

Maude Crawford Realty, LLC Bridgeville Ski Company, Inc.

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

Holiday Mountain Ski & Fun Park



Benefit/Cost Analysis

Prepared by:

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Background:

Maude Crawford Realty, LLC and Bridgeville Ski Company, Inc. (hereinafter referred to as "Holiday Mountain Ski & Fun Park") has applied for financial assistance for the purchase and upgrade of a facility of the same name in the Town of Thompson (Tax Map Parcel 32-2-59). The project, located at 99 Holiday Mountain Road, involves the rehabilitation of the existing ski area and fun park, including new snow-making equipment connected with underground piping improvements.



It is estimated \$5,000,000 will be invested, including \$2,500,000 to purchase the property (of which an estimated \$1,000,000 represents sales taxable personal property). Another \$2,500,000 is expected to be invested in improving the property, all

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of which is expected to represent sales taxable materials costs associated with the installation of new snow-making equipment and associated underground water piping. The investment in rehabilitation of the facility will, assuming 60% goes toward taxable real property improvements, and at a 62% equalization rate, yields an estimated \$930,000 of assessed value for new real property improvements. Maude Crawford Realty, LLC and Bridgeville Ski Company, Inc. have 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.



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

Methods and Assumptions:

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

- 1) The rehabilitation aspect of the project involves an estimated \$2,500,000 in sales taxable material and equipment purchases for snow-making equipment and associated underground piping connections. There is, additionally, an estimated \$1,000,000 of sales taxable of personal property that is part of the existing Holiday Mountain Ski & Fun Park acquisition, bringing the total sales taxable amount to \$3,500,000.

- 2) It is assumed, for purposes of this analysis, that all construction activities will occur in 2023. It is further assumed that the IDA will approve a PILOT Agreement under the IDA's [Uniform Tax Exemption Policy Tourism Industry Program](#), the PILOT to apply to the equalized assessed value of the real property (\$1,542,419) plus the estimated costs of improving the real property (\$1,500,000) times the 62% equalization rate for the Town of Thompson. The PILOT schedule is detailed in the table to the right.

Real Property Tax Abatement Schedule		
Year	% Abated	PILOT %
1	100.0%	0.0%
2	100.0%	0.0%
3	100.0%	0.0%
4	100.0%	0.0%
5	100.0%	0.0%
6	10.0%	90.0%
7	20.0%	80.0%
8	30.0%	70.0%
9	40.0%	60.0%
10	50.0%	50.0%
11	60.0%	40.0%
12	70.0%	30.0%
13	80.0%	20.0%
14	90.0%	10.0%
15	100.0%	0.0%

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- 3) It is assumed there will be a \$5,000,000 mortgage and mortgage tax abatement will be part of this project.
- 4) It is anticipated this Holiday Mountain Ski & Fun Park project will create or retain 16 new full-time equivalent jobs (40 seasonal part-time and 6 full-time) in Sullivan County at an average salary of \$43,125 per year (based upon \$7,500 per year for part-time and \$65,000 per year for full time).
- 5) Additional annual costs to local government for providing highway maintenance and other non-educational services in the Town of Thompson were estimated based on the annual tax levy per household with a total of six new households attracted (25% of employees x employment multiplier of 1.50).
- 6) Additional school costs are anticipated and are based on an estimated new 2-3 students at an average educational cost of \$16,056 net of state aid.
- 7) Sales taxes from operations are based on a very conservative estimate of \$5,000,000 per year of sales adjusted for inflation, with an estimated 50% being new to Sullivan County as the facility would not continue to operate at the same level without the IDA assistance.
- 8) Cash flow streams from benefits and costs are net present valued using a discount rate of 2.566% ([current interest rate on the public debt](#)). Net present value figures include actual costs of abatements and other costs for 2023 plus discounted values for 2024-2044.

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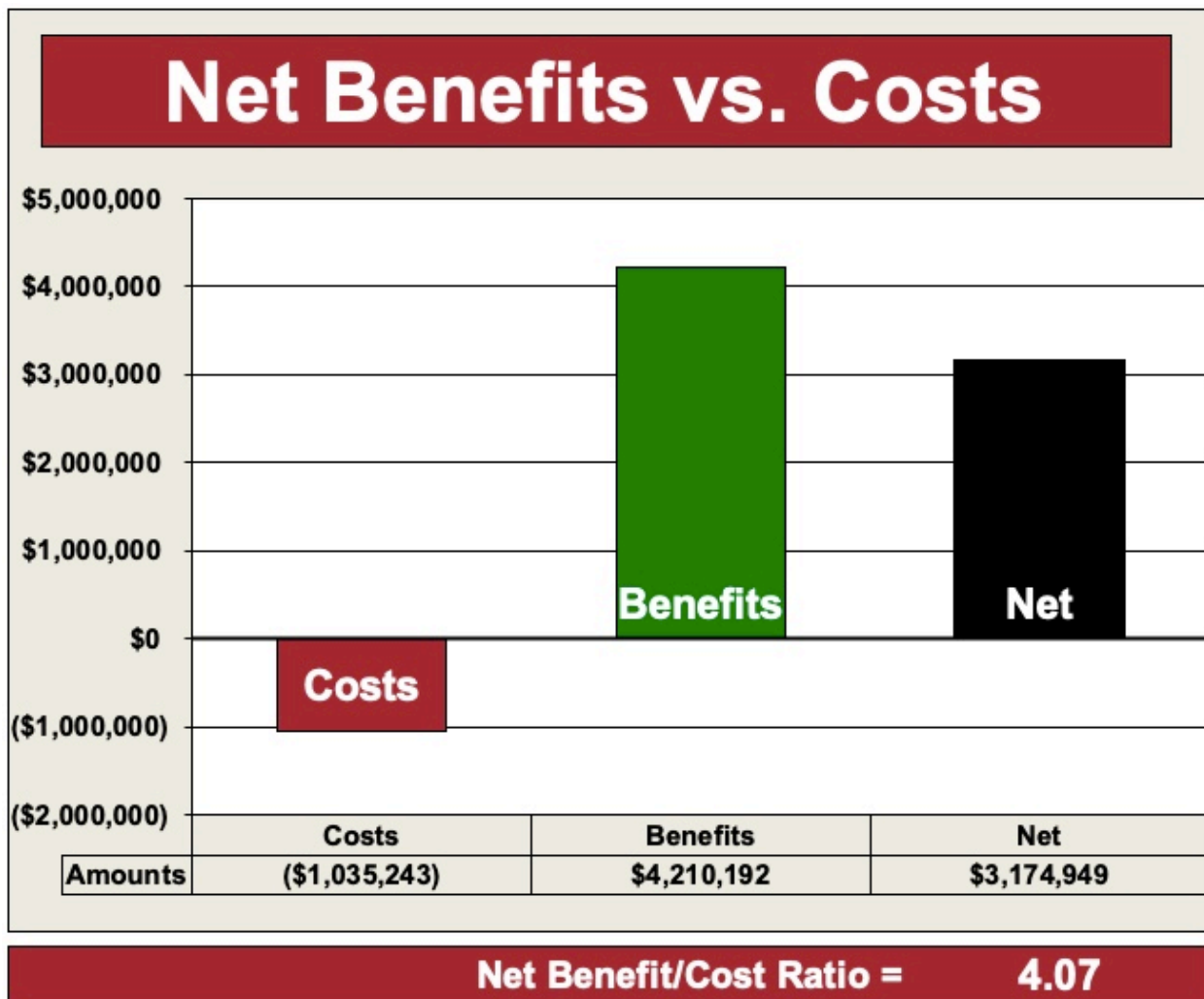
Conclusion:

This project will generate costs of \$550,697 in real property, mortgage and sales tax abatements over the period of the standard PILOT agreement plus five years. Net present value of this equates to a total cost of \$520,043. There are also estimated highway and other municipal costs that, net present value, amount to \$347,462 and school costs (\$167,737 at net present value).

The project benefits, net present value, consist of the new real property taxes that will be generated (\$362,517), the sales taxes from operations (\$3,847,675) and personal income gains, including multiplier effects, (\$3,318,620) total \$7,528,811 over the analysis period.

This yields a positive benefit/cost ratio of 7.27 to 1.00. Leaving aside personal income gains, the ratio is still 4.07 to 1.00.

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Cost/Benefit Analysis	
Costs (2023-2044)	
Sales Tax Abatements (County)	\$140,000
Sales Tax Abatements (State)	\$140,000
Mortgage Tax Abatements	\$50,000
Real Property Tax Reductions Net of 485-b Benefits	\$220,697
Sub-Total (Value of All Abatements) =	\$550,697
Net Present Value of Abatements	\$520,043
Additional School Costs	\$167,737
Variable Highway & Other Municipal Costs	\$347,462
Total Costs (Net Present Value)=	\$1,035,243
Benefits (Net Present Value, 2023-2044)	
Real Property Taxes	\$362,517
Sales Taxes (From Operations)	
County	\$1,923,837
State	\$1,923,837
Personal Income Gains (New and Retained Jobs)	\$3,318,620
Total Benefits =	\$7,528,811
Excess Benefits Over Costs =	\$6,493,569
Excess Benefits Over Costs (Net of Income Gains)=	\$3,174,949
Benefits to Costs Ratio =	7.27
Net Benefits to Costs Ratio =	4.07

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Economic Analysis of Project and Requested Tax Abatement Program												
FISCAL YEAR	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
DESCRIPTION	C1	1	2	3	4	5	6	7	8	9	10	11
Sales Tax Abatement	\$280,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Mortgage Tax Abatement	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Real Property Tax Abatement	\$0	\$17,406	\$19,529	\$21,730	\$24,012	\$22,608	\$21,139	\$19,601	\$17,994	\$16,315	\$14,561	\$12,730
Highway/Other Costs	\$0	\$18,771	\$19,147	\$19,529	\$19,920	\$20,318	\$20,725	\$21,139	\$21,562	\$21,993	\$22,433	\$22,882
School Costs	\$0	\$9,062	\$9,243	\$9,428	\$9,616	\$9,809	\$10,005	\$10,205	\$10,409	\$10,617	\$10,830	\$11,046
Real Property Taxes	\$0	\$0	\$0	\$0	\$0	\$3,768	\$7,687	\$11,761	\$15,995	\$20,393	\$24,961	\$29,704
Personal Income - New/Retained Jobs	\$0	\$175,950	\$183,058	\$186,720	\$190,454	\$194,263	\$198,148	\$202,111	\$206,153	\$210,277	\$214,482	\$218,772
Indirect Income Benefits	\$0	\$87,975	\$91,529	\$93,360	\$95,227	\$97,132	\$99,074	\$101,056	\$103,077	\$105,138	\$107,241	\$109,386
Accrued Sales Tax (Operators)	\$0	\$204,000	\$212,242	\$216,486	\$220,816	\$225,232	\$229,737	\$234,332	\$239,019	\$243,799	\$248,675	\$253,648

Economic Analysis of Project and Requested Tax Abatement Program												
FISCAL YEAR	2036	2037	2038	2039	2040	2041	2042	2043	2044	TOTALS		
DESCRIPTION	12	13	14	15	16	17	18	19	20	21	Actual	NPV
Sales Tax Abatement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$280,000	\$280,000
Mortgage Tax Abatement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$50,000	\$50,000
Real Property Tax Abatement	\$8,657	\$4,415	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$220,697	\$190,043
Highway/Other Costs	\$23,340	\$23,806	\$24,282	\$24,768	\$25,263	\$25,769	\$26,284	\$26,810	\$27,346	\$27,893	\$466,089	\$347,462
School Costs	\$11,267	\$11,492	\$11,722	\$11,957	\$12,196	\$12,440	\$12,689	\$12,942	\$13,201	\$13,465	\$220,177	\$167,737
Real Property Taxes	\$34,626	\$39,734	\$45,032	\$45,932	\$46,851	\$47,788	\$48,744	\$49,719	\$50,713	\$51,727	\$523,409	\$362,517
Personal Income - New/Retained Jobs	\$223,147	\$227,610	\$232,162	\$236,806	\$241,542	\$246,372	\$251,300	\$256,326	\$261,452	\$266,681	\$4,357,106	\$3,318,620
Indirect Income Benefits	\$111,574	\$113,805	\$116,081	\$118,403	\$120,771	\$123,186	\$125,650	\$128,163	\$130,726	\$133,341	\$2,178,553	\$1,659,310
Accrued Sales Tax (Operators)	\$258,721	\$263,896	\$269,174	\$274,557	\$280,048	\$285,649	\$291,362	\$297,189	\$303,133	\$309,196	\$5,051,717	\$3,847,675