and county services. This is the ratio of costs of services to tax revenues for residential development in the Town of Bethel.

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This is to say every new household, viewed independently of the businesses employing its members, theoretically generates a net tax loss for the community. This strict interpretation provides for a conservative analysis of benefits versus costs, but it is also important to remember the commercial rates would not exist without the employees required to run the business or residential customers for its products. The value of costs of services data is limited to analyzing the likely tax impacts of projects, as it is being used in this instance.

- 6) School costs are based on the 0.40 children per household average for Sullivan County in 2016 times a total cost of \$21,507 per student, the latest estimated average figure for the Sullivan West Central District where the project is located (real estate levy net of state aid with adjustment for inflation divided by estimated 1,007 enrollment). A maximum of one added student per five years is projected.

- 7) Sales taxes attributable to the increased buying power generated by the new payroll the facility will produce are included among benefits the project will create, along with sales taxes based on the following projected taxable sales:

Projected Taxable Sales						
	Days Open	Camp Sites	Occupancy Rate	Annual Campers	Sales Per Site	Projected Sales
Merchandise	140	152	65%	13,832.0	\$25	\$345,800
Total Projected Taxable Sales						\$345,800

- 8) No room tax revenue is anticipated as campsite rentals do not appear to be subject to the Sullivan County room tax or sales tax (see New York State Department of Taxation and Finance Publication No. 848).

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- 9) Cash flow streams from benefits and costs are net present valued using a discount rate of 2.472% ([current interest rate on the public debt](#)). Net present value figures include actual costs of abatements and other costs for 2018 plus discounted values for 2019-2038.
- 10) Current ad valorem real property tax rates within the Town of Bethel, Sullivan County, are as follows:

Tax Rates in Town of Bethel		
Tax Category	Rate (Before Equalization)	% of Market Value
Medicaid	4.153876	0.29%
NYS Welfare Mandates	1.619057	0.11%
Other NYS Mandates	3.505965	0.24%
County Levy	2.484672	0.17%
County Total	11.763570	0.82%
Town to Highway	9.289742	0.65%
Town Total	9.289742	0.65%
School Tax Rate*	21.002750	1.46%
Combined Total	42.056062	2.93%

* Estimated for 2019

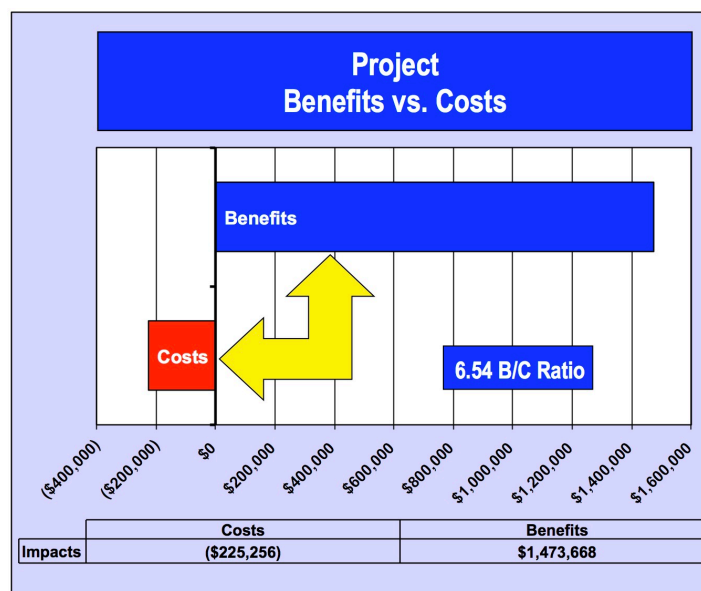
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Conclusion:

This project will generate costs of \$157,433 in mortgage, real property and sales tax abatements over the period of the standard PILOT agreement. Net present valued this equates to a total cost of \$139,314. There are an additional estimated \$10,419 of net school costs and \$75,523 of highway and related costs over this same period (net present valued), bringing total costs to \$225,256.

The project benefits consist of real estate taxes associated with improvements (\$153,613), the payroll gains (\$853,513), the sales taxes from those payroll gains (\$34,140) and the sales taxes from operations (\$432,402) which, altogether, at net present value, total \$1,474,668 combined over the analysis period.

This yields a positive benefit/cost ratio of 6.54.



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Project Cost/Benefit Analysis	
Costs (2018-2038)	
Sales Tax Abatements (County)	\$14,000
Sales Tax Abatements (State)	\$14,000
Mortgage Tax Abatements	\$4,250
Real Property Tax Reductions Net of 485-b Benefits	\$125,183
Sub-Total (Value of All Abatements) =	\$157,433
Net Present Value of Abatements*	\$139,314
Additional School Costs	\$10,419
Variable Highway & Other Municipal Costs	\$75,523
Total Costs (Net Present Value)=	\$225,256
Benefits (Net Present Value, 2018-2038)	
Property Taxes Related to Improvements	\$153,613
Sales Taxes (General - From Gains in Buying Power)	
County	\$17,070
State	\$17,070
Sales Taxes (From Operations)	
County	\$216,201
State	\$216,201
Sub-Total (Taxes/Charges) =	\$620,155
Personal Income Gains Related to New/Retained Jobs	\$597,991
Personal Income Gains Related to Multiplier Effects	\$255,522
Sub-Total (Income Gains) =	\$853,513
Total Benefits = \$1,473,668	
Gross Excess Benefits Over Costs = \$1,248,412	
Net of Abatements "Costs" and Income Gains=	\$534,213
Benefits to Costs Ratio = 6.54	

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Economic Analysis of Project and Requested Tax Abatement Program												
FISCAL YEAR	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
DESCRIPTION	1	2	3	4	5	6	7	8	9	10	11	12
Sales Tax Abatement	\$28,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Mortgage Tax Abatement	\$4,250	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Real Property Tax Abatement	\$0	\$8,549	\$9,545	\$10,569	\$11,621	\$12,703	\$11,972	\$11,217	\$10,437	\$9,630	\$8,797	\$7,937
Highway/Other Costs	\$4,541	\$4,541	\$4,541	\$4,541	\$4,541	\$4,541	\$4,541	\$4,541	\$4,541	\$4,541	\$4,541	\$4,541
School Costs	\$0	\$667	\$667	\$667	\$667	\$667	\$667	\$667	\$667	\$667	\$667	\$667
Real Property Taxes on New Property Value	\$0	\$0	\$0	\$0	\$0	\$0	\$1,842	\$3,739	\$5,693	\$7,704	\$9,775	\$11,906
Total Real Property Taxes Without Project	\$21,121	\$21,121	\$21,437	\$21,759	\$22,085	\$22,417	\$22,753	\$23,094	\$23,441	\$23,792	\$24,149	\$24,511
Total Real Property Taxes With Project	\$21,121	\$21,121	\$21,437	\$21,759	\$22,085	\$22,417	\$24,595	\$26,833	\$29,133	\$31,496	\$33,924	\$36,417
Personal Income - New/Retained Jobs	\$0	\$33,492	\$33,994	\$34,504	\$35,021	\$35,547	\$36,080	\$36,621	\$37,171	\$37,728	\$38,294	\$38,868
Indirect Income Benefits	\$0	\$14,311	\$14,526	\$14,744	\$14,965	\$15,189	\$15,417	\$15,648	\$15,883	\$16,121	\$16,363	\$16,608
Added Sales Tax (General)	\$0	\$1,912	\$1,941	\$1,970	\$1,999	\$2,029	\$2,060	\$2,091	\$2,122	\$2,154	\$2,186	\$2,219
Added Sales Tax (Operations)	\$0	\$27,664	\$27,664	\$27,664	\$27,664	\$27,664	\$27,664	\$27,664	\$27,664	\$27,664	\$27,664	\$27,664

Economic Analysis of Project and Requested Tax Abatement Program												
FISCAL YEAR	2030	2031	2032	2033	2034	2035	2036	2037	2038	TOTALS		
DESCRIPTION	13	14	15	16	17	18	19	20	21	Actual	NPV	NPV
Sales Tax Abatement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$28,000	\$28,000
Mortgage Tax Abatement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,250	\$4,250
Real Property Tax Abatement	\$6,042	\$4,088	\$2,075	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$125,183	\$107,064
Highway/Other Costs	\$4,541	\$4,541	\$4,541	\$4,541	\$4,541	\$4,541	\$4,541	\$4,541	\$4,541	\$4,541	\$95,365	\$75,523
School Costs	\$667	\$667	\$667	\$667	\$667	\$667	\$667	\$667	\$667	\$667	\$13,331	\$10,419
Real Property Taxes on New Property Value	\$14,098	\$16,354	\$18,674	\$21,060	\$21,376	\$21,697	\$22,022	\$22,353	\$22,688	\$22,981	\$220,981	\$153,613
Total Real Property Taxes Without Project	\$24,879	\$25,252	\$25,631	\$26,015	\$26,406	\$26,802	\$27,204	\$27,612	\$28,026	\$28,441	\$509,505	\$398,226
Total Real Property Taxes With Project	\$38,977	\$41,606	\$44,305	\$47,076	\$49,782	\$52,540	\$55,348	\$58,156	\$60,964	\$63,772	\$730,486	\$551,839
Personal Income - New/Retained Jobs	\$39,451	\$40,043	\$40,644	\$41,254	\$41,872	\$42,500	\$43,138	\$43,785	\$44,442	\$45,109	\$774,450	\$597,991
Indirect Income Benefits	\$16,858	\$17,110	\$17,367	\$17,628	\$17,892	\$18,160	\$18,433	\$18,709	\$18,990	\$19,272	\$330,922	\$255,522
Added Sales Tax (General)	\$2,252	\$2,286	\$2,320	\$2,355	\$2,391	\$2,426	\$2,463	\$2,500	\$2,537	\$2,574	\$44,215	\$34,141
Added Sales Tax (Operations)	\$27,664	\$27,664	\$27,664	\$27,664	\$27,664	\$27,664	\$27,664	\$27,664	\$27,664	\$27,664	\$553,280	\$432,401