

# Cost-Benefit Analysis for Cardinal Health Expansion

Prepared by Town of Montgomery using InformAnalytics

# Executive Summary

**INVESTOR**  
**Cardinal Health Expansion**

**TOTAL JOBS**  
**83 Ongoing;  
171 Temporary**

**TOTAL INVESTED**  
**\$24.4 Million**

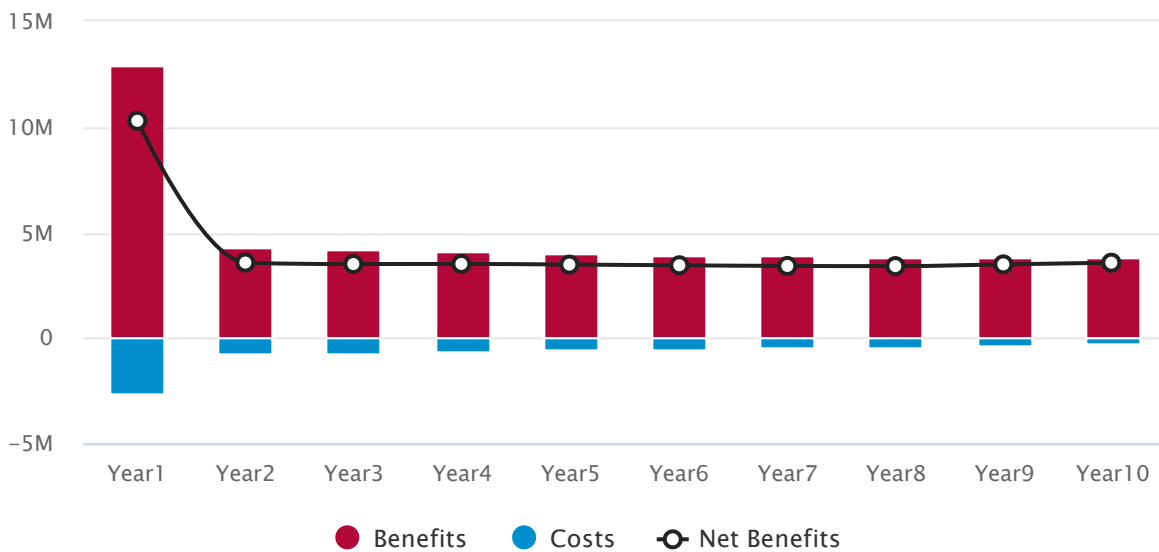
**LOCATION**  
**500 Neelytown Road,  
Montgomery NY  
12549**

**TIMELINE**  
**10 Years**

F1 FIGURE 1

Discounted\* Net Benefits for Cardinal Health Expansion by Year

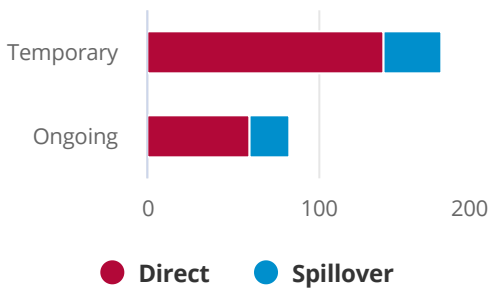
Total Net Benefits: \$41,299,000



Discounted at 2%

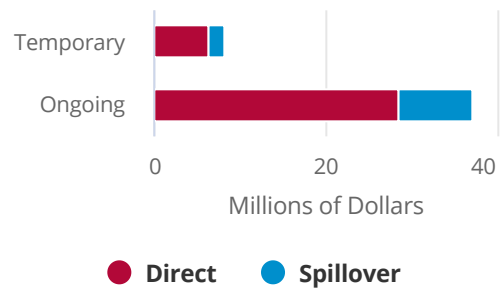
F2 FIGURE 2

Total Jobs



F3 FIGURE 3

Total Payroll



# Proposed Investment

Cardinal Health Expansion proposes to invest \$24.4 million at 500 Neelytown Road, Montgomery NY 12549 over 10 years. Town of Montgomery staff summarize the proposed with the following: Cardinal Health proposes expanding their existing facility at 500 Neelytown Road by 310,000 square feet to be used as a replenishment center for medical devices and supplies within New York State and the Northeastern Region of the United States of America.

T1 TABLE 1

## Proposed Investments

Description	Amount
<b>CONSTRUCTION SPENDING</b>	
Expansion Project	\$17,753,000
<b>OTHER SPENDING</b>	
Machinery and Equipment	\$627,000
Professional Service Costs	\$300,000
Furniture and Fixtures	\$2,247,000
Land-related costs	\$2,020,000
Other Costs	\$1,435,000
<b>Total Investments</b>	<b>\$24,382,000</b>
Discounted Total (2%)	\$24,382,000

May not sum to total due to rounding.

F4 FIGURE 4

## Location of Investment



# 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 Town of Montgomery. 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.

T2 TABLE 2

## Estimated Costs or Incentives

Town of Montgomery is considering the following incentive package for Cardinal Health Expansion.

Description	Nominal Value	Discounted Value*
Property Tax Exemption	\$5,732,000	\$5,319,000
Sales Tax Exemption	\$1,950,000	\$1,950,000
<b>Total Costs</b>	<b>\$7,682,000</b>	<b>\$7,269,000</b>

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

\* Discounted at 2%

T3 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>\$38,157,000</b>	<b>\$11,222,000</b>	<b>\$49,379,000</b>
<b>To Private Individuals</b>	<b>\$37,556,000</b>	<b>\$11,045,000</b>	<b>\$48,601,000</b>
Temporary Payroll	\$6,356,000	\$1,652,000	\$8,008,000
Ongoing Payroll	\$31,200,000	\$9,393,000	\$40,593,000
<b>To the Public</b>	<b>\$601,000</b>	<b>\$177,000</b>	<b>\$778,000</b>
Temporary Sales Tax Revenue	\$102,000	\$26,000	\$128,000
Ongoing Sales Tax Revenue	\$500,000	\$150,000	\$650,000
<b>STATE BENEFITS</b>	<b>\$2,283,000</b>	<b>\$560,000</b>	<b>\$2,843,000</b>
<b>To the Public</b>	<b>\$2,283,000</b>	<b>\$560,000</b>	<b>\$2,843,000</b>
Temporary Income Tax Revenue	\$267,000	\$69,000	\$337,000
Ongoing Income Tax Revenue	\$1,433,000	\$319,000	\$1,752,000
Temporary Sales Tax Revenue	\$99,000	\$26,000	\$124,000
Ongoing Sales Tax Revenue	\$485,000	\$146,000	\$630,000
<b>Total Benefits to State &amp; Region</b>	<b>\$40,441,000</b>	<b>\$11,782,000</b>	<b>\$52,223,000</b>
<b>Discounted Total Benefits (2%)</b>	<b>\$37,624,000</b>	<b>\$10,944,000</b>	<b>\$48,568,000</b>

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

T4 TABLE 4

**Benefit to Cost Ratio**

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

Description	Benefit*	Cost*	Ratio
Region	\$45,924,000	\$6,309,000	7:1
State	\$2,644,000	\$960,000	3:1
<b>Grand Total</b>	<b>\$48,568,000</b>	<b>\$7,269,000</b>	<b>7:1</b>

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

\* Discounted at 2%

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