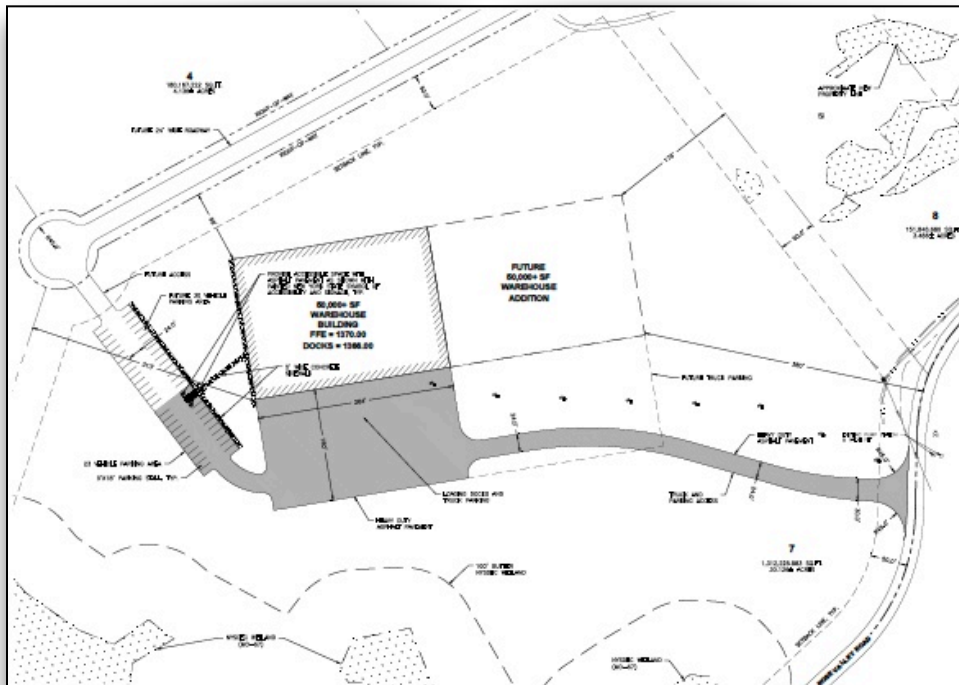


Monticello Industrial Park LLC

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

Monticello Industrial Park



Benefit/Cost Analysis

Prepared by:

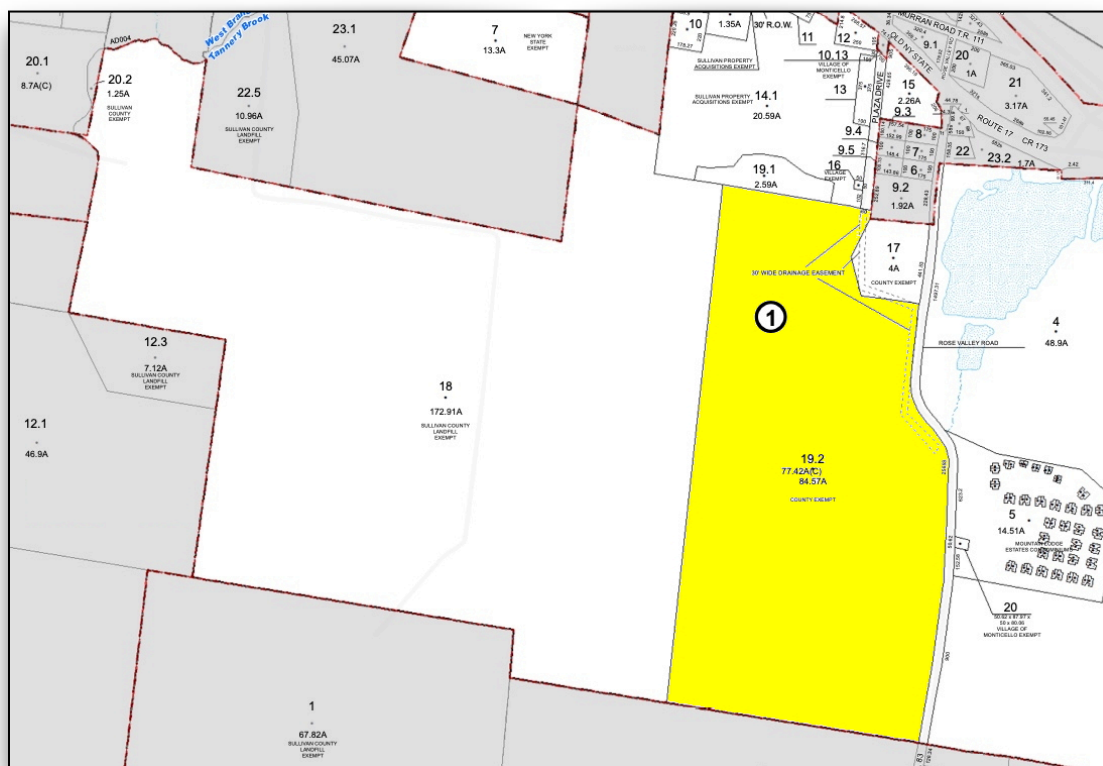
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September, 2022

Monticello Industrial Park LLC Benefit/Cost Analysis

Background:

Monticello Industrial Park LLC has applied for financial assistance for the development of industrial park infrastructure located on 84± acres of land (Parcel 130-1-19.2) located in the Village of Monticello, Town of Thompson, on which it is creating nine industrial lots.



The project involves an applicant estimated \$2,130,000 in costs related to real property improvements in the way of road and other infrastructure (but not including a proposed building for which site plan approval has been obtained from the Village Planning Board. An estimated 60% or \$1,278,000 will be spent on otherwise sales-taxable material purchases. It is anticipated this new real property will have an equalized assessed value of \$1,320,600.

Monticello Industrial Park LLC

Benefit/Cost Analysis

Monticello Industrial Park 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 conclusions reached regarding benefits and costs related to IDA assistance.

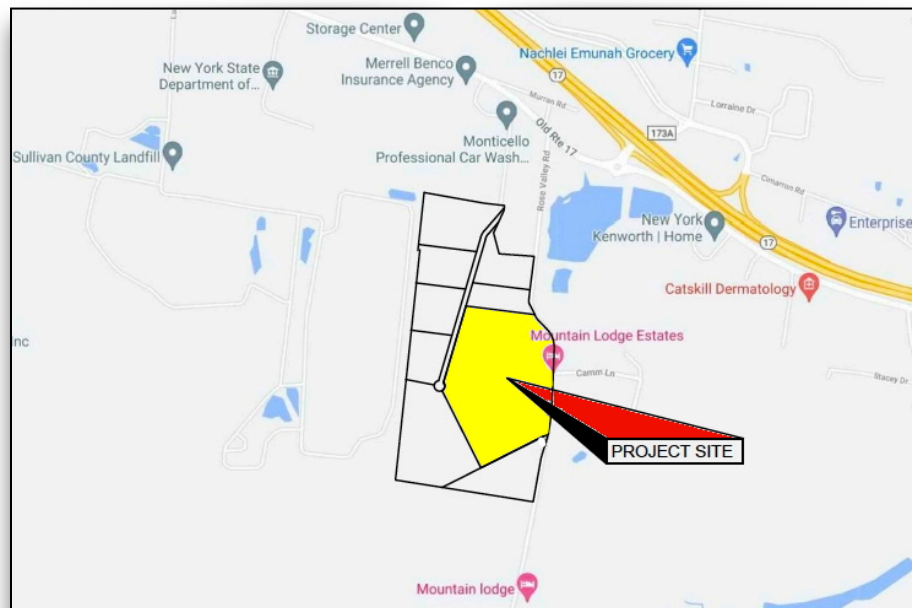
Monticello Industrial Park LLC

Benefit/Cost Analysis

Methods and Assumptions:

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

- 1) This new construction project involves an estimated \$1,278,000 in otherwise sales taxable material purchases (assuming 60% material costs for \$2,130,000 of real property improvements).
- 2) It is assumed, for purposes of this analysis, that all project construction activities will occur in 2022-23 with real property tax abatement beginning in 2024. It is further assumed the IDA will approve a MasterDevelopment and Agency Agreement under its Uniform Tax Exemption Policy §301.j Commercial/Industrial Park Program with 100% tax abatement to apply, for a period of 10 years, to the estimated value of improvements made to the existing real property.



Monticello Industrial Park LLC

Benefit/Cost Analysis

- 3) The application to the IDA indicates there will be a \$400,000 mortgage to which mortgage tax abatement will apply.
- 4) There are expected to be up to 20 full-time equivalent (FTE) construction jobs created at an average salary of \$42,500 for the construction period. An economic multiplier of 1.50 is applied to these construction salaries for purposes of calculating personal income benefits and sales attributable to increased buying power, assuming 50% of construction jobs are local residents.
- 5) The annual costs to local government for providing highway maintenance and other non-educational services and supporting schools in the Village of Monticello are expected to be zero because construction employment is unlikely to generate any new residents.
- 6) Cash flow streams from benefits and costs are net present valued using a discount rate of 1.971% ([current interest rate on the public debt](#)). Net present value figures include actual costs of abatements and other costs for 2022-2023 (construction period) plus discounted values for 2024-2042.
- 9) Current ad valorem real property tax rates within the Village of Monticello, Sullivan County, are listed in the table to the right:

Tax Rates		
Tax Category	Rate (Before Equalization)	% of Assessed Value
Medicaid	2.992440	0.30%
NYS Welfare Mandates	1.530402	0.15%
Other NYS Mandates	2.884394	0.29%
County Levy	3.245727	0.32%
County Total	10.652963	1.07%
Town to Highway	2.315895	0.23%
Town Total	2.315895	0.23%
Village Tax	24.980000	2.50%
Village Total	24.980000	2.50%
School Tax Rate	21.113386	2.11%
Combined Total	59.062244	5.91%

Monticello Industrial Park LLC

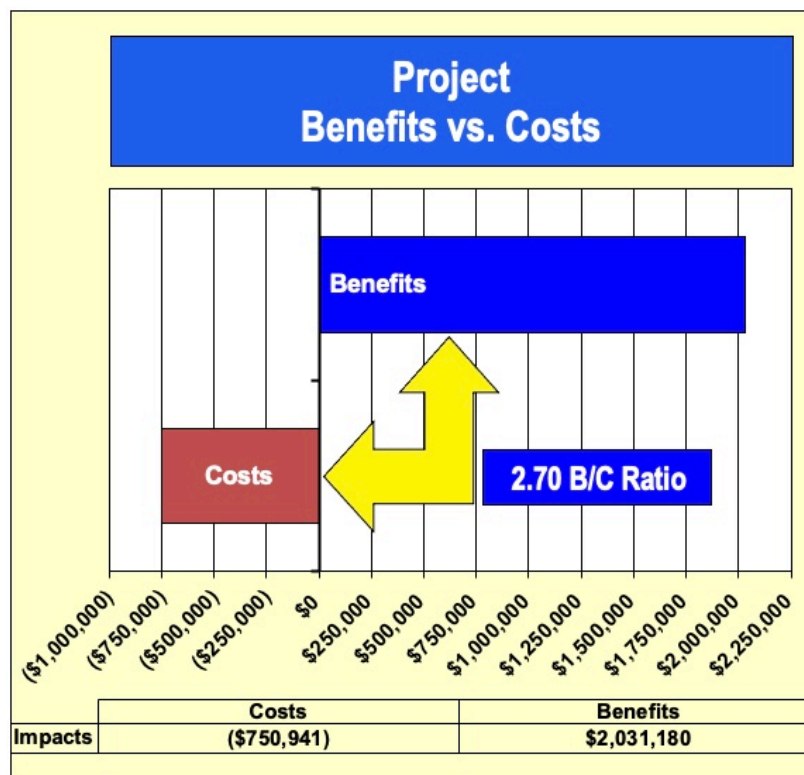
Benefit/Cost Analysis

Conclusion:

This project will generate estimated costs of \$841,903 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 \$750,941.

The project benefits consist of real property taxes associated with improvements (\$705,180), construction payroll gains (\$1,275,000) and sales taxes from those payroll gains (\$51,000), that, altogether, at net present value, total \$2,031,180 combined over the analysis period.

This yields a positive benefit/cost ratio of 2.70.



Monticello Industrial Park LLC

Benefit/Cost Analysis

Project Cost/Benefit Analysis	
Costs (2022/23-2043)	
Sales Tax Abatements (County)	\$51,120
Sales Tax Abatements (State)	\$51,120
Mortgage Tax Abatements	\$4,000
Real Property Tax Reductions Net of 485-b Benefits	\$735,663
Sub-Total (Value of All Abatements) =	\$841,903
Net Present Value of Abatements	\$750,941
Additional School Costs	\$0
Variable Highway & Other Municipal Costs	\$0
Total Costs (Net Present Value)=	\$750,941
Benefits (Net Present Value, 2022-2044)	
Property Taxes Related to Improvements	\$705,180
Sales Taxes (General - From Gains in Buying Power)	
County	\$25,500
State	\$25,500
Sub-Total =	\$756,180
Personal Income Gains Related to New Jobs	\$850,000
Personal Income Gains Related to Multiplier Effects	\$425,000
Sub-Total (Income Gains) =	\$1,275,000
Total Benefits =	\$2,031,180
Gross Excess Benefits Over Costs =	\$1,280,238
Benefits to Costs Ratio = 2.70	

Monticello Industrial Park LLC

Benefit/Cost Analysis

Economic Analysis of Project and Requested Tax Abatement Program													
DESCRIPTION	FISCAL YEAR	Construct / Startup	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
		1	2	3	4	5	6	7	8	9	10	11	
Sales Tax Abatement		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Mortgage Tax Abatement		\$4,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Real Property Tax Abatement		\$0	\$39,779	\$44,632	\$49,663	\$54,878	\$60,281	\$65,878	\$71,676	\$77,679	\$83,883	\$90,325	\$96,980
Highway/Other Costs		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School Costs		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Real Property Taxes on New Property Value		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Real Property Taxes Without Project		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Real Property Taxes With Project		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Personal Income - Construction Employment		\$850,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Indirect Income Benefits		\$425,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Added Sales Tax (General)		\$51,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Added Sales Tax (Operations)		\$19,040	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Room Tax		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Economic Analysis of Project and Requested Tax Abatement Program												
DESCRIPTION	FISCAL YEAR	2035	2036	2037	2038	2039	2040	2041	2042	2043	TOTALS	
		12	13	14	15	16	17	18	19	20	Actual	NPV
Sales Tax Abatement		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$102,240	\$102,240
Mortgage Tax Abatement		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,000	\$4,000
Real Property Tax Abatement		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$735,663	\$644,701
Highway/Other Costs		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School Costs		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Real Property Taxes on New Property Value		\$98,920	\$100,888	\$102,916	\$104,974	\$107,074	\$109,215	\$111,400	\$113,628	\$115,900	\$964,926	\$705,180
Total Real Property Taxes Without Project		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Real Property Taxes With Project		\$98,920	\$100,888	\$102,916	\$104,974	\$107,074	\$109,215	\$111,400	\$113,628	\$115,900	\$964,926	\$705,180
Personal Income - Construction Employment		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$850,000	\$850,000
Indirect Income Benefits		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$425,000	\$425,000
Added Sales Tax (General)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$51,000	\$51,000
Added Sales Tax (Operations)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$19,040	\$19,040
Room Tax		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0