26 Holland Development, LLC

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

G&D Schoolhouse

Benefit/Cost Analysis

Prepared by:

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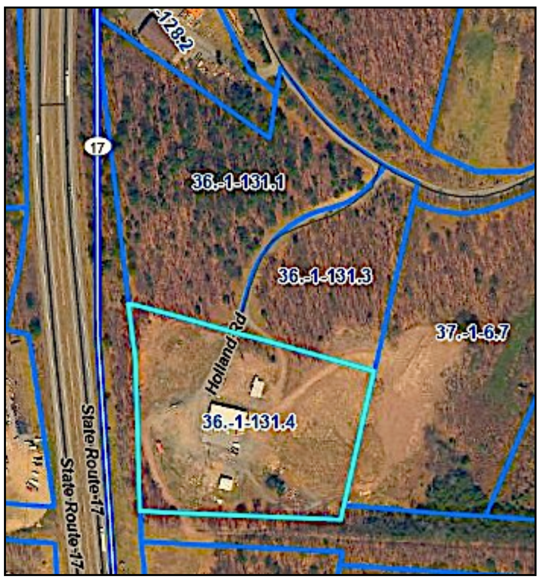
Background:

26 Holland Development, LLC and Gelsomino and Davis Speech, Occupational, Physical Therapy Services, PLLC have applied for financial assistance to acquire and develop four parcels (SBL 36.-1-131.1, 36.-1-131.3, 36.-1-131.4, and 37-1-67) at or adjacent to 26 Holland Road in Ferndale, within the Town of Liberty. This property will become the new home of G&D Schoolhouse, a private early childhood special education preschool now operating at the former White Sulphur Springs School in the Town of Liberty.



Gelsomino and Davis Speech, Occupational, Physical Therapy Services, PLLC has been in business since April, 2017 primarily servicing Sullivan County. G&D Schoolhouse, an offshoot enterprise, began in 2022. It offers a private, early childhood special education preschool for children 2-6 years old. The program now serves roughly 75 students. The new location will allow this number to grow to serve a maximum of 130 students over time. G&D Schoolhouse will be renovating the existing building and connecting it to a new building via a hallway.

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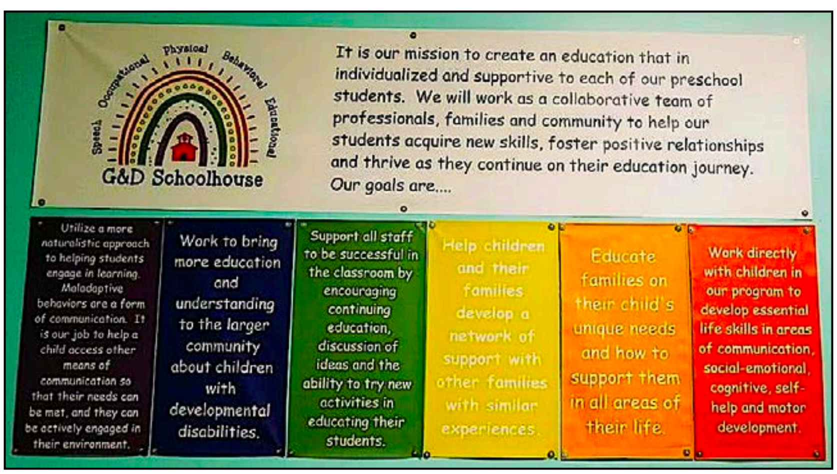
The project involves an applicant-estimated $6,500,000 in costs for the construction of real property improvements plus $1,500,000 in other development expenses. An estimated $3,500,000 of construction costs will be spent on otherwise sales-taxable material and equipment that will be sales-tax-exempt with IDA assistance. There is expected to be a $6,000,000 mortgage associated with the project. 26 Holland Development, 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 summarizes the findings from this analysis, including supporting materials forming the basis for the conclusions reached regarding benefits and costs of IDA assistance.

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Methods and Assumptions:

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

1) The existing base assessment is assumed to be the equalized purchase price of the property ($1,125,000) and bringing it back on the tax rolls enhances the benefit/cost ratio developed on the basis of the proposed improvements. The projected assessment of these proposed improvements is based on the average assessment of market value per square foot (SF) from a survey of assessments on other similar 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 for comparables:

Facility	SBL	Acres	Assessed Value	Eq. Rate	Market Value	Square Feet	Market Value Per SF
Healthy Kids	111.-3-26	0.69	$ 274,200	40.6%	$ 675,369	7,142	$ 94.56
G&D Schoolhouse	32.-2-12	8.40	$ 649,900	37.6%	$ 1,728,917	17,392	$ 99.41
Head Start	24.-5-2	2.41	$ 652,900	26.5%	$ 2,463,774	20,385	$ 120.86
Bright Eyes	32.-2-97	1.89	$ 190,900	40.6%	$ 470,197	5,750	$ 81.77
Healthy Kids	111.-3-11.1	0.34	$ 125,900	40.6%	$ 310,099	2,788	$ 111.23
		Totals/Average (All)	$ 1,893,800	N/A	$ 5,648,356	53,457	$ 105.66

The average assessed market value of similar facilities researched is $105.66/SF, which is rounded to $100/SF for a conservative analysis. This yields a total full market value of $1,760,000 for the 17,600 square feet of improvements.

Further applying the 37.59% equalization rate for the Town of Liberty and leaving out the base value, this yields a projected assessment value for purposes of this analysis of approximately $661,584 as applied to the value of added real property improvements.

The following table indicates the PILOT schedule applicable to the IDA's Section 301.g "Encouraging the Return of Tax Exempt Property to Taxable Status" program:

Returning Exempt Property PILOT Schedule		
Year	% Abated	% Paid Per PILOT
1	100.00%	0.00%
2	100.00%	0.00%
3	100.00%	0.00%
4	91.67%	8.33%
5	83.33%	16.67%
6	75.00%	25.00%
7	67.67%	32.33%
8	58.33%	41.67%
9	50.00%	50.00%
10	41.67%	58.33%
11	33.33%	66.67%
12	25.00%	75.00%
13	16.67%	83.33%
14	8.33%	91.67%
15	0.00%	100.00%

2) Real property tax abatement has been requested by the Applicant under the IDA's Uniform Tax Exemption Policy, will apply to the projected assessment of $661,584 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.

Also, because this particular property is not currently on the tax rolls, the estimated $422,888 base value that is added back onto the tax rolls, as well as the new taxes paid on the parcels, also represent a significant benefit.

3) Current ad valorem real property tax rates within the Town of Liberty, Sullivan County, are listed in the table following:

Tax Rates	
Tax Category	**Rate**
Medicaid	3.2549
NYS Welfare Mandates	2.2972
Other NYS Mandates	3.8405
County Levy	2.8159
County Total	**12.2084**
General Fund Outside Village	0.5131
Highway No. 1	3.5598
Town to Highway	7.6887
Town Total	**11.7615**
School Tax Rate	**31.8514**
Combined Total	**55.8214**

4) This new construction project involves an estimated $6,500,000 in costs for the construction of real property improvements. It is estimated $3,500,000 will be spent on otherwise sales-taxable material and equipment that will also be sales-tax-exempt.

5) It is assumed, for purposes of this analysis, that all project construction activities will occur in 2026-27 with real property tax abatement beginning in 2028.

6) The application to the IDA indicates there will be a $6,000,000 mortgage to which mortgage tax abatement will apply.

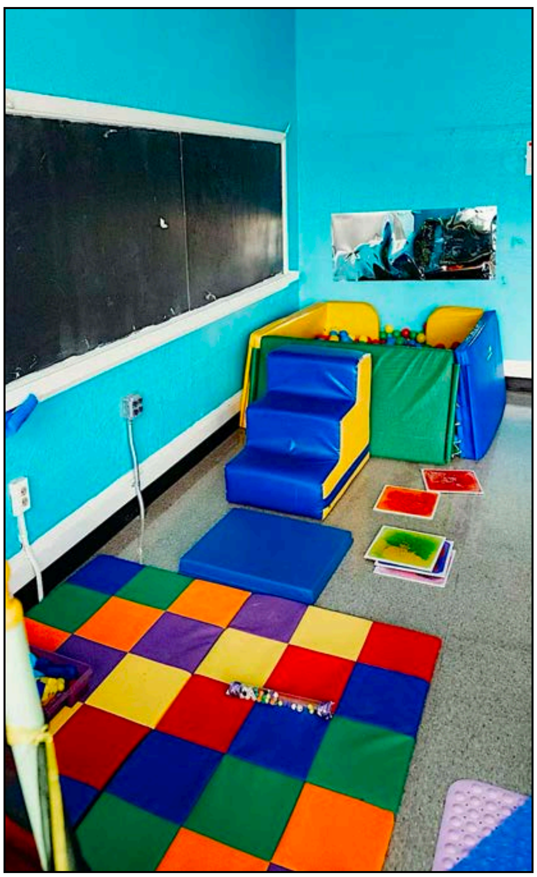
7) It is estimated there will be up to 20 full-time equivalent (FTE) construction jobs will created over a construction period of up to 24 months at an average annual salary of $75,000 for the construction period (average for the region per employment records).

There are also an estimated nine new permanent and part-time jobs to be created at an average salary of $36,900. An economic multiplier of 1.75, typical for the preschool 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 $8,700,000 divided by a population of 5,900, yielding a per capita cost of $1,475 or $3,863 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 $9,900 per student, which is the latest estimated average figure for the Liberty Central District, where the project is located (levy divided by enrollment). A maximum of one additional student is projected.

10) Cash flow streams from benefits and costs are net present valued using a discount rate of 3.409% (current interest rate on the public debt). Net present value figures include actual costs of abatements and other costs for 2026-2027 (construction period) plus discounted values for 2028-2046.

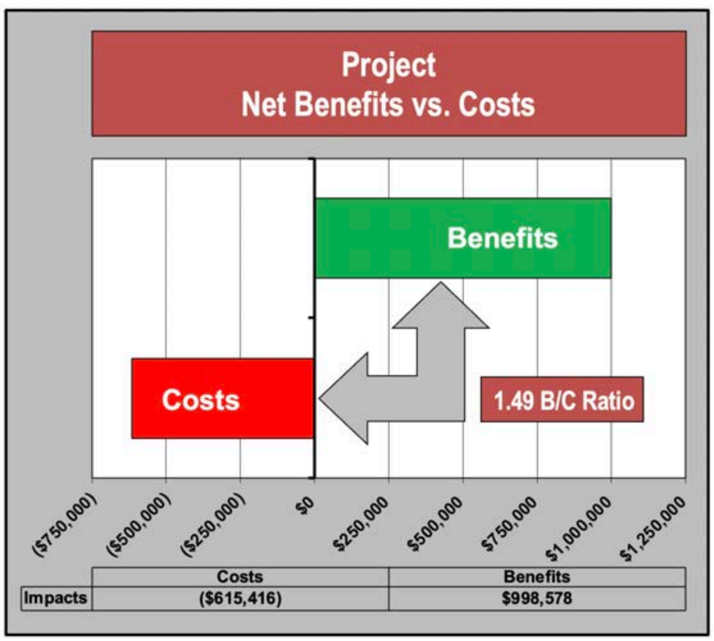


Conclusion:

This project will generate estimated costs at net present value of $615,412 in mortgage, real property, and sales tax abatements over the period of the standard PILOT agreement.

The net present value project benefits consist of real property taxes associated with new taxes on the base property ($273,772), taxes on improvements ($343,376), payroll gains ($9,535,751), and sales taxes from those payroll gains ($381,430) that, altogether, total $10,534,320 combined over the analysis period. Leaving aside the personal income gains per se, the net present value of benefits amounts to $383,162 compared to the costs.

This yields a positive benefit/cost ratio of 1.62 over the 20-year study period. The gross ratio, which includes payroll gains, is 17.12.



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Project Cost/Benefit Analysis

Costs (2026/27-2046)

Sales Tax Abatements (County)	$140,000
Sales Tax Abatements (State)	$140,000
Mortgage Tax Abatements	$60,000
Real Property Tax Reductions Net of 485-b Benefits	$250,107
Sub-Total (Value of All Abatements) =	**$590,107**
Net Present Value of Abatements	$542,773
Additional School Costs	$36,237
Variable Highway & Other Municipal Costs	$36,406
Total Costs (Net Present Value)=	**$615,416**

Benefits (Net Present Value, (2026/27-2046)

Property Taxes Related to Improvements	$273,772
New Taxes on Base Property	$343,376
Sales Taxes (General - From Gains in Buying Power)	
County	$190,715
State	$190,715
Sub-Total =	**$998,578**
Personal Income Gains Related to New Jobs	$5,449,001
Personal Income Gains Related to Multiplier Effects	$4,086,750
Sub-Total (Income Gains) =	**$9,535,751**
Total Benefits =	**$10,534,329**
Gross Excess Benefits Over Costs =	$9,918,913
Net Excess Benefits Over Costs =	$383,162
Gross Benefits to Costs Ratio =	**17.12**
Net Benefits to Costs Ratio =	**1.62**

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Economic Analysis of Project and Requested Tax Abatement Program

DESCRIPTION / FISCAL YEAR	Construct / Startup	2027 1	2028 2	2029 3	2030 4	2031 5	2032 6	2033 7	2034 8	2035 9	2036 10	2037 11
Sales Tax Abatement	$280,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Mortgage Tax Abatement	$60,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Real Property Tax Abatement	$0	$18,945	$21,382	$23,932	$23,191	$22,392	$21,540	$21,070	$19,650	$18,611	$17,505	$16,325
Highway/Other Costs	$1,873	$1,922	$1,972	$2,023	$2,076	$2,130	$2,185	$2,242	$2,300	$2,360	$2,421	$2,484
School Costs	$0	$2,017	$2,069	$2,123	$2,178	$2,235	$2,293	$2,352	$2,414	$2,476	$2,541	$2,607
New Property Taxes on Base Property	$0	$23,606	$23,606	$23,606	$23,606	$23,606	$23,606	$23,606	$23,606	$23,606	$23,606	$23,606
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	$23,606	$23,606	$23,606	$26,682	$29,762	$32,838	$35,545	$38,995	$42,071	$45,147	$48,227
Personal Income - Construction Employment	$3,000,000	$136,294	$139,837	$143,473	$147,204	$151,031	$154,958	$158,987	$163,120	$167,361	$171,713	$176,177
Indirect Income Benefits	$2,250,000	$102,220	$104,878	$107,605	$110,403	$113,273	$116,218	$119,240	$122,340	$125,521	$128,785	$132,133
Added Sales Tax (General)	$210,000	$9,541	$9,789	$10,043	$10,304	$10,572	$10,847	$11,129	$11,418	$11,715	$12,020	$12,332

Economic Analysis of Project and Requested Tax Abatement Program

DESCRIPTION / FISCAL YEAR	2038 12	2039 13	2040 14	2041 15	2042 16	2043 17	2044 18	2045 19	2046 20	TOTALS Actual	TOTALS NPV
Sales Tax Abatement	$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	$60,000	$60,000
Real Property Tax Abatement	$12,563	$8,595	$4,406	$0	$0	$0	$0	$0	$0	$250,107	$202,773
Highway/Other Costs	$2,549	$2,615	$2,683	$2,753	$2,824	$2,898	$2,973	$3,051	$3,130	$51,464	$36,406
School Costs	$2,675	$2,744	$2,816	$2,889	$2,964	$3,041	$3,120	$3,201	$3,284	$52,038	$36,237
New Property Taxes on Base Property	$23,606	$23,606	$23,606	$23,606	$24,220	$24,849	$25,495	$26,158	$26,838	$481,650	$343,376
Total Real Property Taxes Without Project	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Real Property Taxes With Project	$51,304	$54,380	$57,460	$60,536	$62,110	$63,725	$65,382	$67,082	$68,826	$920,890	$617,148
Personal Income - Construction Employment	$180,758	$185,458	$190,279	$195,227	$200,303	$205,510	$210,854	$216,336	$221,961	$6,516,840	$5,449,001
Indirect Income Benefits	$135,568	$139,093	$142,710	$146,420	$150,227	$154,133	$158,140	$162,252	$166,471	$4,887,630	$4,086,750
Added Sales Tax (General)	$12,653	$12,982	$13,320	$13,666	$14,021	$14,386	$14,760	$15,144	$15,537	$456,179	$381,430