

Cost-Benefit Analysis for Walden Construction Enterprise, LLC

Prepared by Town of Montgomery using InformAnalytics

Executive Summary

INVESTOR
Walden Construction Enterprises, LLC

TOTAL JOBS
3 Ongoing;
116 Temporary

TOTAL INVESTED
\$14.7 Million

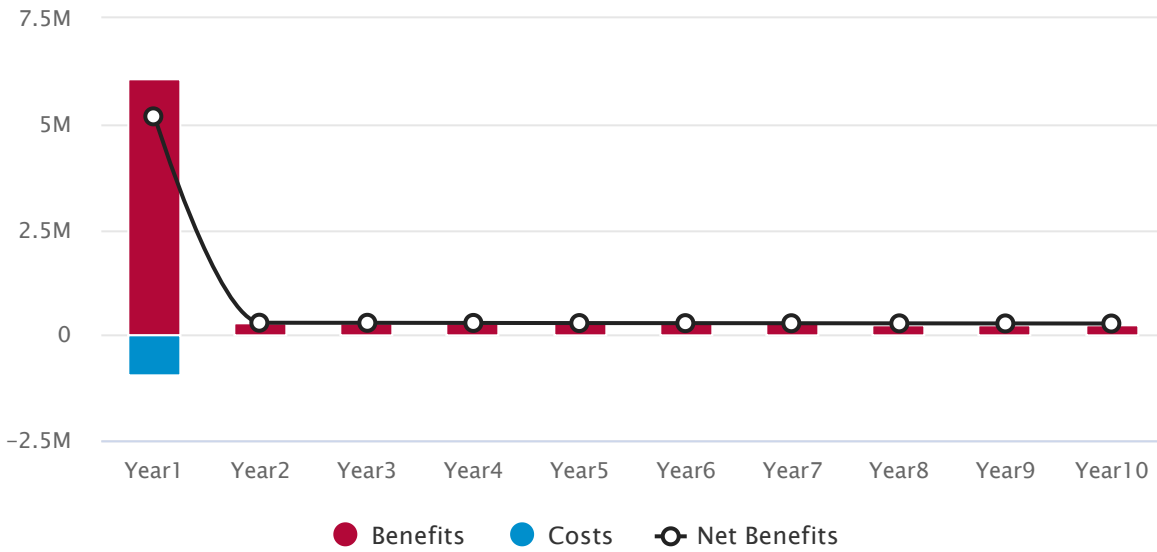
LOCATION
120 and 124 North Montgomery Street, Walden NY

TIMELINE
10 Years

F1 FIGURE 1

Discounted* Net Benefits for Walden Construction Enterprise, LLC by Year

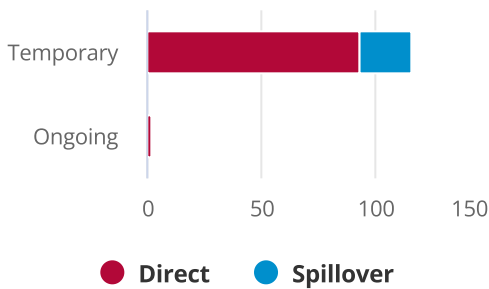
Total Net Benefits: \$7,671,000



Discounted at 2%

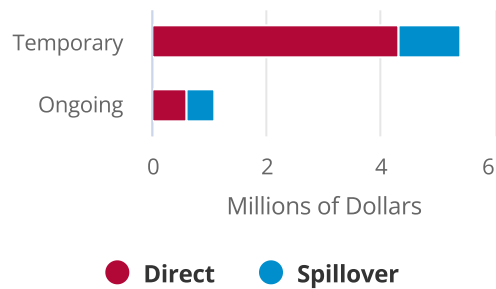
F2 FIGURE 2

Total Jobs



F3 FIGURE 3

Total Payroll



Proposed Investment

Walden Construction Enterprises, LLC proposes to invest \$14.7 million at 120 and 124 North Montgomery Street, Walden NY over 10 years. Town of Montgomery staff summarize the proposed with the following: The applicant proposes the development of a 69-unit, three-story senior housing project (55+) in the Village of Walden. The estimated total project cost for this proposed 92,075 square foot building is \$14,788,000. One hundred seventy (170) construction jobs are expected to be created in addition to four (4) permanent jobs and three (3) independent contractor jobs. The application is supplemented with academic research describing the need and benefits of senior housing in the Village of Walden.

T1 TABLE 1

Proposed Investments

| Description | Amount |
|---|---------------------|
| CONSTRUCTION SPENDING | |
| 92,075 square foot senior housing (55+) building. | \$11,981,000 |
| OTHER SPENDING | |
| Land Acquisition | \$1,788,000 |
| Working Capital | \$900,000 |
| Professional Services | \$20,000 |
| Total Investments | \$14,688,000 |
| Discounted Total (2%) | \$14,688,000 |

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 Walden Construction Enterprises, LLC.

| Description | Nominal Value | Discounted Value* |
|----------------------------------|------------------|-------------------|
| Sales Tax Exemption | \$820,000 | \$820,000 |
| Mortgage Recording Tax Exemption | \$95,000 | \$95,000 |
| Total Costs | \$915,000 | \$915,000 |

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 |
|---|--------------------|--------------------|--------------------|
| REGIONAL BENEFITS | \$6,600,000 | \$1,724,000 | \$8,324,000 |
| To Private Individuals | \$4,988,000 | \$1,697,000 | \$6,685,000 |
| Temporary Payroll | \$4,289,000 | \$1,115,000 | \$5,404,000 |
| Ongoing Payroll | \$699,000 | \$582,000 | \$1,281,000 |
| To the Public | \$1,612,000 | \$27,000 | \$1,639,000 |
| Property Tax Revenue | \$1,532,000 | N/A | \$1,532,000 |
| Temporary Sales Tax Revenue | \$69,000 | \$18,000 | \$87,000 |
| Ongoing Sales Tax Revenue | \$11,000 | \$9,000 | \$21,000 |
| STATE BENEFITS | \$280,000 | \$97,000 | \$377,000 |
| To the Public | \$280,000 | \$97,000 | \$377,000 |
| Temporary Income Tax Revenue | \$180,000 | \$47,000 | \$227,000 |
| Ongoing Income Tax Revenue | \$22,000 | \$24,000 | \$46,000 |
| Temporary Sales Tax Revenue | \$67,000 | \$17,000 | \$84,000 |
| Ongoing Sales Tax Revenue | \$11,000 | \$9,000 | \$20,000 |
| Total Benefits to State & Region | \$6,880,000 | \$1,821,000 | \$8,701,000 |
| Discounted Total Benefits (2%) | \$6,818,000 | \$1,769,000 | \$8,586,000 |

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 | \$8,215,000 | \$417,000 | 20:1 |
| State | \$371,000 | \$498,000 | 1:1 |
| Grand Total | \$8,586,000 | \$915,000 | 9:1 |

May not sum to total due to rounding.

* Discounted at 2%

CGR has exercised reasonable professional care and diligence in 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.