

# **Veria Lifestyle, Inc./ YO1 Country Club, Inc.**

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

## **YO1 Country Club**



## **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)

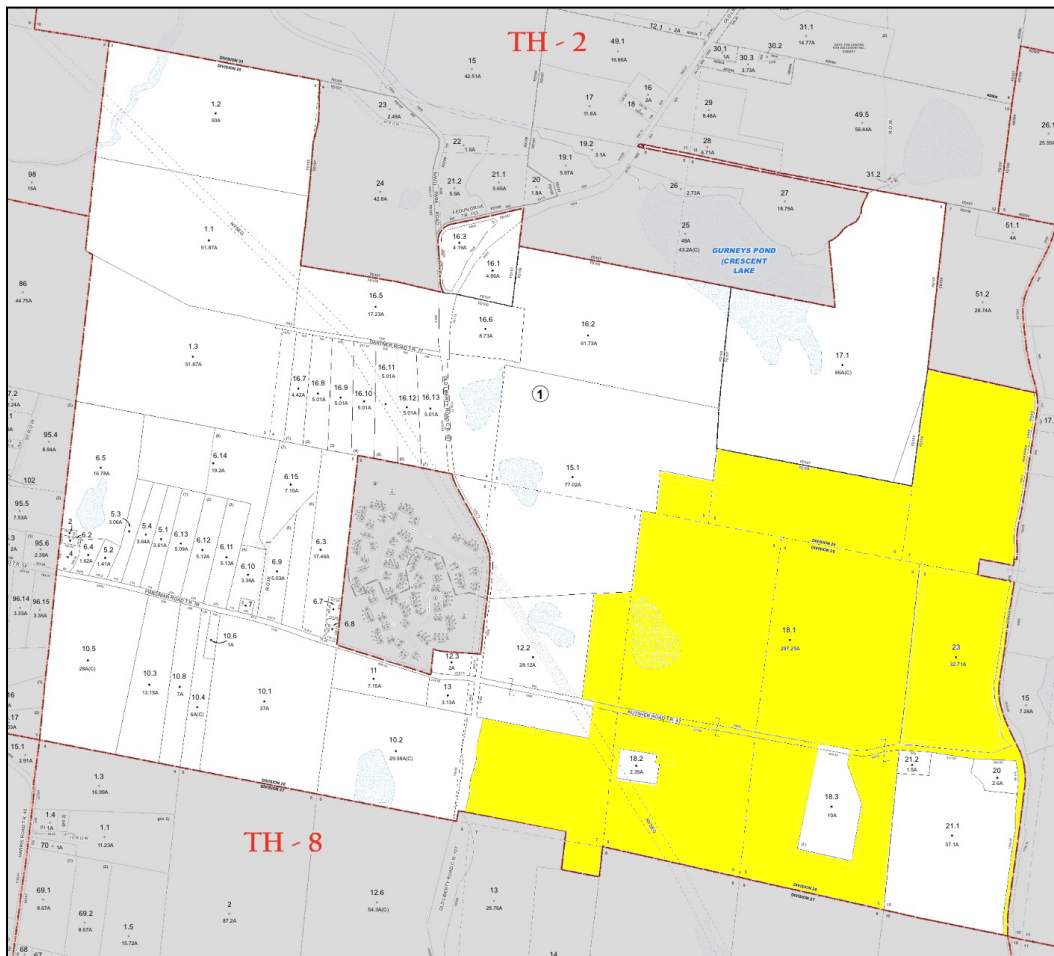
*February, 2019*

# Veria Lifestyle, Inc. / YO1 Country Club, Inc. Benefit/Cost Analysis

---

## Background:

YO1 Country Club has applied for financial assistance for the development of 329.96 acres of land located in the SR/Suburban Residential Zoning District of the Town of Thompson (Tax Map Parcels 5-1-18.1 and 5-1-23). The project involves the redevelopment of the former Kutsher's Country Club golf course and related facilities, which is managed by YO1 Country Club, Inc. Veria Lifestyle, Inc. is the title owner for the property that is subject to the Project.



# **Veria Lifestyle, Inc. / YO1 Country Club, Inc.**

## **Benefit/Cost Analysis**

---

The applicant will rebuild and equip the golf course for 18-hole play, and build one or more concrete platforms and other temporary and permanent structures that will support a pro-shop, golf cart storage, driving range, and indoor/outdoor banquets, outings and other events.

The project includes \$441,825 in real property improvements (the parcels already being under a PILOT agreement. An estimated \$265,095 will be spent on otherwise sales taxable purchases and materials costs associated with the project.

Real property is currently assessed at 86% of market value in the Town of Thompson, yielding an estimated future assessed value of \$379,970 for the proposed improvements. Veria Lifestyle, Inc./YO1 Country Club has applied to the County of Sullivan Industrial Development Agency (IDA) for real property 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.

# Veria Lifestyle, Inc. / YO1 Country Club, Inc. Benefit/Cost Analysis

---

## Methods and Assumptions:

The following methods and assumptions were used in the analysis of this project:

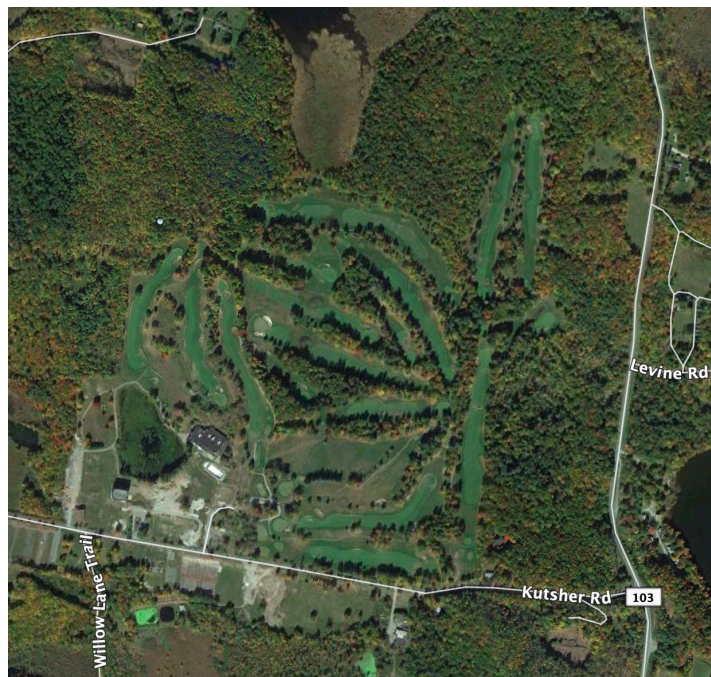
- 1) This new construction project involves an estimated \$265,095 in otherwise sales taxable material and equipment purchases.
  
- 2) It is assumed, for purposes of this analysis, that all project improvements will occur in 2019 with the facility becoming taxable in 2020. It is further assumed the IDA will approve a new PILOT agreement under the IDA's [Uniform Tax Exemption Policy Destination Resort Program \(§301.i\)](#); the PILOT to apply to the estimated costs of developing the property. The applicable IDA PILOT schedule follows. The base assessed value represents an allocation of the Town's current assessed value.

Tourist Industry Program Real Property Tax General Abatement Schedule						
Year	New Value	Equalized Value @ 86%	% Under \$485(b)	Adjusted Value	% Under PILOT	Value Under PILOT
2020	\$ 441,825	\$ 379,970	50%	\$ 189,985	100.0%	\$ -
2021	\$ 441,825	\$ 379,970	45%	\$ 208,983	100.0%	\$ -
2022	\$ 441,825	\$ 379,970	40%	\$ 227,982	100.0%	\$ -
2023	\$ 441,825	\$ 379,970	35%	\$ 246,980	100.0%	\$ -
2024	\$ 441,825	\$ 379,970	30%	\$ 265,979	100.0%	\$ -
2025	\$ 441,825	\$ 379,970	25%	\$ 284,977	100.0%	\$ -
2026	\$ 441,825	\$ 379,970	20%	\$ 303,976	100.0%	\$ -
2027	\$ 441,825	\$ 379,970	15%	\$ 322,974	100.0%	\$ -
2028	\$ 441,825	\$ 379,970	10%	\$ 341,973	87.5%	\$ 47,496
2029	\$ 441,825	\$ 379,970	5%	\$ 360,971	75.0%	\$ 94,992
2030	\$ 441,825	\$ 379,970	0%	\$ 379,970	62.5%	\$ 142,489
2031	\$ 441,825	\$ 379,970	0%	\$ 379,970	50.0%	\$ 189,985
2032	\$ 441,825	\$ 379,970	0%	\$ 379,970	37.5%	\$ 237,481
2033	\$ 441,825	\$ 379,970	0%	\$ 379,970	25.0%	\$ 284,977
2034	\$ 441,825	\$ 379,970	0%	\$ 379,970	12.5%	\$ 332,473
2035	\$ 441,825	\$ 379,970	0%	\$ 379,970	0.0%	\$ 379,970

## Veria Lifestyle, Inc. / YO1 Country Club, Inc. Benefit/Cost Analysis

---

- 3) According to the application to the IDA mortgage tax abatement is notv requested.
- 4) It is anticipated the YO1 Country Club project will save six 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 Thompson are estimated at \$1,816 for each new resident attracted (\$4,540 per household). This is based on an estimated county and town tax levy of \$15,362,486 based on 2017 figures plus 3.0% (some 1.5% per year since 2017), divided by an estimated Town of Thompson population of 8,459 persons.



## Veria Lifestyle, Inc. / YO1 Country Club, Inc. Benefit/Cost Analysis

---

It is assumed one-third of employees or no more than two 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 less than one new family household (6 jobs x 33% new households x 31% family households x 1.4273), with a cost of approximately \$4,540 annually in non-educational local government services each.

It is assumed, based on the *Sullivan County Cost of Community Services Study*, that 76.9% or \$3,493 per household would be covered from taxes paid by the new residents, leaving \$1,048 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 Thompson.

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 ratables 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 \$18,824 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



## Veria Lifestyle, Inc. / YO1 Country Club, Inc. Benefit/Cost Analysis

---

2,900 enrollment). A maximum of one added student per three years is projected for the project.

- 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.
- 8) Cash flow streams from benefits and costs are net present valued using a discount rate of 2.574% ([current interest rate on the public debt](#)) for 2020-2039 (five years beyond the PILOT period).
- 9) Current ad valorem real property tax rates within the Town of Thompson, Sullivan County, are as follows:

<b>Tax Rates in Town of Thompson</b>		
<b>Tax Category (Estimated 2020)</b>	<b>% of Assessed Value</b>	<b>% of Market Value</b>
Medicaid	3.430666	0.30%
NYS Welfare Mandates	1.080133	0.09%
Other NYS Mandates	2.918091	0.25%
County Levy	1.958911	0.17%
<b>County Total</b>	<b>9.387801</b>	<b>0.81%</b>
Town to Highway, etc.	5.529640	0.48%
<b>Town Total</b>	<b>5.529640</b>	<b>0.48%</b>
<b>School Tax Rate</b>	<b>21.950124</b>	<b>1.89%</b>
<b>Combined Total</b>	<b>36.867566</b>	<b>3.17%</b>

# Veria Lifestyle, Inc. / YO1 Country Club, Inc.

## Benefit/Cost Analysis

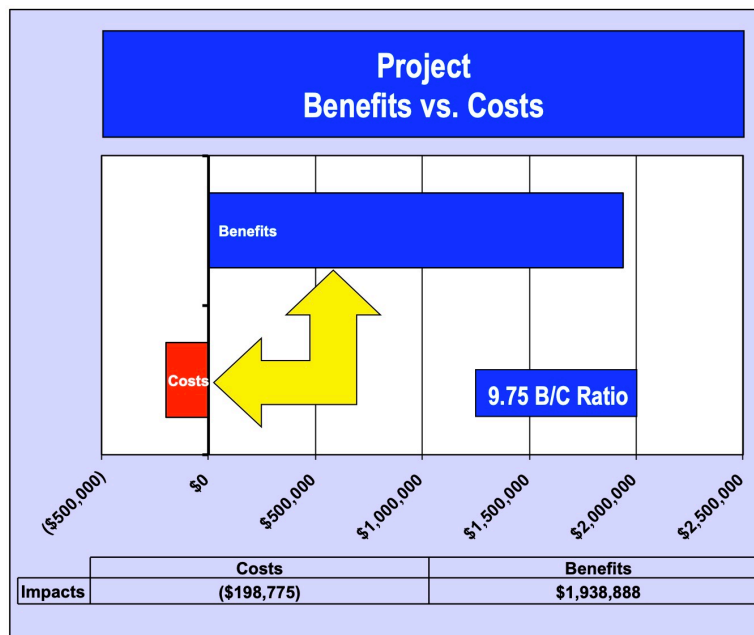
---

### Conclusion:

This project will generate costs of \$151,391 in real property and sales tax abatements over the period of the standard PILOT agreement. Net present valued this equates to a total cost of \$127,906. There are an additional estimated \$24,018 of net school costs and \$46,850 of highway and related costs over this same period (net present valued), bringing total costs to \$198,775.

The project benefits consist of real estate taxes associated with improvements (\$74,936), the payroll gains (\$1,792,262) and the sales taxes from those payroll gains (\$71,690) which, altogether, at net present value, total \$1,740,113 combined over the analysis period.

This yields a positive benefit/cost ratio of 9.75.





# Veria Lifestyle, Inc. / YO1 Country Club, Inc. Benefit/Cost Analysis

<b>Project Cost/Benefit Analysis</b>	
<b>Costs (2019-2039)</b>	
Sales Tax Abatements (County)	\$10,604
Sales Tax Abatements (State)	\$10,604
Mortgage Tax Abatements	\$0
Real Property Tax Reductions Net of 485-b Benefits	\$130,184
<b>Sub-Total (Value of All Abatements) =</b>	<b>\$151,391</b>
Net Present Value of Abatements*	\$127,906
Additional School Costs	\$24,018
Variable Highway & Other Municipal Costs	\$46,850
<b>Total Costs (Net Present Value)=</b>	<b>\$198,775</b>
<b>Benefits (Net Present Value, 2019-2039)</b>	
Property Taxes Related to Improvements	\$74,936
Sales Taxes (General - From Gains in Buying Power)	
County	\$35,845
State	\$35,845
Sales Taxes (From Operations)	
County	\$0
State	\$0
<b>Sub-Total (Taxes/Charges) =</b>	<b>\$146,626</b>
Personal Income Gains Related to New/Retained Jobs	\$1,255,701
Personal Income Gains Related to Multiplier Effects	\$536,561
<b>Sub-Total (Income Gains) =</b>	<b>\$1,792,262</b>
<b>Total Benefits =</b>	<b>\$1,938,888</b>
Gross Excess Benefits Over Costs =	\$1,740,113
<b>Net of Abatements "Costs" and Income Gains=</b>	<b>\$75,758</b>
<b>Benefits to Costs Ratio =</b>	<b>9.75</b>

# Veria Lifestyle, Inc. / YO1 Country Club, Inc.

## Benefit/Cost Analysis

Economic Analysis of Project and Requested Tax Abatement Program													
	FISCAL YEAR	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
DESCRIPTION	1	2	3	4	5	6	7	8	9	10	11	12	
Sales Tax Abatement	\$21,208	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Mortgage Tax Abatement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Real Property Tax Abatement	\$0	\$6,024	\$6,725	\$7,447	\$8,188	\$8,951	\$9,734	\$10,538	\$11,365	\$12,214	\$11,364	\$11,364	\$10,486
Highway/Other Costs	\$2,843	\$2,843	\$2,843	\$2,843	\$2,843	\$2,843	\$2,843	\$2,843	\$2,843	\$2,843	\$2,843	\$2,843	\$2,843
School Costs	\$0	\$1,552	\$1,552	\$1,552	\$1,552	\$1,552	\$1,552	\$1,552	\$1,552	\$1,552	\$1,552	\$1,552	\$1,552
Real Property Taxes on New Property Value	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,722	\$3,495	\$0
Total Real Property Taxes Without Project	\$22,828	\$22,828	\$23,171	\$23,518	\$23,871	\$24,229	\$24,593	\$24,962	\$25,336	\$25,716	\$26,102	\$26,493	\$26,493
Total Real Property Taxes With Project	\$22,828	\$22,828	\$23,171	\$23,518	\$23,871	\$24,229	\$24,593	\$24,962	\$25,336	\$25,716	\$27,824	\$29,989	\$29,989
Personal Income - New/Retained Jobs	\$0	\$71,043	\$72,109	\$73,190	\$74,288	\$75,402	\$76,533	\$77,681	\$78,847	\$80,029	\$81,230	\$82,448	\$82,448
Indirect Income Benefits	\$0	\$30,357	\$30,812	\$31,274	\$31,743	\$32,219	\$32,703	\$33,193	\$33,691	\$34,197	\$34,709	\$35,230	\$35,230
Added Sales Tax (General)	\$0	\$4,056	\$4,117	\$4,179	\$4,241	\$4,305	\$4,369	\$4,435	\$4,502	\$4,569	\$4,638	\$4,707	\$4,707
Added Sales Tax (Operations)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Economic Analysis of Project and Requested Tax Abatement Program												
DESCRIPTION	FISCAL YEAR	2031	2032	2033	2034	2035	2036	2037	2038	2039	TOTALS	
		13	14	15	16	17	18	19	20	21	Actual	NPV
Sales Tax Abatement		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$21,208	\$21,208
Mortgage Tax Abatement		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Real Property Tax Abatement		\$8,869	\$7,202	\$5,483	\$3,710	\$1,883	\$0	\$0	\$0	\$0	\$130,184	\$106,699
Highway/Other Costs		\$2,843	\$2,843	\$2,843	\$2,843	\$2,843	\$2,843	\$2,843	\$2,843	\$2,843	\$59,697	\$46,850
School Costs		\$1,552	\$1,552	\$1,552	\$1,552	\$1,552	\$1,552	\$1,552	\$1,552	\$1,552	\$31,030	\$24,018
Real Property Taxes on New Property Value		\$5,322	\$7,202	\$9,138	\$11,130	\$13,179	\$15,288	\$15,517	\$15,750	\$15,986	\$113,729	\$74,936
Total Real Property Taxes Without Project		\$26,891	\$27,294	\$27,703	\$28,119	\$28,541	\$28,969	\$29,403	\$29,844	\$30,292	\$550,705	\$426,326
Total Real Property Taxes With Project		\$32,212	\$34,496	\$36,841	\$39,249	\$41,720	\$44,257	\$46,921	\$49,694	\$52,478	\$664,433	\$501,262
Personal Income - New/Retained Jobs		\$83,685	\$84,940	\$86,214	\$87,507	\$88,820	\$90,152	\$91,505	\$92,877	\$94,270	\$1,642,772	\$1,255,701
Indirect Income Benefits		\$35,759	\$36,295	\$36,839	\$37,392	\$37,953	\$38,522	\$39,100	\$39,686	\$40,282	\$701,957	\$536,561
Added Sales Tax (General)		\$4,778	\$4,849	\$4,922	\$4,996	\$5,071	\$5,147	\$5,224	\$5,303	\$5,382	\$93,789	\$71,690
Added Sales Tax (Operations)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0