

Catskill Veterinary Services, PLLC

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

Catskill Veterinary Clinic



Benefit/Cost Analysis

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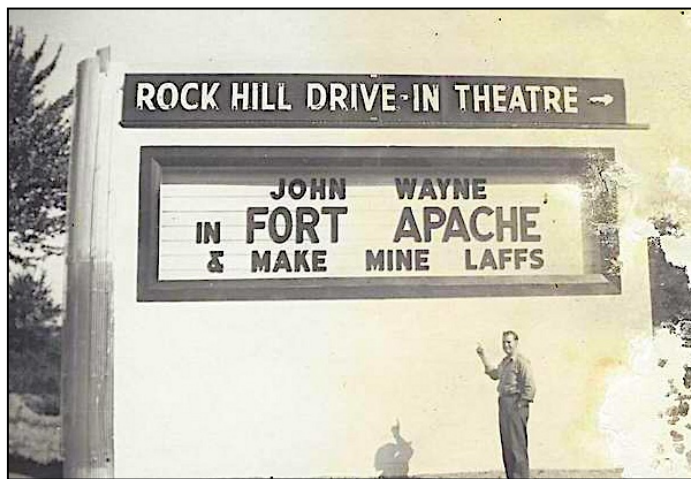
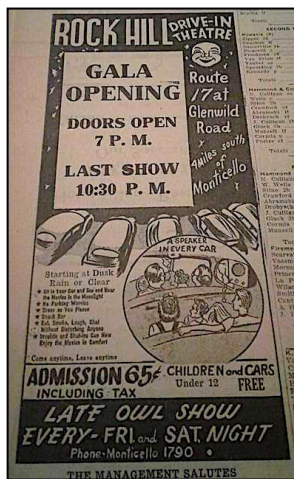
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Background:

Catskill Veterinary Services, PLLC has applied for financial assistance to develop a modern new Veterinary clinic of 20,000 square feet of total floor area, plus an outbuilding in the Town of Thompson. The clinic will be located on a 16.49 acre parcel (s/b/l 32.-1-14.1) at 23 Old Drive In Road, Rock Hill, New York. It was, as the address indicates, previously the site of a drive-in movie theater from 1950 to the 1970s:



THEN



NOW

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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.

Methods and Assumptions:

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

- 1) The existing base assessment is assumed not to change, as any change in this instance, where the purchase price substantially exceeds the current assessed full market value, would only improve the benefit/cost ratio. The projected assessment following proposed improvements is based on the average assessment of market value per square foot from a survey of assessments on other medical facilities in Sullivan County. This provides a rational basis for projecting the likely assessment of this property upon completion. The following table summarizes the data:

Parcel	Facility	Market Value	Square Feet	Per SF
48.-1-27	Animal Hospital of SC	\$860,867	6,806	\$126.49
49.-1-3.6	Wurtsboro Center	\$2,800,000	20,000	\$140.00
48.-1-5.4	Liberty Medical Group	\$1,316,042	8,680	\$151.62
7.-1-3	Jeff Animal Hospital	\$861,224	4,932	\$174.62
115.-6-29	Sun River Health	\$2,135,468	8,000	\$266.93
13.-2-2.1	Garnet	\$6,641,133	10,787	\$615.66
Totals/Average (All)		\$14,614,734	59,205	\$246.85
Totals/Average (Mid-Range)		\$7,112,734	41,612	\$170.93

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The data indicates a mid-range (absent the lowest and highest figures) average assessed market value of \$170.93 per square foot, which is rounded up to \$175 per square to account for an outbuilding. This yields a total full market value of \$3,500,000.

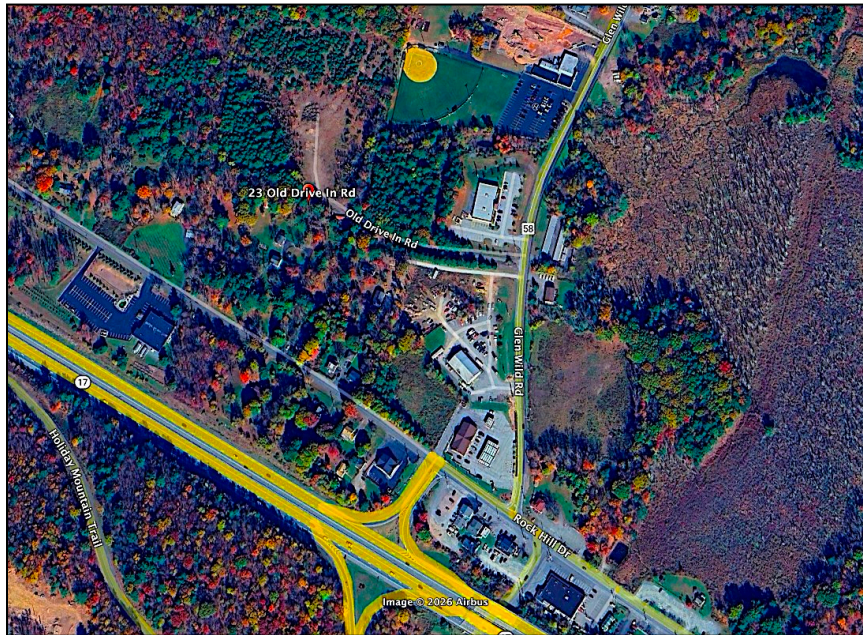
Further applying the 40.6% equalization rate for the Town of Thompson and leaving out the base value, this yields a projected assessment value for purposes of this analysis of approximately \$1,421,000 as applied to the value of added real property improvements.

- 2) Real property tax abatement has been requested by the Applicant under the IDA's Uniform Tax Exemption Policy (General Program), will apply to the projected assessment of \$1,421,000 on the net amount of real property improvements. The proposed property improvements will yield economic gains by virtue of the increased taxes on the new real property improvements, which are calculated as a benefit. Abated taxes are treated as a cost.
- 3) Current ad valorem real property tax rates within the Town of Thompson, Sullivan County, are listed in the table following:

Tax Rates	
Tax Category	Rate
Medicaid	2.9969
NYS Welfare Mandates	2.1152
Other NYS Mandates	3.5362
County Levy	2.5927
County Total	11.2410
Town Outside Village	2.1918
Town to Highway	2.2741
Town Total	4.4659
School Tax Rate	21.9594
Combined Total	37.6663

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- 4) This new construction project involves an estimated \$5,400,000 in costs for the construction of real property improvements. An estimated 60% of of construction costs or \$3,240,000 will be spent on otherwise sales-taxable material and \$750,000 of equipment will also be sales-tax-exempt.
- 5) It is assumed, for purposes of this analysis, that all project construction activities will occur in 2025-26 with real property tax abatement beginning in 2026.
- 6) The application to the IDA indicates there will be a \$9,300,000 mortgage to which mortgage tax abatement will apply.



- 7) There are expected to be up to 18 full-time equivalent (FTE) construction jobs created at an average salary of \$47,500 for the construction period. There are also an estimated 28

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new FTE permanent jobs to be created at an average salary of \$59,800. An economic multiplier of 2.10 typical for the veterinary industry, is applied to these salaries for purposes of calculating personal income benefits and sales attributable to increased buying power, assuming 75% of construction jobs are filled by local residents.



- 8) The annual costs to local government for providing highway maintenance and other non-educational services in the Town are based on a combined Town and County levy of \$15,852,816 divided by a population of 16,736, yielding a per capita cost of \$947 or \$2340 per household.
- 9) School costs are based on the 0.525 children per household average for Sullivan County in 2025 times a total cost (local tax levy) of \$18,000 per student, which is the latest estimated average figure for the Monticello Central District, where the project is located

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(levy divided by a 2,549 enrollment). A maximum of two additional students is projected.

- 10) Cash flow streams from benefits and costs are net present valued using a discount rate of 3.346% ([current interest rate on the public debt](#)). Net present value figures include actual costs of abatements and other costs for 2025-2026 (construction period) plus discounted values for 2026-2045.

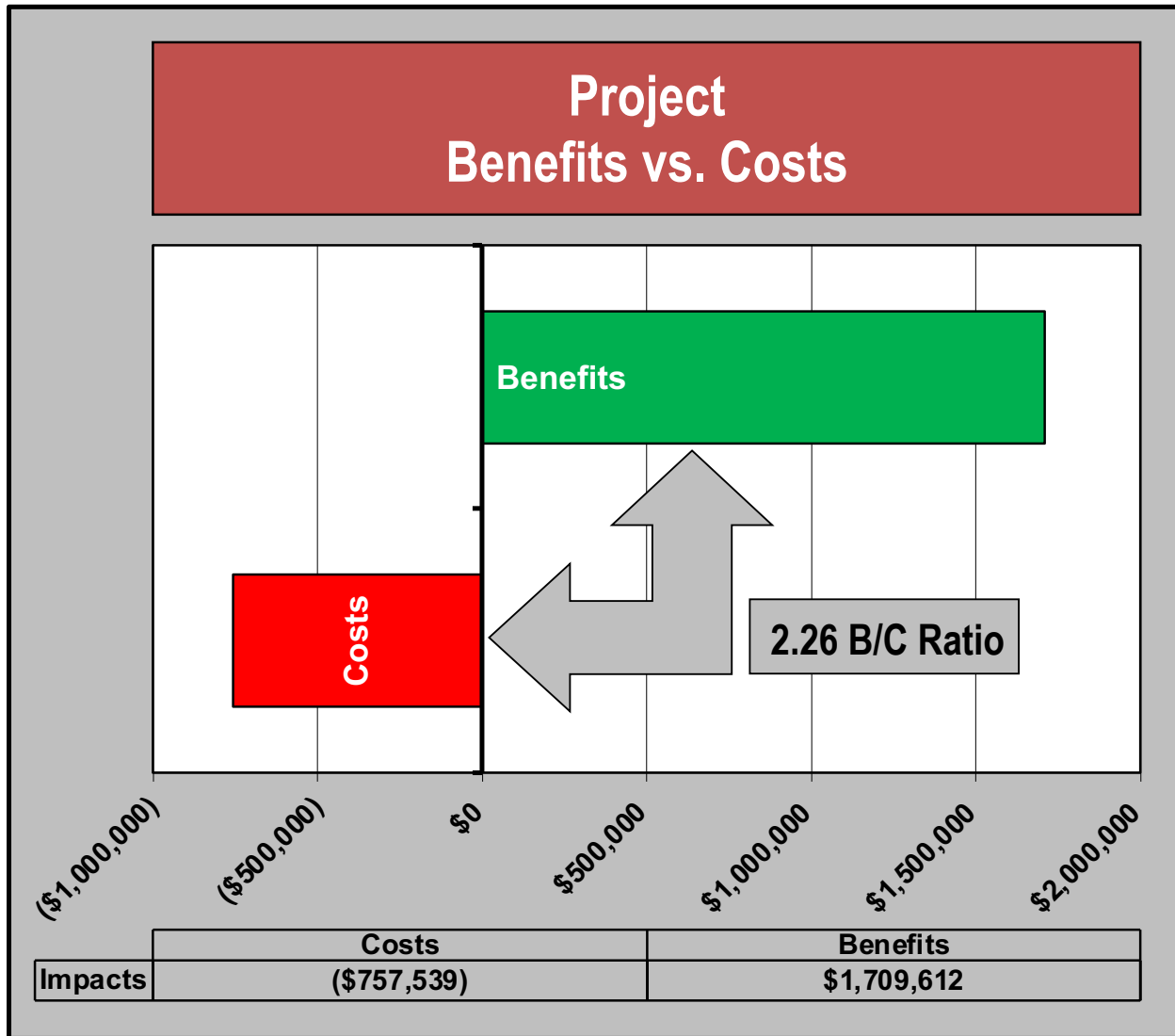
Conclusion:

This project will generate estimated costs at net present value of \$579,114 in mortgage, real property and sales tax abatements over the period of the standard PILOT agreement.

The net present valued project benefits consist of real property taxes associated with improvements (\$679,735), payroll gains (\$25,746,922), and sales taxes from those payroll gains (\$1,029,877) that, altogether, total \$26,776,799 combined over the analysis period. Leaving aside the personal income gains per se, the net present value of benefits amounts to \$279,088 compared to the costs.

This yields a positive benefit/cost ratio of 2.26. The ratio, which includes payroll gains, is 35.35.

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Project Cost/Benefit Analysis	
Costs (2025/26-2045)	
Sales Tax Abatements (County)	\$159,600
Sales Tax Abatements (State)	\$159,600
Mortgage Tax Abatements	\$93,000
Real Property Tax Reductions Net of 485-b Benefits	\$166,914
Sub-Total (Value of All Abatements) =	\$579,114
Net Present Value of Abatements	\$528,204
Additional School Costs	\$210,421
Variable Highway & Other Municipal Costs	\$18,914
Total Costs (Net Present Value)=	\$757,539
Benefits (Net Present Value, (2025/26-2045)	
Property Taxes Related to Improvements	\$679,735
Sales Taxes (General - From Gains in Buying Power)	
County	\$514,938
State	\$514,938
Sub-Total =	\$1,029,877
Personal Income Gains Related to New Jobs	\$12,260,439
Personal Income Gains Related to Multiplier Effects	\$13,486,483
Sub-Total (Income Gains) =	\$25,746,922
Total Benefits =	\$26,776,799
Gross Excess Benefits Over Costs =	\$26,019,260
Net Excess Benefits Over Costs =	\$272,337
Gross Benefits to Costs Ratio =	35.35
Net Benefits to Costs Ratio =	2.26

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Economic Analysis of Project and Requested Tax Abatement Program													
DESCRIPTION	FISCAL YEAR	Construct / Startup	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Sales Tax Abatement		\$319,200	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Mortgage Tax Abatement		\$93,000	\$0	\$0	\$2,840	\$4,345	\$5,909	\$7,535	\$9,222	\$10,975	\$12,793	\$14,680	\$16,638
Real Property Tax Abatement		\$0	\$0	\$1,392	\$2,840	\$4,345	\$5,909	\$7,535	\$9,222	\$10,975	\$12,793	\$14,680	\$16,638
Highway/Other Costs		\$1,024	\$1,044	\$1,065	\$1,086	\$1,108	\$1,130	\$1,153	\$1,176	\$1,199	\$1,223	\$1,248	\$1,273
School Costs		\$0	\$12,280	\$12,526	\$12,776	\$13,032	\$13,292	\$13,558	\$13,829	\$14,106	\$14,388	\$14,676	\$14,969
Real Property Taxes on New Property Value		\$0	\$27,297	\$29,235	\$31,240	\$33,313	\$35,457	\$37,673	\$39,963	\$42,330	\$44,776	\$47,303	\$49,913
Total Real Property Taxes Without Project		\$14,087	\$14,369	\$14,656	\$14,949	\$15,248	\$15,553	\$15,864	\$16,182	\$16,505	\$16,835	\$17,172	\$17,516
Total Real Property Taxes With Project		\$14,087	\$41,666	\$43,892	\$46,189	\$48,562	\$51,010	\$53,537	\$56,145	\$58,836	\$61,612	\$64,475	\$67,428
Personal Income - Construction Employment		\$855,000	\$665,616	\$678,928	\$692,507	\$706,357	\$720,484	\$734,884	\$749,592	\$764,584	\$779,875	\$795,473	\$811,382
Indirect Income Benefits		\$940,500	\$732,178	\$746,821	\$761,758	\$776,993	\$792,533	\$808,383	\$824,551	\$841,042	\$857,863	\$875,020	\$892,520
Added Sales Tax (General)		\$71,820	\$55,912	\$57,030	\$58,171	\$59,334	\$60,521	\$61,731	\$62,966	\$64,225	\$65,510	\$66,820	\$68,156

Economic Analysis of Project and Requested Tax Abatement Program												
DESCRIPTION	FISCAL YEAR	2037	2038	2039	2040	2041	2042	2043	2044	2045	TOTALS	
		12	13	14	15	16	17	18	19	20	Actual	NPV
Sales Tax Abatement		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$319,200	\$319,200
Mortgage Tax Abatement		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$93,000	\$93,000
Real Property Tax Abatement		\$15,273	\$13,848	\$12,359	\$10,805	\$9,185	\$7,495	\$5,733	\$3,899	\$1,988	\$166,914	\$116,004
Highway/Other Costs		\$1,298	\$1,324	\$1,351	\$1,378	\$1,405	\$1,433	\$1,462	\$1,491	\$1,521	\$26,392	\$18,914
School Costs		\$15,269	\$15,574	\$15,886	\$16,203	\$16,527	\$16,858	\$17,195	\$17,539	\$17,890	\$298,374	\$210,421
Real Property Taxes on New Property Value		\$52,608	\$55,391	\$58,264	\$61,231	\$64,292	\$67,452	\$70,712	\$74,075	\$77,545	\$1,000,070	\$679,735
Total Real Property Taxes Without Project		\$17,866	\$18,223	\$18,588	\$18,960	\$19,339	\$19,725	\$20,120	\$20,522	\$20,933	\$363,214	\$260,301
Total Real Property Taxes With Project		\$70,474	\$73,614	\$76,862	\$80,190	\$83,631	\$87,177	\$90,832	\$94,598	\$98,478	\$1,363,284	\$940,036
Personal Income - Construction Employment		\$827,610	\$844,162	\$861,045	\$878,266	\$895,831	\$913,748	\$932,023	\$950,664	\$969,677	\$17,027,718	\$12,260,439
Indirect Income Benefits		\$910,371	\$928,578	\$947,150	\$966,093	\$985,415	\$1,005,123	\$1,025,225	\$1,045,730	\$1,066,645	\$18,730,490	\$13,486,483
Added Sales Tax (General)		\$69,519	\$70,910	\$72,328	\$73,774	\$75,250	\$76,755	\$78,290	\$79,856	\$81,453	\$1,430,328	\$1,029,877

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