

Columbia Industrial Development Agency

Benefits-to-Cost Analysis of Proposed Project: The Wick Hotel, Redburn Development

Prepared by Victoria Storrs 6/24/16

The benefits-to-cost analysis was developed using the software package InformANALYTICS, created by the Center for Governmental Research in Rochester. It estimates the economic benefits that would accrue within Columbia County and the region and state as a result of the project, compared with the value of the benefits package requested from the CIDA. In addition to presenting future property tax revenue, InformANALYTICS estimates the value of the new jobs, including the effects of the salaries such as additional local spending and secondary jobs expected to be created as a result of project employment. The benefits-to-cost is presented by the software as a ratio of dollars of benefits to dollars of costs. The software does not take into account other factors that CIDA may consider as it reviews a project, such as adaptive re-use of a property, diversification of the local economy, or conformance to County strategic goals. Redburn Development also provided to the CIDA its own analysis of project benefits.

This analysis estimates a 3.6 to 1 benefits-to-cost ratio¹ for The Wick Hotel project as currently proposed. Additional summary information:

Total State and Regional Benefits	\$899,391
Total Project Incentives	\$253,146
Direct Employment at the Project	11 Full time equivalent
Average Salary at the Project	\$32,699
Temporary Construction Jobs	45 Full time equivalent
Indirect and Induced Jobs (e.g. supply chain, new household spending)	5 Full time equivalent

Details of the project are provided in the InformANALYTICS reports, which should be reviewed in conjunction with this summary memo². These reports include:

- Board Report "Board Report"
- Client Report "Incentives for 41 Cross Street Hospitality The Wick Hotel Project"
- Internal Report "Internal Report"

¹ \$3.6 dollars of economic benefit for every \$1.00 of tax abatement provided.

² The property is currently owned by a tax exempt organization and does not generate real property tax revenue. InformANALYTICS software does not easily adjust for this situation. The analysis is sound but certain detailed calculations in the Internal Report, are inaccurate and these data points have been marked. These are minor calculations for illustration only and do not affect the benefits-to-cost ratio or any other critical measures.

Project Data

The following information about the project was entered into the software:

Data Type	Value	Source
Property acquisition	\$915,000	Application
Construction costs	\$4,650,000	Application
Project costs, subject to sales tax (fixtures & equipment)	\$1,790,000	Application
Project costs, not subject to sales tax (architecture and engineering, financing)	\$1,083,000	Application
Total Project Costs	\$8,438,000	Application
Mortgage amount	\$5,000,000	Application
Estimated current assessed value of parcel	\$770,000	CIDA and County Assessor's online assessment rolls
New jobs (all new jobs)	11 FTE	Application
Job wages	Est. \$32,699/yr	InformANALYTICS*

* InformANALYTICS defaults to an annual average salary for the project based on the type of industry for the project. This project is categorized by NAICS³ code as "Leisure and Hospitality – accommodation." This estimate is close to that of the applicant so the InformANALYTICS value was used.

Project Financing

The project is expected to be funded as follows:

Mortgage	\$5,000,000.00
CFA Grant	1,500,000.00
Historic Tax Credits	1,800,000.00
Equity	<u>138,000.00</u>
Total Source of Funds	\$8,438,000.00

³ North American Industry Classification System, used by Federal agencies as well as InformANALYTICS

PILOT Schedule

Total PILOT payments of \$685,000 over 11 years were provided by the Hudson IDA. InformANALYTICS requires the user to enter schedules for each taxing jurisdiction. The schedule below was created based on a pro-rata allocation of the 2015/2016 tax rates published by the County Assessor's office.

InformANALYTICS presents its analysis of the property tax incentives in the Client Report "Incentives for the 41 Cross Street Hospitality." The software's presentation automatically assigns a portion of the PILOT payments to the "existing property" component of the project and the remainder to the improvements. This does not affect the analysis.

Year	Total Payment	County	Pro Rata Payments	
			City of Hudson	Hudson City SD
1	20,000.00	3,306.70	7,173.54	9,519.76
2	25,000.00	4,133.38	8,966.93	11,899.69
3	34,375.00	5,683.40	12,329.52	16,362.08
4	43,750.00	7,233.42	15,692.12	20,824.47
5	53,125.00	8,783.43	19,054.72	25,286.85
6	62,500.00	10,333.45	22,417.31	29,749.24
7	71,875.00	11,883.47	25,779.91	34,211.62
8	81,250.00	13,433.49	29,142.51	38,674.01
9	90,625.00	14,983.50	32,505.10	43,136.39
10	100,000.00	16,533.52	35,867.70	47,598.78
11	103,000.00	17,029.53	36,943.73	49,026.74
Total	685,500.00	113,337.29	245,873.09	326,289.63

Fee Schedule

The following fees are estimated for the project for a total of \$101,354 on a present value basis.

1. Application fee of \$2,000 – up front.
2. Project fee of 1% of total project cost (greater of project cost or mortgage) – up front.
3. Annual PILOT fee of \$1,500 for length of abatement, over 11 years and net present value discounted by 2% annually.

Benefits

The following project benefits are estimated for the project:

1. Mortgage tax abatement
2. Sales tax abatement
3. Real property tax abatement on improvements to the site, in the form of a custom PILOT agreement over a term of 11 years. *The property for this project is currently*

owned by a tax-exempt organization and therefore the property does not generate any tax revenue.

Taxing Jurisdictions

Real property taxes are proposed to be abated within the following jurisdictions:

1. Columbia County
2. City of Hudson
3. Hudson City School District

Benefits to Cost Analysis

The InformANALYTICS software estimates that a project will provide economic benefits to the region and state in direct and indirect ways. It is important to note that these are estimates and they rely on multiple assumptions about salary, spending, net income tax revenue, etc.

Types of benefits:

- Direct jobs/salary from workers added at the project as provided by applicant.
- Temporary direct jobs/salary from the construction of the project – estimated by the software based on estimated construction spending.
- Indirect economic benefits from the project's purchase of goods/services from regional firms, stimulating suppliers to add jobs and payroll.
- Induced economic benefits from the new payroll at the project stimulating household spending that is new to the regional economy.
- Project fees including Application Fee, Agency Administrative Fee, and annual PILOT Administration Fee (not in software analysis at this time.)

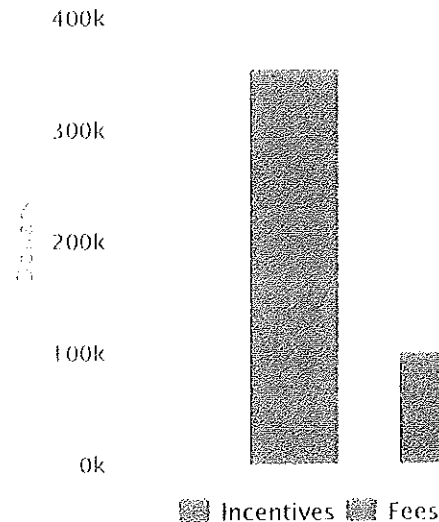
Types of "costs":

4. Forgone mortgage tax revenue.
5. Forgone sales tax revenue.
6. Forgone real property taxes on the increased assessed value of the property resulting from improvements to the property from the completion of the project. *The property for this project is currently owned by a tax-exempt organization and therefore the property does not generate any tax revenue.*

Incentives for the 41 Cross Street Hospitality The Wick Hotel Project

Table 1: Estimated Incentives & Fees*

Total Project Incentives	\$354,500
Mortgage Tax	\$62,500
Property Tax	\$-0
Sales Tax	\$292,000
Total Project Fees	\$101,354
Net Project Incentives	\$253,146



* Figures over 11 years and discounted by 2%.

Table 2: Estimated Property Tax Paid**

Year	Existing Property	Improvement	Total
1	\$14,253	\$5,747	\$20,000
2	\$14,253	\$10,747	\$25,000
3	\$14,253	\$20,122	\$34,375
4	\$14,253	\$29,497	\$43,750
5	\$14,253	\$38,872	\$53,125
6	\$14,253	\$48,247	\$62,500
7	\$14,253	\$57,622	\$71,875
8	\$14,253	\$66,997	\$81,250
9	\$14,253	\$76,372	\$90,625
10	\$14,253	\$85,747	\$100,000
11	\$14,253	\$88,747	\$103,000
Total	\$156,780	\$528,720	\$685,500

** Figures are not discounted.

Choose Columbia

Internal Report: 41 Cross Street Hospitality - The Wick Hotel

Table 1: Basic Information

Project Name	The Wick Hotel
Project Applicant	41 Cross Street Hospitality
Project Description	55-room limited service boutique hotel, approximately 40,800 square feet.
Project Industry	Accommodation
Municipality	Hudson City
School District	Hudson
Type of Transaction	Lease
Project Cost	\$8,438,000
Mortgage Amount	\$5,000,000

Table 2: Permanent New/Retained Employment (Annual FTEs)

	State	Region
Total Employment	61	61
Direct**	11	11
Indirect***	2	2
Induced****	3	3
Temporary Construction (Direct and Indirect)	45	45

Table 3: Permanent New/Retained Labor Income (Annual) & Average Salary (Annual)

	State Labor Income	Region Labor Income	Average Salary
Total	\$3,005,599	\$3,005,599	\$49,002
Direct**	\$359,687	\$359,687	\$32,699
Indirect***	\$138,238	\$138,238	\$55,762
Induced****	\$125,601	\$125,601	\$43,185
Temporary Construction (Direct and Indirect)	\$2,382,073	\$2,382,073	\$52,995

Table 4: Cost/Benefit Analysis (Discounted Present Value*)

Total Costs to State and Region	\$253,146
Mortgage Tax Revenue Forgone	\$62,500
State	\$25,000
County	\$25,000
Local	\$12,500
Property Tax Revenue Forgone	\$-0
485-B Property Tax Abatement	\$-120,138
Above 485-B	\$-120,138
Sales Tax Revenue Forgone	\$292,000
Construction Materials	\$148,800
Other Items	\$143,200
Less IDA Fee	-\$101,354
Total Benefits to State and Region	\$899,391
Total State Benefits	\$340,739
Income Tax Revenue	\$244,346
Direct**	\$82,584
Indirect***	\$45,539
Induced****	\$37,615
Construction (Direct and Indirect, over 0 years)	\$78,608
Sales Tax Revenue	\$96,393
Direct**	\$40,215
Indirect***	\$15,456
Induced****	\$14,043
Construction (Direct and Indirect, over 0 years)	\$26,679
Total Regional Benefits	\$558,653
Property Tax/PILOT Revenue	\$462,260
Sales Tax Revenue	\$96,393
Direct**	\$40,215
Indirect***	\$15,456
Induced****	\$14,043
Construction (Direct and Indirect, over Array years)	\$26,679
Benefit to Cost Ratio	3.6:1

CORRECT



PROPERTY OWNED BY TAX EXEMPT \$0

ORGANIZATION. NOT AYES PAID

\$0

Table 5: Regional Fiscal Impact (Discounted Present Value*) *TABLE INACCURATE*

Total Local Client Incentives	<i>FOR PROPERTY</i>	\$82,146
Total Anticipated Local Revenue (Property Tax plus Local Sales Tax)	<i>(CURRENTLY</i>	\$558,653
Net Local Revenue	<i>OWNED BY</i>	\$476,507
Benefit to Cost Ratio	<i>TAX-EXEMPT ORG.</i>	6.8:1

Table 6: Property Tax Revenue (Discounted Present Value*)

Total Property Tax	\$604,539
County Property Tax	\$99,950
Property Tax on Existing Property	\$44,813
Property Tax on Improvement to Property	\$55,137
City/Village Property Tax	\$216,836
Property Tax on Existing Property	\$97,466
Property Tax on Improvement to Property	\$119,370
School District Property Tax	\$287,753

* Figures over 11 years and discounted by 2%

** Direct - The recipient of IDA assistance adds new jobs to the regional economy and/or retains jobs at risk of being lost to another region. Investments that result in displacing existing jobs (e.g., most retail and many service sector industries) do not fall under this definition.

*** Indirect - The recipient of IDA assistance makes purchases from regional firms, which stimulates suppliers to add jobs and payroll that are new to the regional economy or are saved from being lost to competitors outside the region.

**** Induced - The recipient of IDA assistance by adding to and/or retaining payroll stimulates household spending that is new to the regional economy and/or saved from being lost to competitors outside the region.

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COMMUNITY DEVELOPMENT CORPORATION

Board Report

Table 1: Basic Information

Project Name	The Wick Hotel
Project Applicant	41 Cross Street Hospitality
Project Description	55-room limited service boutique hotel, approximately 40,800 square feet.
Project Industry	Accommodation
Municipality	Hudson City
School District	Hudson
Type of Transaction	Lease
Project Cost	\$8,438,000
Mortgage Amount	\$5,000,000
Direct Employment Expected to Result from Project (Annual FTEs)	11

Table 2: Estimated State & Regional Benefits / Estimated Project Incentives Analysis (Discounted Present Value*)

Total State and Regional Benefits	\$899,391	
Total Project Incentives	\$253,146	
Benefit to Cost Ratio	3.6:1	
Projected Employment	State	Region
Total Employment	61	61
Direct**	11	11
Indirect***	2	2
Induced****	3	3
Temporary Construction (Direct and Indirect)	45	45

Table 3: Estimated State & Regional Benefits (Discounted Present Value*)

Total State and Regional Benefits	\$899,391
Income Tax Revenue	\$244,346
Property Tax/PILOT Revenue	\$462,260
Sales Tax Revenue	\$192,785

Table 4: Estimated Project Incentives (Discounted Present Value*)

Total Project Incentives	\$253,146
Mortgage Tax	\$62,500
Property Tax	\$-0
Sales Tax	\$292,000
Less IDA Fee	-\$101,354

* Figures over 11 years and discounted by 2%

** Direct - The recipient of IDA assistance adds new jobs to the regional economy and/or retains jobs at risk of being lost to another region. Investments that result in displacing existing jobs (e.g., most retail and many service sector industries) do not fall under this definition.

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The Wick Hotel/ Redburn Project
 Analysis of Project Costs

Columbia IDA
 6/24/2016

Project Budget

Application Budget	Amount	Category for InformANALYTICS	InformANALYTICS Budget	Amount
Land	\$40,000.00	Real Estate	Real Estate	\$915,000.00
Buildings	875,000.00	Real Estate	Construction	4,650,000.00
FF&E	1,790,000.00	Sales Taxable	Sales Taxable	1,790,000.00
Architects and engineering fees	640,000.00	Not Sales Taxable	Not Sales Taxable	1,083,000.00
Construction loan fees and interest	443,000.00	Not Sales Taxable	do not use	0.00
Demolition, roofing, asbestos removal	450,000.00	Construction	do not use	0.00
Site work	250,000.00	Construction	do not use	0.00
Construction costs	3,950,000.00	Construction	do not use	0.00
Total Project Cost	\$8,438,000.00		Total Project Cost	\$8,438,000.00

Project Sources and Uses of Funds

<u>Sources of Funds</u>	
Mortgage	\$5,000,000.00
CFA Grant	1,500,000.00
Historic Tax Credits	1,800,000.00
Equity	<u>138,000.00</u>
Total Source of Funds	\$8,438,000.00
<u>Uses of Funds</u>	
Real Estate	915,000.00
Construction	4,650,000.00
Sales Taxable	1,790,000.00
Not Sales Taxable	<u>1,083,000.00</u>
Total Uses of Funds	\$8,438,000.00

The Wick Hotel/ Redburn Project
 Calculation of Fees

Columbia IDA
 6/24/2016

	<u>This Analysis</u>	<u>InformANALYTICS</u>
Application Fee	\$2,000.00	
Administrative Fee	\$84,380.00	
Annual Pilot	<u>\$14,681.00</u>	
	\$101,061.00	\$101,354.00 *

	<u>Gross</u>	<u>PV 2%</u>
1	1,500.00	1,471.00
2	1,500.00	1,442.00
3	1,500.00	1,413.00
4	1,500.00	1,386.00
5	1,500.00	1,359.00
6	1,500.00	1,332.00
7	1,500.00	1,306.00
8	1,500.00	1,280.00
9	1,500.00	1,255.00
10	1,500.00	1,231.00
11	1,500.00	1,206.00
	16,500.00	14,681.00

* Near enough to InformANALYTICS; rounding difference probably from PV

The Wick Hotel/ Redburn Project

Columbia IDA

Analysis of PILOT Schedule -- Pro Rated Estimated Payments to Taxing Jurisdictions

6/24/2016

Entity	2015/2016	% of total	Pro Rata Payments				
			Year	Total Payment	County	City of Hudson	Hudson City SD
County	5.841733	16.53%	1	20,000.00	3,306.70	7,173.54	9,519.76
City of Hudson	12.673013	35.87%	2	25,000.00	4,133.38	8,966.93	11,899.69
Hudson City SD	16.817915	47.60%	3	34,375.00	5,683.40	12,329.52	16,362.08
Total \$ per \$1,000	35.332661	100.00%	4	43,750.00	7,233.42	15,692.12	20,824.47
			5	53,125.00	8,783.43	19,054.72	25,286.85
			6	62,500.00	10,333.45	22,417.31	29,749.24
			7	71,875.00	11,883.47	25,779.91	34,211.62
			8	81,250.00	13,433.49	29,142.51	38,674.01
			9	90,625.00	14,983.50	32,505.10	43,136.39
			10	100,000.00	16,533.52	35,867.70	47,598.78
			11	103,000.00	17,029.53	36,943.73	49,026.74
Total				685,500.00	113,337.29	245,873.09	326,289.63



Commercial

- [Property Info](#)
- [Ownership/Sales Inventory](#)
- [Improvements](#)
- [Tax Info](#)
- [Report](#)

Municipality of City of Hudson	
Tax Map ID / Property Data	
SAWS:	100600
Tax ID:	109-43-1-62
Status:	Active
Address:	39-41 Cross & 43-51 Cross
Property Class:	511 - Light theatr
Ownership Code:	511 - Light theatr
Site:	Com 1
Zoning Code:	11 -
Neighborhood:	01023 -
Total Acreage/Size:	0.50
Land Assessment:	2016 - Tentative \$40,000 2015 - \$40,000
Full Market Value:	2016 - Tentative \$770,000 2015 - \$770,000
Deed Book:	C-689
Grid East:	662707
Roll Section:	Wholly Exem
Site Property Class:	511 - Light theatr
In Ag. District:	No
Blgd. Style:	Not Applicable
School District:	Hudson
Equalization Rate:	---
Total Assessment:	2016 - Tentative \$770,000 2015 - \$770,000
Deed Page:	F1348
Grid North:	1246540

Photographs

No Photo Available

Maps

Pin Property on GIS Map

Special Districts for 2016