

# Forestburgh Hospitality LLC

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

## Another Sky Camping



## Benefit/Cost Analysis

*Prepared by:*

**Shepstone Management Company, Inc.**  
**Planning & Research Consultants**

100 Fourth Street Honesdale, PA 18431

(570) 251-9550 FAX 251-9551

[www.shepstone.net](http://www.shepstone.net)

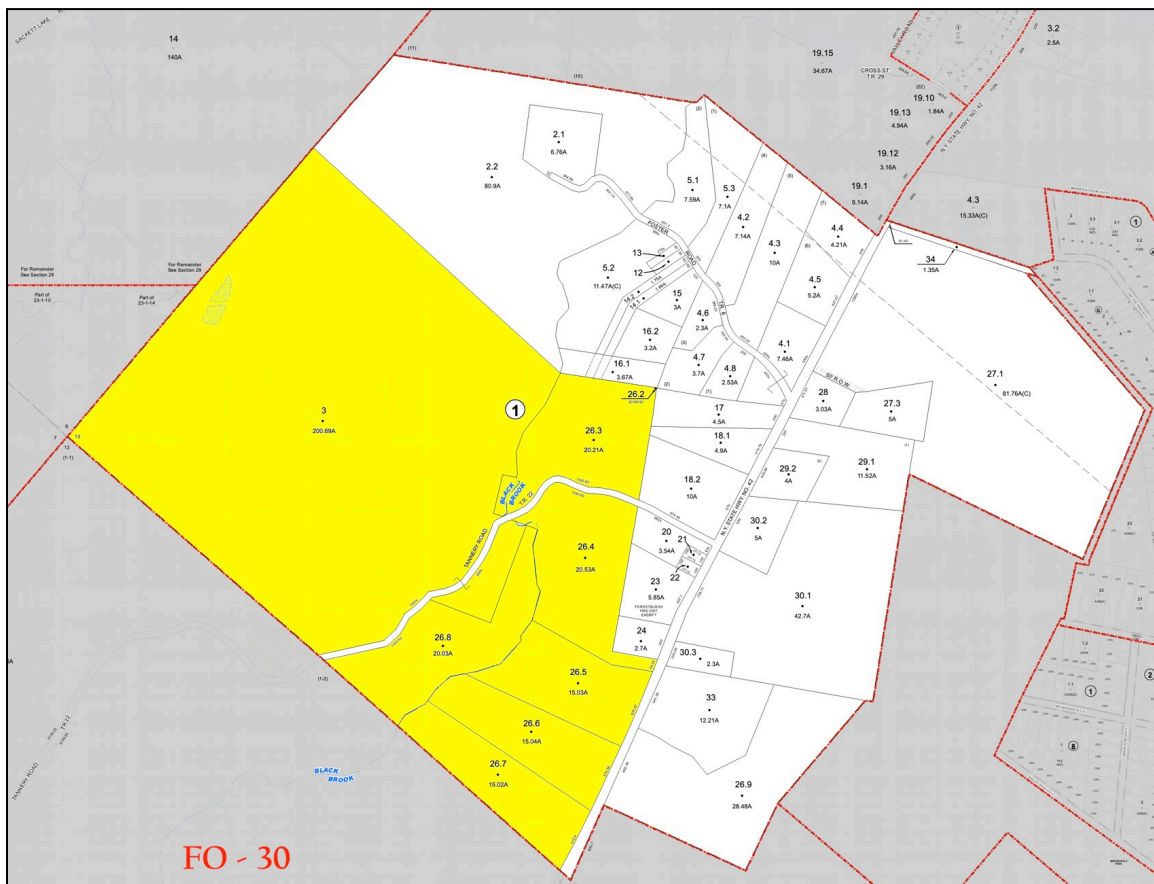
[mail@shepstone.net](mailto:mail@shepstone.net)

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# Forestburgh Hospitality LLC – Another Sky Camping Benefit/Cost Analysis

## Background:

Forestburgh Hospitality LLC (together with affiliated Forestburgh Property, LLC and Tent Days Forestburgh LLC) has applied for financial assistance for the development of 306± acres of land located at 80 Tannery Road in Forestburgh, New York. It is the site of a former golf course of the Town of Forestburgh (Tax Map Parcels 24-1-3; 24-1-26.3; 24-1-26.4; 24-1-26.5; 24-1-26.6; 24-1-26.7 and 24-1-26.8).



The project is the development of a campground resort known as [“Another Sky” camping](#). It will be a “glamping” (glamorous camping) type facility that will include a

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lodge operation for the sale of some food and beverages. Guests will stay in fully-assembled, canvas bell tents equipped with mattresses and bedding, and individual campfire rings and picnic tables. Nearby bathhouses will offer hot indoor and outdoor showers, bathrooms, and fresh filtered well water spigots. An onsite general store will provide produce and meats for guests to cook over campfires. There will also be common dining options. A lodge type facility will offer coffee and light meals. Outdoor activities for campers of all ages and skill levels will be offered as well.

The project involves an estimated \$1,042,500 in real property improvements. Real property is currently assessed at 100% of market value in the Town of Forestburgh, yielding an identical assessed value for the proposed improvements.

An estimated \$1,225,000 will be spent on otherwise sales taxable purchases and materials costs associated with the project. Forestburgh Hospitality, 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.

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

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## Methods and Assumptions:

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

- 1) This new construction project involves an estimated \$1,225,000 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 2019 with improvements becoming taxable for the 2021 tax year. 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.

<b>Tourist Industry Program Real Property Tax General Abatement Schedule</b>		
<b>Year</b>	<b>% Abated</b>	<b>PILOT %</b>
1	100.00%	0.00%
2	100.00%	0.00%
3	100.00%	0.00%
4	100.00%	0.00%
5	100.00%	0.00%
6	90.00%	10.00%
7	80.00%	20.00%
8	70.00%	30.00%
9	60.00%	40.00%
10	50.00%	50.00%
11	40.00%	60.00%
12	30.00%	70.00%
13	20.00%	80.00%
14	10.00%	90.00%
15	0.00%	100.00%

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- 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 \$3,000,000.
- 4) It is anticipated the Forestburgh Hospitality, LLC project will create 12 full-time equivalent (FTE) jobs. An average salary of \$35,000 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 Forestburgh are estimated at \$3,189 for each new resident attracted (\$7,972 per household). This is based on an estimated county and town tax levy of \$3,517,260 based on 2017 figures plus 6.0% (some 1.5% per year since 2017), divided by a Town of Forestburgh population of 1,103 persons (2017 Census estimate).



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It is assumed one-third of employees or no more than four persons 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 (12 FTE jobs x 33% new households x 31% family households x 1.4273), with a cost of approximately \$7,972 annually in non-educational local government services each.

It is assumed, based on the *Sullivan County Cost of Community Services Study*, that 63.7% or \$5,078 per household would be covered from taxes paid by the new residents, leaving \$2,894 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 Forestburgh.



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.

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- 6) School costs are based on the 0.40 children per household average for Sullivan County in 2016 times a total cost of \$15,179 per student, the latest estimated average figure for the Monticello Central District where the project is located (real estate levy net of state aid with adjustment for inflation divided by estimated 2,900 enrollment). A maximum of one added student per year 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. Sales of food, beverages and other miscellaneous items subject to sales tax are projected at \$2,000 per day for 150 days or \$300,000 annually.



- 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).
- 9) Cash flow streams from benefits and costs are net present valued using a discount rate of 2.522% ([current interest rate on the public debt](#)). Net present value figures include actual costs of abatements and other costs for the construction period plus discounted values for 2021-2040.

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10) Current ad valorem real property tax rates within the Town of Forestburgh, Sullivan County (adjusted for anticipated inflation), are as follows:

<b>Tax Rates in Town of Forestburgh</b>		
<b>Tax Category*</b>	<b>Rate (Before Equalization)</b>	<b>% of Market Value</b>
Medicaid	4.053953	0.41%
NYS Welfare Mandates	1.276372	0.13%
Other NYS Mandates	3.448252	0.34%
County Levy	2.314807	0.23%
<b>County Total</b>	<b>11.093384</b>	<b>1.11%</b>
Town to Highway	7.240982	0.72%
<b>Town Total</b>	<b>7.240982</b>	<b>0.72%</b>
<b>School Tax Rate</b>	<b>18.327310</b>	<b>1.83%</b>
<b>Combined Total</b>	<b>36.661676</b>	<b>3.67%</b>

\* Estimated for 2021

## Conclusion:

This project will generate costs of \$424,907 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 \$383,676. There are an additional estimated \$63,458 of net school costs and \$181,801 of highway and related costs over this same period (net present valued), bringing total costs to \$629,935.

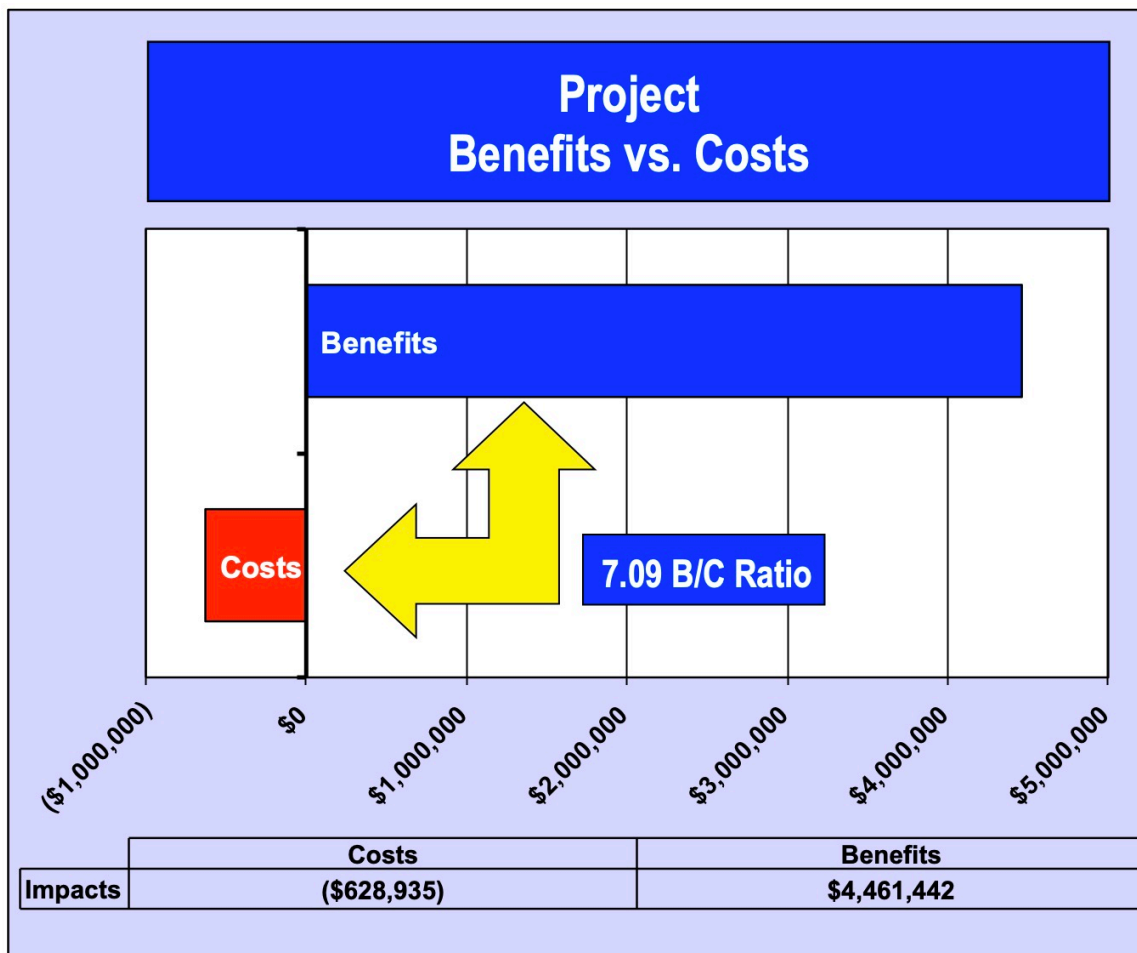
The project benefits consist of real estate taxes associated with improvements (\$340,921), the payroll gains (\$3,603,035), the sales taxes from those payroll gains



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(\$144,122) and the sales taxes from operations (\$858,406) which, altogether, at net present value, total \$4,461,442 combined over the analysis period.

This yields a positive benefit/cost ratio of 7.09.



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<b>Project Cost/Benefit Analysis</b>	
<b>Costs (2019-2040)</b>	
Sales Tax Abatements (County)	\$49,000
Sales Tax Abatements (State)	\$49,000
Mortgage Tax Abatements	\$30,000
Real Property Tax Reductions Net of 485-b Benefits	\$296,907
<b>Sub-Total (Value of All Abatements) =</b>	<b>\$424,907</b>
Net Present Value of Abatements*	\$383,676
Additional School Costs	\$63,458
Variable Highway & Other Municipal Costs	\$181,801
<b>Total Costs (Net Present Value)=</b>	<b>\$628,935</b>
<b>Benefits (Net Present Value, 2019-2040)</b>	
Property Taxes Related to Improvements	\$340,921
Sales Taxes (General - From Gains in Buying Power)	
County	\$72,061
State	\$72,061
Sales Taxes (From Operations)	
County	\$186,682
State	\$186,682
<b>Sub-Total (Taxes/Charges) =</b>	<b>\$858,406</b>
Personal Income Gains Related to New/Retained Jobs	\$2,524,372
Personal Income Gains Related to Multiplier Effects	\$1,078,664
<b>Sub-Total (Income Gains) =</b>	<b>\$3,603,035</b>
<b>Total Benefits =</b>	<b>\$4,461,442</b>
Gross Excess Benefits Over Costs =	\$3,832,507
<b>Net of Abatements "Costs" and Income Gains=</b>	<b>\$613,147</b>
<b>Benefits to Costs Ratio =</b>	<b>7.09</b>

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<b>Economic Analysis of Project and Requested Tax Abatement Program</b>												
DESCRIPTION	FISCAL YEAR											
	Construction Period	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Sales Tax Abatement	\$98,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Mortgage Tax Abatement	\$30,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Real Property Tax Abatement	\$17,077	\$19,110	\$21,336	\$23,625	\$25,978	\$28,396	\$26,763	\$25,075	\$23,330	\$21,527	\$19,665	\$17,742
Highway/Other Costs	\$10,980	\$10,980	\$10,980	\$10,980	\$10,980	\$10,980	\$10,980	\$10,980	\$10,980	\$10,980	\$10,980	\$10,980
School Costs	\$0	\$4,079	\$4,079	\$4,079	\$4,079	\$4,079	\$4,079	\$4,079	\$4,079	\$4,079	\$4,079	\$4,079
Real Property Taxes on New Property Value	\$0	\$0	\$0	\$0	\$0	\$0	\$4,117	\$8,358	\$12,725	\$17,222	\$21,850	\$26,613
Personal Income - New/Retained Jobs	\$0	\$142,086	\$144,217	\$146,380	\$148,576	\$150,805	\$153,067	\$155,363	\$157,693	\$160,059	\$162,459	\$164,896
Indirect Income Benefits	\$0	\$60,713	\$61,624	\$62,548	\$63,487	\$64,439	\$65,405	\$66,387	\$67,382	\$68,393	\$69,419	\$70,460
Added Sales Tax (General)	\$0	\$8,112	\$8,234	\$8,357	\$8,483	\$8,610	\$8,739	\$8,870	\$9,003	\$9,138	\$9,275	\$9,414
Added Sales Tax (Operations)	\$0	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000

<b>Economic Analysis of Project and Requested Tax Abatement Program</b>													
DESCRIPTION	FISCAL YEAR											TOTALS	
	2032	2033	2034	2035	2036	2037	2038	2039	2040	Actual	NPV		
Sales Tax Abatement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$98,000	
Mortgage Tax Abatement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$30,000	
Real Property Tax Abatement	\$13,506	\$9,139	\$4,638	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$296,907	
Highway/Other Costs	\$10,980	\$10,980	\$10,980	\$10,980	\$10,980	\$10,980	\$10,980	\$10,980	\$10,980	\$10,980	\$10,980	\$230,589	
School Costs	\$4,079	\$4,079	\$4,079	\$4,079	\$4,079	\$4,079	\$4,079	\$4,079	\$4,079	\$4,079	\$4,079	\$81,583	
Real Property Taxes on New Property Value	\$31,515	\$36,557	\$41,744	\$47,077	\$47,784	\$48,500	\$49,228	\$49,966	\$50,716	\$51,471	\$52,222	\$340,921	
Personal Income - New/Retained Jobs	\$167,370	\$169,880	\$172,429	\$175,015	\$177,640	\$180,305	\$183,009	\$185,755	\$188,541	\$191,368	\$194,227	\$3,285,545	
Indirect Income Benefits	\$71,517	\$72,590	\$73,679	\$74,784	\$75,906	\$77,044	\$78,200	\$79,373	\$80,564	\$81,773	\$83,000	\$1,403,913	
Added Sales Tax (General)	\$9,555	\$9,689	\$9,844	\$9,992	\$10,142	\$10,294	\$10,448	\$10,605	\$10,764	\$10,923	\$11,083	\$187,578	
Added Sales Tax (Operations)	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$480,000	