

April 5, 2019

F. Michael Tucker  
President & CEO  
Columbia Economic Development Corporation  
4303 Route 9  
Hudson, New York 12534

**Drumlin Field Distillery**  
InformAnalytics  
Columbia County, New York

Dear Mr. Tucker:

Enclosed please find the final cost benefit analysis for the Columbia County Industrial Development Agency project - Drumlin Field Distillery.

The analysis was performed utilizing InformAnalytics, a cost benefit analysis tool by CGR, which will help the CCIDA to reliably assess the direct and spillover economic impacts of the proposed project. This analysis counts the direct benefits as well as the indirect benefits and induced benefits from the Drumlin Field Distillery project. The model accomplishes this using IMPLAN input/output tables to identify regional multipliers. The present value calculations use a 10 year period. A customized abatement schedule was created in the program to mirror the abatement schedule proposed for the Drumlin Field Distillery project.

It was a pleasure to work with you on this project. Please feel free to contact me with any questions or comments you may have regarding the cost benefit analysis.

Very truly yours,  
LABERGE GROUP,  
*Nancy Costine*  
Nancy L. Costine  
Community Development Specialist

NLC

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# Incentives for Drumlín Field Distillery Project

TABLE 1

## Estimated Incentives & Fees

Description	Amount
Property Tax Exemption	\$418,000
Sales Tax Exemption	\$649,000
Mortgage Recording Tax Exemption	\$38,000
<b>Total Project Incentives</b>	<b>\$1,105,000</b>

Discounted Total (2%) **\$1,083,000**

May not sum to total due to rounding.

TABLE 2

## Estimated Property Tax Paid by Year\*

Year	Total
1	\$0

FIGURE 1

## Incentives & Investments



● Incentives ● Investments

2	\$8,000
3	\$16,000
4	\$24,000
5	\$33,000
6	\$42,000
7	\$51,000
8	\$61,000
9	\$71,000
10	\$82,000

**May not sum to total due to rounding. \* Figures assume constant property tax rates and are not discounted.**

CGR has exercised reasonable professional care and diligence in the the production and design of the InformAnalytics™ tool. However, the data used is provided by users. InformAnalytics does not independently verify, validate or audit the data supplied by users. CGR makes no representations or warranties with respect to the accuracy of the data supplied by users.

# **Cost-Benefit Analysis for Drumlin Field Distillery Project**

Prepared by Columbia County IDA using InformAnalytics

# Executive Summary

INVESTOR	TOTAL INVESTED	LOCATION	TIMELINE
<b>Drumlin Field Ventures LLC and Drumlin Field Land LLC</b>	<b>\$10.6 Million</b>	<b>2320 Route 27 Hudson, NY</b>	<b>10 Years</b>



FIGURE 1

**Discounted\* Net Benefits for Drumlin Field Distillery Project by Year**

**Total Net Benefits: \$29,272,000**

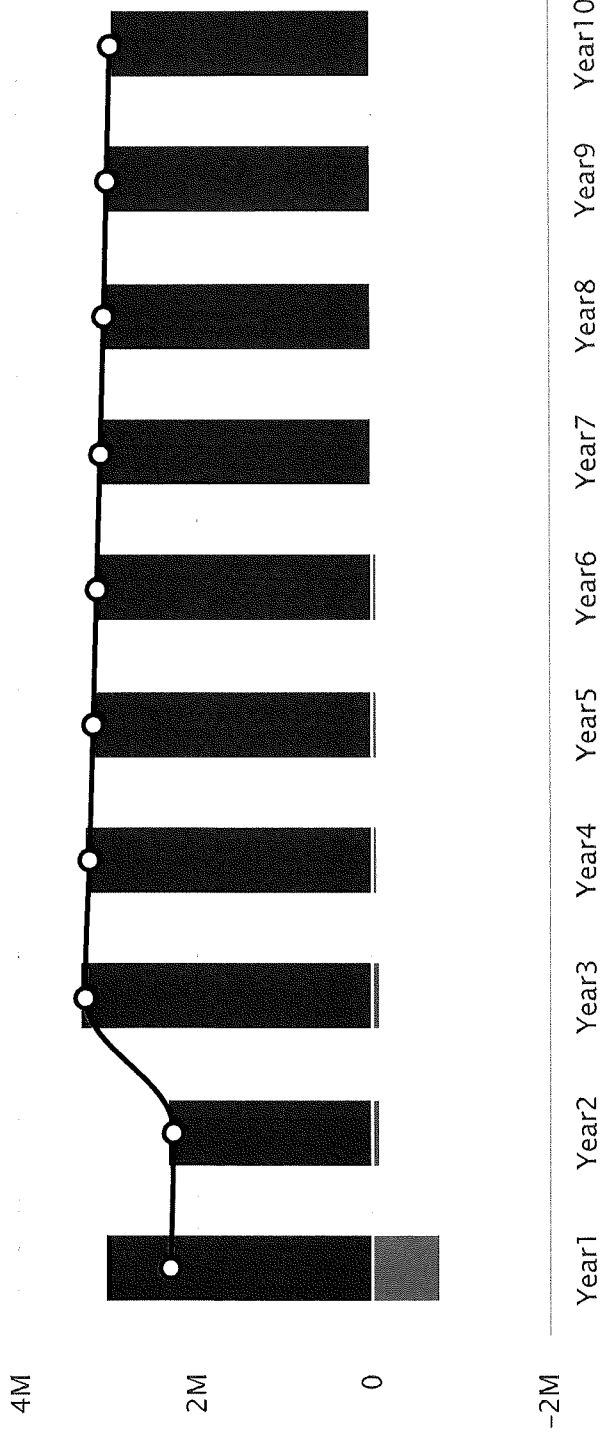
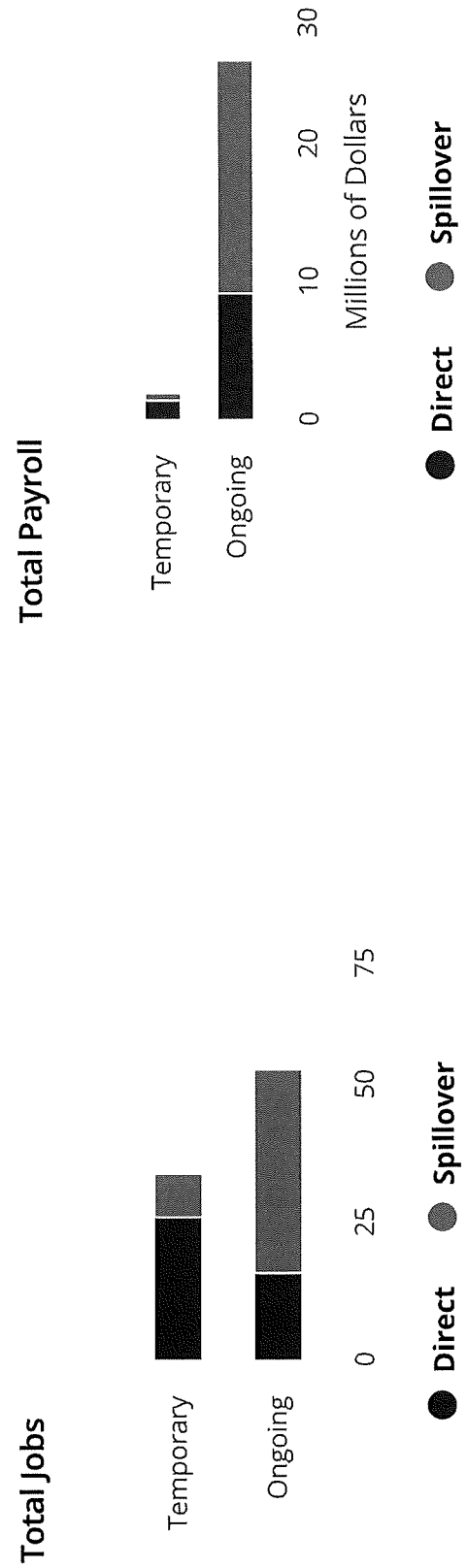


FIGURE 2

Discounted at 2%

FIGURE 3



Total Payroll

● Direct ● Spillover

● Direct ● Spillover

# Proposed Investment

Drumlin Field Ventures LLC and Drumlin Field Land LLC proposes to invest \$10.6 million at 2320 Route 27 Hudson, NY over 10 years. Columbia County IDA staff summarize the proposed with the following: Drumlin Field will establish a craft farm distillery focused on the production, aging, marketing and sales of ultra-premium apple and grape brandy produced in New York's Hudson Valley from New York State fruit.



TABLE 1

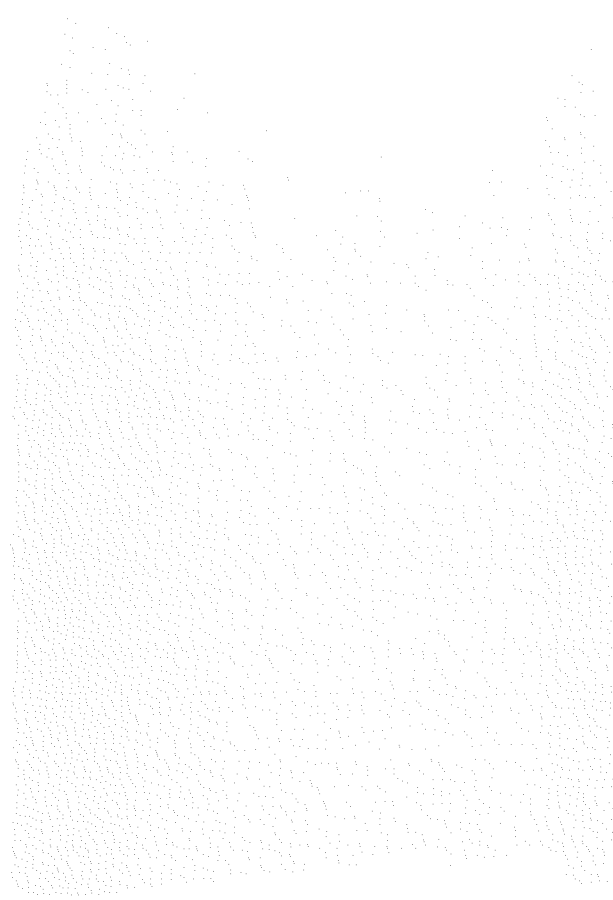


FIGURE 4

## Proposed Investments

Description	Amount
<b>CONSTRUCTION SPENDING</b>	
Distillery Complex	\$3,589,000
<b>OTHER SPENDING</b>	
Land	\$1,780,000
Machinery/Equipment	\$907,000
Architect/Engineering	\$905,000
Cost of Bond Issue	\$25,000

## Location of Investment



Google

Map © ReportGarden.com

Construction Loan Fees	\$30,000
Furniture	\$500,000
Electrical System	\$450,000
HVAC	\$500,000
Plumbing	\$350,000
Building Related Costs i.e. Fire	\$300,000
Utilities, Roads and Appurtenant Costs	\$650,000
Landscaping	\$50,000
Site preparation	\$550,000
<b>Total Investments</b>	<b>\$10,586,000</b>
<b>Discounted Total (2%)</b>	<b>\$10,586,000</b>

May not sum to total due to rounding.



# Cost-Benefit Analysis

A cost-benefit analysis of this proposed investment was conducted using InformAnalytics, an economic impact model developed by CGR. The report estimates the impact that a potential project will have on the local economy based on information provided by Columbia County IDA. The report calculates the costs and benefits for specified local taxing districts over the first 10 years, with future returns discounted at a 2% rate.

TABLE 2

## Estimated Costs or Incentives

Columbia County IDA is considering the following incentive package for Drumlin Field Ventures LLC and Drumlin Field Land LLC.

Description	Nominal Value	Discounted Value*
Property Tax Exemption	\$418,000	\$397,000
Sales Tax Exemption	\$649,000	\$649,000
Mortgage Recording Tax Exemption	\$38,000	\$38,000
<b>Total Costs</b>	<b>\$1,105,000</b>	<b>\$1,083,000</b>

**May not sum to total due to rounding.**

\* Discounted at 2%

TABLE 3

**State & Regional Impact (Life of Project)**

The following table estimates the total benefits from the project over its lifetime.

Description	Direct	Spillover	Total
<b>REGIONAL BENEFITS</b>	<b>\$11,850,000</b>	<b>\$19,454,000</b>	<b>\$31,282,000</b>
To Private Individuals	\$11,451,000	\$19,210,000	\$30,661,000
Temporary Payroll	\$1,371,000	\$467,000	\$1,839,000
Ongoing Payroll	\$10,080,000	\$18,743,000	\$28,823,000
To the Public	\$399,000	\$244,000	\$621,000
Property Tax Revenue	\$257,000	N/A	\$257,000
Temporary Sales Tax Revenue	\$16,000	\$6,000	\$22,000
Ongoing Sales Tax Revenue	\$120,000	\$222,000	\$342,000
<b>STATE BENEFITS</b>	<b>\$730,000</b>	<b>\$1,205,000</b>	<b>\$1,936,000</b>
To the Public	\$730,000	\$1,205,000	\$1,936,000

Temporary Income Tax Revenue	\$68,000	\$23,000	\$91,000
Ongoing Income Tax Revenue	\$516,000	\$938,000	\$1,454,000
Temporary Sales Tax Revenue	\$17,000	\$6,000	\$23,000
Ongoing Sales Tax Revenue	\$128,000	\$239,000	\$367,000
<b>Total Benefits to State &amp; Region</b>	<b>\$12,580,000</b>	<b>\$20,660,000</b>	<b>\$33,218,000</b>
<b>Discounted Total Benefits (2%)</b>	<b>\$11,578,000</b>	<b>\$18,798,000</b>	<b>\$30,355,000</b>

**May not sum to total due to rounding.**



TABLE 4

### Benefit to Cost Ratio

The following benefit to cost ratios were calculated using the discounted totals.

Description	Benefit*	Cost*	Ratio
Region	\$28,587,000	\$732,000	39:1
State	\$1,767,000	\$351,000	5:1
<b>Grand Total</b>	<b>\$30,355,000</b>	<b>\$1,083,000</b>	<b>28:1</b>

**May not sum to total due to rounding.**

\* Discounted at 2%

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