

Financial Assistance Application

Nichols Cross Dock LLC Cost / Benefit Analysis

The information included herein is taken from the attached Tioga County Industrial Development Agency (IDA) "Application for Financial Assistance" made by Nichols Cross Dock LLC (Corporation), and various correspondence and conversations between representatives of the Tioga County Department of Economic Development and Planning, Tioga County Industrial Development Agency, County of Tioga, Town of Nichols and the Corporation.

PROJECT SUMMARY

On or about February 2015, VIP Structures, Inc. (Developer) began discussions with Tioga County Economic Development and Planning (ED&P) staff about the purchase of vacant land owned by the Town of Nichols located at 734 Stanton Hill Road, Nichols NY. The Developer is headquartered at One Webster's Landing, Syracuse New York.

The LLC, Nichols Cross Dock (Corporation), was formed by the Developer. In May 2015, the Tioga County Department of Economic Development and Planning (ED&P) responded to Corporation's request for economic development assistance for the purchase of real property, and the construction and equipping of the subject property. The Corporation will build and lease the facility to Fed Ex Freight Corporation (User).

The Tioga County Economic Development Priorities and Policies Plan, developed by Glenn Carter and adopted by the Tioga County Legislature on November 13, 1995 via Resolution 414-95, specifically identifies the need to "put maximum effort into finding and courting businesses", additionally noting that business attraction is a highly competitive activity ..., that there is the necessity for rapid response to company needs on the part of economic development entities, and the need for provision of meaningful incentives such as taxes, building, and infrastructure. The plan states, "Tioga County must be prepared to offer competitive incentives."

Nichols Cross Dock, LLC includes plans for the purchase of approximately twenty one (21) acres and the construction of two (2) buildings. One building would house a combined service center (24,560 sq. ft.) and office (5,151 sq. ft.) and the other a vehicle repair shop (9,679 sq. ft.). In addition, there will be a fueling island and small truck lubrication station. The site has been designed to allow for an expansion of the service center to increase the number of doors from fifty two (52) to as many as eighty eight (88) as well as increased parking capacity.

This project will result in the relocation and closing of the current operations located at 364 Industrial Drive, Binghamton NY. The Binghamton site has reached capacity and the new development will address the current capacity constraints and also enable future growth.

The completed project will be owned by Nichols Cross Dock, LLC and leased to FedEx Freight as a distribution facility for the logistics industry. The total projected investment is currently estimated at \$12,974,601. This would include the purchase of the land, the cost to construct and equip the facility, engineering and architectural fees, various site development fees and legal/financial/agency fees. The subject property is currently owned by the Town of Nichols. No real property taxes are collected on this property at this time.

PROJECT DETAIL

Proposed Site: 734 Stanton Hill Road, Nichols NY

Job Creation: Project creates an anticipated new workforce of 73 with an estimated new payroll of \$3,733,750 by 2018.

Project Schedule: Construction is expected to begin July of 2015 and completed in July of 2016.

ESTIMATED PROJECT BUDGET

| | |
|---------------------------|--------------|
| Nichols Cross Dock LLC | |
| Land/Facility Purchase | \$ 445,000 |
| Building Construction | \$10,283,392 |
| Equipment purchase | \$ 460,000 |
| Engineering/Architectural | \$ 419,000 |
| Misc. | \$ 858,425 |
| Legal/Financial Fees | \$ 394,400 |
| Financial Application Fee | \$ 114,384 |
| Total | \$12,974,601 |

Tioga County IDA

Based on Building Construction and Equipment Purchase, the IDA will be offering a sales tax savings estimated at \$367,418.

Based on the anticipated mortgage required by the Company the IDA will be offering a mortgage tax savings estimated at \$75,000.

Total estimated sales tax savings and mortgage recording tax savings for the project: \$442,418.

ECONOMIC IMPACT

A) Employment Impact:

In determining employment impact to the area, we have utilized the direct-effect employment multiplier provided by the US Department of Commerce, Economics and Statistics Administration, Bureau of Economic Analysis (2003). The following estimates employment impact for Tioga County, New York.

| Estimated Employment Impact Tioga County, NY | |
|---|---------------------------|
| | Nichols Cross Dock |
| Job Creation | 73 |
| Multiplier | 1.3163 |
| Total Employment Impact to Tioga County, NY | 96 |

Employment Impact Summary:

1. This project will create approximately 73 new FTE's by the Corporation.
2. Additional indirect results include creating ~23 FTE's in Tioga County, NY.

B) Earnings Impact on an annual basis:

In determining annual earnings (wages) impact, we have utilized the direct-effect earnings multiplier provided by the US Department of Commerce, Economics and Statistics Administration, Bureau of Economic Analysis (2003). The following estimates annual earnings impact for Tioga County, New York.

| Estimated Annual Earnings Impact Tioga County, NY | |
|--|---------------------------|
| | Nichols Cross Dock |
| Annual Earnings (73 employees) | Est. \$3,733,750 |
| Multiplier | 1.2889 |
| Total Earnings Impact to Tioga County, NY | \$4,812,430 |

Annual Earnings Impact Summary:

1. This project will create approximately \$3,733,750 in annual new employee earnings by the Corporation.
2. Indirect results include creating ~\$1,078,680 in additional annual employee earnings in Tioga County, NY.

PROPOSED PAYMENT-IN-LIEU-OF-TAX

The following is the Standard PILOT offered to Nichols Cross Dock, LLC.

| Year | PILOT percentage | PILOT estimated payment amount | Estimated Real Property Tax* |
|--------------|------------------|--------------------------------|------------------------------|
| 1 | 0% | \$0 | \$291,011 |
| 2 | 10% | \$29,683 | \$296,831 |
| 3 | 20% | \$60,553 | \$302,767 |
| 4 | 30% | \$92,646 | \$308,822 |
| 5 | 40% | \$125,999 | \$314,998 |
| 6 | 50% | \$160,648 | \$321,297 |
| 7 | 60% | \$196,633 | \$327,722 |
| 8 | 70% | \$233,993 | \$334,276 |
| 9 | 80% | \$272,768 | \$340,961 |
| 10 | 90% | \$313,002 | \$347,780 |
| 11 | 100% | \$354,735 | \$354,735 |
| Total | | \$1,840,660 | \$3,541,200 |

*Note: Real Property Taxes estimated for \$2,000,000 total assessment based on a 2014/2015 Town, County, School and Recycle combined tax rate of 145.50516. Fire tax is \$3.367560/1000 assessed value and Library tax is \$.529774/1000 assessed value both at 100% all years.

According to this estimated PILOT financial model, over a period of eleven (11) years, Nichols Cross Dock, LLC. would be afforded an estimated real property tax abatement of \$1,700,540.

SUMMARY

- Nichols Cross Dock, LLC is contributing an estimated \$12,974,601 in private capital investment; creating 73 full time jobs with an associated annual payroll of \$3,733,750.
- The Tioga County IDA is offering sales tax savings estimated at \$367,418 for construction and equipping of the facility.
- The Tioga County IDA is offering mortgage tax savings estimated at \$75,000.
- The Tioga County IDA is offering real property tax savings estimated at \$1,700,540 over ten (10) years.