

# **Financial Assistance Application**

## **TDB HD, LLC. Cost / Benefit Analysis**

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The information included herein is taken from the attached Tioga County Industrial Development Agency (TCIDA) "Application for Financial Assistance" made by TBD HD, LLC., (The Company), and various correspondence and conversations between representatives of the TCIDA, Tioga County Department of Economic Development and Planning (ED&P), County of Tioga, Town of Owego, Empire State Development and the Corporation.

### **PROJECT SUMMARY**

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On or about November 2017, TBD HD, LLC. began discussions with the Tioga County Industrial Development Agency (IDA) staff about the potential purchase of IDA owned property located at Smith Creek Road in the Town of Nichols. However, the Company did not pursue this property, and ultimately chose a site in the Town of Owego off of State Route 38 in May 2018.

The Company is a subsidiary of Voigt and Schweitzer, LLC, which is headquartered at 987 Buckeye Park Road, Columbus, OH. Voigt and Schweitzer, LLC is a subsidiary of Hill & Smith Holdings, which is a publically traded company in the United Kingdom. The Company is a worldwide leader in the steel galvanizing business. The Company's primary action is to galvanize steel products for customers. The company currently has 9 locations in the United States and serves the Bridge & Highway, Recreation, Transportation, Petrochemical/WWTP, Infrastructure, OEM, Utilities, Alternative Energy, Marine, Agriculture, & Fastener industries.

The TCIDA & ED&P responded to the Company's request for economic development assistance for the purchase, construction and equipping of the subject property. This facility will provide the Company with increased production capacity to service the Northeast North American market.

TBD HD, LLC's construction includes plans for the purchase of new machinery and equipment, which will provide a state-of-the-art working environment in New York State yielding employee satisfaction and productivity. The build will include 42,000 square feet of manufacturing area, and 5,000 square feet of office space. The 47,000 (+/-) square foot facility will be located on 34.298 acres currently under contract for purchase by the Tioga County Industrial Development Agency. The anticipated land purchase, building construction, equipment purchases, soft costs & other fees are estimated at \$13,954,900.

## PROJECT DETAIL

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Proposed Site: Route 38, Owego, NY

Job Creation: Project creates an anticipated new workforce of 34 with an estimated new payroll of \$1,335,000.00 by 2019.

Project Schedule: Construction is expected to begin in September of 2018 and is anticipated to be completed by May 2019.

## ESTIMATED PROJECT BUDGET

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TBD HD, LLC	
Land Purchase	\$ 700,000
Building Construction	\$ 8,390,000
Engineering/Architect	\$ 280,000
Equipment to be installed	\$ 4,200,000
Other Equipment	\$ 251,000
Legal/Financial Fees	\$ 50,000
Agency Fee	\$ 83,900
Total	\$13,954,900

### Tioga County IDA

Based on taxable items related to the building construction, equipment purchase and working capital expense anticipated at \$8,390,000, the IDA will be providing a sales tax savings estimated at \$671,200; State and local portions are in equal amounts of \$335,600.

There will be no mortgage taken, therefore no mortgage recording tax abatement offered.

**Local portion of estimated sales tax savings for the project: \$335,600.**

## ECONOMIC IMPACT

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### A) Operations Employment Impact:

In determining employment impact to the area, we have utilized the direct-effect employment multiplier provided by the Regional Input-Output Modeling System (RIMS II) based on the 2007 Benchmark Input-Output Table for the Nation and 2013 Regional Data. The following estimates employment impact for Tioga County, New York.

<b>Estimated Operations Employment Impact Tioga County, NY</b>	
	<b>TBD HD, LLC</b>
Job Creation	34
Multiplier	1.3073
Total Employment Impact to Tioga County, NY	44

**Operations Employment Impact Summary:**

1. This project will create approximately 34 new FTE's by the Company.
2. Additional indirect results include creating ~ 10 FTE's in Tioga County, NY.

**B) Operations Earnings Impact on an annual basis:**

In determining annual earnings (wages) impact, we have utilized the direct-effect earnings multiplier provided by the Regional Input-Output Modeling System (RIMS II) based on the 2007 Benchmark Input-Output Table for the Nation and 2013 Regional Data. The following estimates annual earnings impact for Tioga County, New York.

<b>Estimated Operations Annual Earnings Impact Tioga County, NY</b>	
	<b>TDB HD, LLC</b>
Annual Earnings (34 employees)	Est. \$1,335,000
Multiplier	1.2567
Total Earnings Impact to Tioga County, NY	\$1,677,694.50

**Operations Annual Earnings Impact Summary:**

1. This project will create approximately \$1,335,000 in annual new employee earnings by the Corporation; which equates to \$39,264.70 per capita.  
(The average wage per capita in Tioga County is currently \$28,808.00)<sup>1</sup>
2. Indirect results include creating ~\$342,694 in additional annual employee earnings in Tioga County, NY.

<sup>1</sup> Tioga County, New York Economy." Coldwater, Ohio People, [www.bestplaces.net/economy/county/new\\_york/tioga](http://www.bestplaces.net/economy/county/new_york/tioga)

- Total impact to earnings through term of agreement ~ \$16,776,940.

**C) Construction Employment Impact:**

In determining employment impact to the area, we have utilized the direct-effect employment multiplier provided by the Regional Input-Output Modeling System (RIMS II) based on the 2007 Benchmark Input-Output Table for the Nation and 2013 Regional Data. The following estimates employment impact for Tioga County, New York.

<b>Estimated Construction Employment Impact Tioga County, NY</b>	
	<b>TBD HD, LLC</b>
Job Creation	100
Multiplier	1.2963
Total Employment Impact to Tioga County, NY	130

***Construction Employment Impact Summary:***

- This project will create approximately 100 construction jobs.
- Additional indirect results include creating 30 jobs in Tioga County, NY.

**PROPOSED PAYMENT-IN-LIEU-OF-TAX**

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The following is a standard PILOT applied for by TBD HD, LLC.

<b>Year</b>	<b>Estimated Real Property Tax*</b>	<b>Estimated PILOT payment amount</b>	<b>Real Property Tax Abatement</b>
1	\$164,316.32	0	\$164,316.32
2	\$167,602.65	\$16,760.26	\$150,842.39
3	\$170,954.70	\$34,190.94	\$136,763.76
4	\$174,373.79	\$52,312.14	\$122,061.65
5	\$177,861.27	\$71,144.51	\$106,716.76
6	\$181,418.49	\$90,709.25	\$90,709.24
7	\$185,046.86	\$111,028.12	\$74,018.74
8	\$188,747.80	\$132,123.46	\$56,624.34
9	\$192,522.76	\$154,018.21	\$38,504.55
10	\$196,373.21	\$176,735.89	\$19,637.32
<b>Total</b>	<b>\$1,799,217.85</b>	<b>\$839,022.77</b>	<b>\$960,195.07</b>

\*Note: Real Property Taxes estimated for \$3,801,100 total assessment based on a 2017/2018 Town, County, School and Recycle combined tax rate of 45.901999 for first year and increased by 2% each following year. Fire tax is \$2.673376/1000 assessed value and at 100% all years.

**According to this estimated PILOT financial model, over a period of ten (10) years, TBD HD, LLC. would be afforded an estimated real property tax abatement of \$960,195.**

## **SUMMARY**

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- TBD HD, LLC is contributing an estimated \$13,954,900 in private capital investment
- TBD HD, LLC is creating 34 full time jobs with an associated annual payroll of \$1,335,000.
- The total direct & indirect wage impact is \$16,776,940 over 10 years.
- TBD HD, LLC is creating 100 construction jobs with an estimated annual payroll of \$4.5 million.
- The Tioga County IDA will provide sales tax savings estimated at \$671,200 for construction, equipment purchase and working capital. Local portion equals \$335,600.
- The Tioga County IDA will provide real property tax savings estimated at \$960,195 over 10 years.
- TBD HD, LLC will be adding over \$839,022 in new real property tax revenue on a previously tax exempt property.
- TBD HD, LLC shared that there is the possibility of adding shifts in the future, which could leverage a combined total approximately 60 FTE positions.
- TBD HD, LLC has 9 locations in the United States