

Financial Assistance Application

Best Bev 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 Best Bev LLC and Waverly Trade Center 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 Barton, Village of Waverly, Empire State Development, and the Corporation.

PROJECT SUMMARY

On or about March 2022, the Corporation began discussions with Tioga County Economic Development and Planning (ED&P) staff about the renovation and equipping of 685 Broad St Ext, Waverly, NY 14892. The Tioga County Department of Economic Development and Planning (ED&P) responded to Corporation's request for economic development assistance, coordinating a successful ESD Grant Application, providing guidance through the planning and approval process, and initiating correspondences with the IDA.

Best Bev LLC provides co-packing, material sourcing, storage, and brand distribution for both alcohol and non-alcoholic beverages. Waverly Trade Center LLC, the property owner, will lease the facility to Best Bev LLC. Best Bev LLC will invest over \$22.9 million to renovate 685 Broad St Ext, Waverly, NY. Renovations include improvements to flooring, electrical, power distribution, lighting, doors, office space, and HVAC. Best Bev LLC will invest \$13,215,100 for manufacturing equipment and other equipment.

It is anticipated that the facility will be operational by the third quarter of 2023. Once the renovation is complete, the facility will house production equipment that will increase their canning capacity 10-fold. The Corporation is creating 65 full time equivalent jobs with an annual estimated payroll of \$3 Million.

Best Bev LLC is currently located in Pennsburg, Pennsylvania. The Pennsylvania facility will not close immediately upon start-up of the Tioga County facility. Best Bev LLC is considering closing the Pennsylvania facility over the long term and transferring the current operations to Tioga County, which would result in additional jobs, payroll, and economic impact in Tioga County above those summarized in this cost benefit analysis. Alternatively, if the aggregate NYS and local financial incentives are not sufficient, Best Bev LLC will consider cancelling their start-up of the New York location and expanding the existing Pennsylvania location instead.

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.”

Lack of adequate employment within the County forces 55% of the County’s workforce to commute to work outside the County every day. New York State policy makers who are looking to revive long-lagging upstate regions are relying on a concentrated effort to bring manufacturing back to NY. To accomplish this goal, there must be a buy in by both State and local leaders. The State has made a substantial offer to the Corporation to assist operations in Tioga County.

Bringing manufacturing back to Tioga County poses unique challenges. As a border County to Pennsylvania, the proximity can often be an obstacle to overcome. At the local level one of the principal barriers to development in NY vs PA is related to real property taxes.

PROJECT DETAIL

Proposed Site: 685 Broad St Ext, Waverly NY 14892
Tax Map ID #: 167.13-4-4.10

Job Creation: Project creates an anticipated new workforce of 65 with an estimated new annual payroll of \$3 Million by 2024.

Project Schedule: Renovations are anticipated to be complete by Q3 of 2023.

ESTIMATED PROJECT BUDGET

Best Bev, LLC	
Property Rehabilitation Labor	\$ 2,987,762
Property Rehabilitation Material	\$ 4,529,500
Manufacturing Equipment Purchases	\$ 12,640,531
Other Equipment Purchases	\$ 574,569
Engineering/Architectural Fees	\$ 114,913
Site Work	\$ 2,114,416
Legal/Financial Fees	\$ 68,948
<u>Total</u>	<u>\$ 23,030,639</u>

Based on taxable items related to the renovation, anticipated at \$4,529,500, the IDA will be offering a sales tax exemption estimated at \$362,360. The local portion is \$181,180.

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

Total estimated sales tax savings for the project: \$362,360.

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 (2019). The following estimates employment impact for Tioga County, New York.

Estimated Employment Impact Tioga County, NY	
Job Creation	65
Multiplier	3.0672
Total Employment Impact to Tioga County, NY	199

Employment Impact Summary:

1. This project will create approximately 65 new FTEs by the Corporation.
2. Additional indirect results include creating ~ 134 FTEs 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 (2019). The following estimates annual earnings impact for Tioga County, New York.

Estimated Annual Earnings Impact Tioga County, NY	
Annual Earnings (65 employees)	Est. \$3,000,000
Multiplier	2.6696
Total Earnings Impact to Tioga County, NY	\$8,008,800

Annual Earnings Impact Summary:

1. This project will create approximately \$3,000,000 in annual new employee earnings by the Corporation.
2. Indirect results include creating ~\$5,008,800 in additional annual employee earnings in Tioga County, NY.

PROPOSED PAYMENT-IN-LIEU-OF-TAX (PILOT)

The following PILOT has been requested:

Year	Estimated Real Property Tax**	PILOT Percentage	PILOT Payment Projection**	Real Property Tax Abatement Projection**
1	\$89,074.37	50	\$45,427.93	\$45,427.93
2	\$90,855.86	55	\$50,970.14	\$41,702.84
3	\$92,672.98	60	\$56,715.86	\$37,810.57
4	\$94,526.44	65	\$62,671.03	\$33,745.94
5	\$94,416.97	70	\$68,841.71	\$29,503.59
6	\$98,345.30	75	\$75,234.16	\$25,078.05
7	\$100,312.21	80	\$81,854.76	\$20,463.69
8	\$102,318.21	85	\$88,710.10	\$15,654.72
9	\$104,364.82	90	\$95,806.91	\$10,645.21
10	\$106,452.12	95	\$103,152.10	\$ 5,429.06
Total	\$975,334.53		\$729,384.71	\$265,461.60

**Note: Real Property Taxes estimated for \$1,850,000 anticipated assessment using NYS Real Property Tax Law Section 581a (Assessment of Residential Real Property) and based on a Year 1 Town, County, School, and Village combined tax rate of 48.148310. Model assumes a 2% annual tax increase and assumes Year 1 is 2023.

According to this estimated PILOT financial model, over a period of ten (10) years, Best Bev LLC would be afforded an estimated real property tax abatement of \$265,461.60.

BREAKDOWN OF PROPOSED ABATEMENT

Year	Town Abatement Projection*	County Abatement Projection*	School Abatement Projection*	Village Abatement Projection*
Renovation Period	0	0	0	0
1	\$2,434.05	\$10,711.56	\$17,164.91	\$15,117.41
2	\$2,234.46	\$9,833.22	\$15,757.39	\$13,877.78
3	\$2,025.91	\$8,915.45	\$14,286.70	\$12,852.52
4	\$1,808.12	\$7,957.04	\$12,750.88	\$11,229.90
5	\$1,580.81	\$6,956.73	\$11,147.91	\$9,818.14
6	\$1,343.69	\$5,913.22	\$9,475.72	\$8,345.42
7	\$1,096.45	\$4,825.18	\$7,732.19	\$6,809.86
8	\$838.79	\$3,691.27	\$5,915.13	\$5,209.55
9	\$570.37	\$2,510.06	\$4,022.29	\$3,542.49
10	\$290.89	\$1,280.13	\$2,051.37	\$1,806.67
Total	\$14,223.54	\$62,593.86	\$100,304.49	\$88,339.74

*Note: Abatement projection is based on projected tax rates

BREAKDOWN OF PROPOSED PILOT DISTRIBUTION

Year	Total PILOT Payment*	Town Distribution Projection*	County Distribution Projection*	School Distribution Projection*	Village Distribution Projection*
Renovation Period	0	100% taxation	100% taxation	100% taxation	100% taxation
1	\$45,427.93	\$2,434.05	\$10,711.56	\$17,164.91	\$15,117.41
2	\$50,970.14	\$2,731.00	\$12,018.38	\$19,259.03	\$16,961.73
3	\$56,715.86	\$3,038.86	\$13,373.17	\$21,430.04	\$18,873.78
4	\$62,671.03	\$3,357.94	\$14,777.36	\$23,680.20	\$20,855.53
5	\$68,841.71	\$3,688.57	\$16,232.36	\$26,011.79	\$22,909.00
6	\$75,234.16	\$4,031.08	\$17,739.65	\$28,427.17	\$25,036.26
7	\$81,854.76	\$4,385.81	\$19,300.74	\$30,928.76	\$27,239.45
8	\$88,710.10	\$4,753.12	\$20,917.18	\$33,519.04	\$29,520.76
9	\$95,806.91	\$5,133.37	\$22,590.55	\$36,200.57	\$31,882.42
10	\$103,152.10	\$5,526.93	\$24,322.49	\$38,975.94	\$34,326.74
Total	\$729,384.71	\$39,080.73	\$171,983.44	\$275,597.45	\$242,723.08

*Note: Disbursement projection is based on projected tax rates

JUSTIFICATION FOR DEVIATION FROM UNIFORM PILOT POLICY

Corporation is making private investment of over \$22.9 Million in Tioga County

Corporation is bringing 65 full time equivalent jobs to Tioga County with potential future expansion with additional job creation and economic impact

Corporation is bringing \$3 million in new payroll to Tioga County

Corporation is stimulating additional ~134 indirect jobs to Tioga County

Corporation is stimulating additional ~\$5,008,800 million indirect payroll to Tioga County

Corporation is stimulating temporary electrical, concrete, and general construction jobs during the renovation period creating additional wages and spending in Tioga County

New York State has made substantial incentives offer

Competitive real property taxes are needed to compete with PA

Development addresses 2010 Strategic Plan objectives

SUMMARY

- The Tioga County IDA is considering an aggregate state and local sales tax exemption estimated at \$362,360 for renovation purchases. The local sales tax exemption portion is estimated at \$181,180.
- The Tioga County IDA is considering real property tax abatement estimated at \$265,461.60 over 10 years.