



Phillips Lytle LLP

Via E-Mail and Hand Delivery

July 20, 2020

John C. Whitney, P.E.
Town Supervisor
Town of Grand Island
2255 Baseline Road
Grand Island, New York 14072

Re: TC Buffalo Development Associates, LLC
Application for Planned Development District Designation
2780 Long Road, Grand Island, NY 14072
Tax Section 23, Block 1, Lot 50
Tax Section 23, Block 1, Lot 26.1

Dear Supervisor Whitney and Members of the Town of Grand Island Town Board:

As you know, we represent TC Buffalo Development Associates, LLC (“**TC Buffalo**”) with respect to the proposed development of approximately 145.4 acres of land located at 2780 Long Road (“**Site**”), in the Town of Grand Island (“**Town**”), New York, for use as an e-commerce storage and distribution facility for consumer products (“**Facility**”), by a single confidential prospective entity (“**Project**”).

On June 30, 2020 TC Buffalo submitted the Fifth Supplement, which included the Economic Impact Analysis (defined below). In response to feedback from the Town, including the Town Accountant, Town Assessor and the Economic Development Advisory Board (“**EDAB**”), we submit this Amended Fifth Supplement (the “**Amended Fifth Supplement**”) to provide a revised Economic Impact Analysis regarding the significant positive economic impacts associated with the Project (the “**Revised Economic Impact Analysis**”). A copy of the Revised Economic Impact Analysis is enclosed herewith as Exhibit A.

ATTORNEYS AT LAW

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I. REVISED ECONOMIC IMPACT ANALYSIS

TC Buffalo commissioned MRB Group to conduct an economic and fiscal impact analysis (the “**Economic Impact Analysis**”) of the Project on the local economy and on municipal revenues for the Town of Grand Island, the Grand Island Central School District and Erie County.

MRB Group has provided municipal consulting services for over 90 years across a wide range of fields. MRB Group founded SmarterLocalGov.com, its Municipal Services Division, to focus on government management consulting services, including economic development-related specialties. Michael N’dolo, CEcD, MRG Group’s Director of Economic Development, has a wealth of knowledge related to CBAs and economic and fiscal impact analyses. Over the course of his career, Mr. N’dolo has completed well over one hundred economic and fiscal impact analyses for a wide range of projects, including large-scale residential, commercial, industrial, institutional and mixed-use developments across New York State and beyond.

Following submission of the Economic Impact Analysis, TC Buffalo received input from the Town as to certain calculations within the analysis. With respect to the consolidated water property tax, the Town clarified that this amount is calculated based upon assessed value of the land only. The calculation was previously based on assessed value of the improvements and the land. This number has been revised accordingly. Further, the Town advised that the library PILOT amount should be categorized as revenue for the County rather than the Town. Finally, based upon input from the Town, and the IDA, the estimated assessed value of the Project has been revised. Originally, the Economic Impact Analysis was based upon an estimated assessed value of \$202,391,200. The estimated assessed value has been adjusted to \$149,730,000 in the Revised Economic Impact Analysis. While this number remains an estimate, and the actual assessed value will be determined by the Town Assessor following Project construction, TC Buffalo believes this updated assessed value represents a conservative number, carried throughout the Revised Economic Impact Analysis. As such, TC Buffalo submits that the Revised Economic Impact Analysis is a conservative analysis of potential new revenue generated by the Project.



In addition, the Town requested that TC Buffalo consider translating the benefits demonstrated in the Revised Economic Impact Analysis to a “typical” Grand Island homeowner, and potential municipal costs to the Town from the Project. This information is also included within the Revised Economic Impact Analysis.

II. REVISED FISCAL & ECONOMIC BENEFITS

As shown in the Revised Economic Impact Analysis, the Project is expected to result in significant fiscal benefits for the Town, School and County in the form of new property tax payments, new anticipated PILOT payments¹, new sales tax revenue to the County and additional sales tax distributions to the Town. These are “new” benefits in that they are net increases over any existing municipal revenues generated at the Site.

Over a 15-year PILOT term, the Revised Economic Impact Analysis predicts the Project will result in approximately *\$51 million* in new direct revenue, broken down by jurisdiction as follows:

- \$9,582,602 million to the Town (including its general and highway funds and various local special districts) in new tax revenue from PILOT payments, property tax payments and additional sales tax distributions from the County;
- \$25,457,278 million to the Grand Island Central School District in the form of new PILOT payments;
- \$15,547,811 million to Erie County in new PILOT revenue (including the Library PILOT revenue collected by the County) and new sales tax revenue.

In addition, the above figures do not include additional benefits that may be provided by TC Buffalo in connection with incentive zoning proposals. By way of comparison,

¹ These PILOT payments are anticipated because the PILOT has not yet been finalized.



the property taxes that the Site would generate without the Project over the same 15-year time period total \$393,272.

To help illustrate what this overall fiscal impact means to Town residents, the Revised Economic Impact Analysis translates the benefit to the “typical” Town resident, defined as the owner of a median-priced single-family home. As shown in the Revised Economic Impact Analysis, MRB estimates that the average home owner will save \$5,451 over the 15-year span of the PILOT as a result of new revenues from the Project. This rises to \$749 per year following the expiration of the PILOT. These figures do not include the benefits that would also accrue to other classes of taxable property, such as for-rent apartments as well as commercial and industrial property. They also do not include the tax savings to Town taxpayers related to the fiscal impacts of the Project on Erie County.

The Project will also create new jobs, wages and sales associated with both the construction phase and the operation phase of the Project. During the construction phase, the Economic Impact Analysis assumes a very conservative estimate of at least \$75 million in local spending on labor and materials, which equates to the creation of 370 direct jobs with direct earnings of \$30.5 million. This also equates to indirect impacts that result from (a) business-to-business purchases, and (b) the spending of a portion of the direct earnings within the local economy. With indirect impacts of \$17.4 million in earnings (and associated jobs) and \$51 million in sales, MRB Group estimates total construction-period impacts of 719 jobs, \$47.8 million in earnings and \$126 million in sales.

During the operation phase, the Project will create 1,000 jobs with direct wages of \$32,640,000. MRB Group estimates that these direct impacts would generate indirect impacts of 570 jobs and \$20.6 million in earnings, for a total impact of 1,570 jobs, \$53.2 million in earnings and \$170.7 million in sales in Year 1 of operations.



Using an escalation factor of 2%, over the course of the construction phase and the first 15 years of the operation phase, **MRB Group predicts that total new earnings in the local economy will be \$967.9 million and total new sales² will be \$3.1 billion**, supporting 719 construction jobs initially (370 jobs on Site, plus an additional 348 jobs in supply-chain and other businesses) and 1,570 jobs every year thereafter (including operation jobs on Site as well as jobs generated elsewhere in the local economy).

The Town also requested that the analysis include the potential for the Project to cause additional municipal service delivery costs to the Town and School District. While the Revised Economic Impact Analysis predominately focuses on changes to revenue streams to the Town, School District and County that would result from the Project, MRB provided comments on the potential for public service delivery costs to be imposed on the Town as a result of the Project. Based upon MRB's review of the SEQR (State Environmental Quality Review Act) documents produced to-date and MRB's extensive experience in the field, the Revised Economic Impact Analysis concludes that the Project will not cause a major impact to local government costs, primarily because: (a) there will be no new public school-aged children to educate as a result of the Project, and (b) the Project, with the Developer's proposed mitigation, does not appear to require any new major capital investments by the Town. There may be minor impacts in the form of operational cost increases, but MRB estimates they would likely represent less than 10% of the new tax revenue impacts described in the Revised Economic Impact Analysis.

III. CONCLUSION

Thus far, TC Buffalo has undertaken a comprehensive review of potential environmental impacts of the Project. TC Buffalo has submitted extensive documentation in this process, which has been reviewed by the Town's consultants and updated by TC Buffalo as necessary. As such, and in response to Project feedback, we are providing this Amended Fifth Supplement to detail the significant positive economic impacts associated with the Project. As noted, the Revised Economic Impact

² "Sales" are gross revenues to the affected businesses. As such, the sales figure impact is a measure of the total change to the economic activity of a region.



has been updated to incorporate Town feedback with respect to calculations of new revenue, and to address savings for the average homeowner, and the potential for costs to the Town, as a result of the Project. The Revised Economic Impact Analysis represents a conservative estimation of the economic benefits of the Project. As shown in the Revised Economic Impact Analysis, even with a PILOT in place, the Project will bring significant and impactful economic benefits to the Town, the School District and the region for years to come.

Please do not hesitate to contact us if there are any questions regarding the Application and this supplemental submission.

Very truly yours,

Phillips Lytle LLP

By /s/ *Kimberly R. Nason*

Kimberly R. Nason

KRN

cc: Peter Godfrey, Esq., Town Attorney
Charles W. Malcomb, Esq., Town Attorney
Robert H. Westfall, P.E., Town Engineer
Jennifer Peresie, Town EDAB Chair
Eric Fiebelkorn, GI Chamber of Commerce (via email only)
James Murray-Coleman, Trammel Crow Company (via email only)
Michael Finan, P.E., LEED-AP, Langan Engineering (via email only)

EXHIBIT A



Economic and Fiscal Impact
TC Buffalo Development Associates, LLC

Prepared by:



July 17, 2020

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Executive Summary

TC Buffalo Development Associates, LLC (the “Developer”) is proposing development of approximately 145 acres of land located at 2780 Long Road in the Town of Grand Island, N.Y. (the “Site”) for use as an e-commerce storage and distribution facility (the “Facility”) for consumer products. The Developer expects that the proposed development (the “Project”) would include a capital investment of at least \$200 million in real estate improvements and \$100 million in equipment purchases, plus additional soft costs and land acquisition costs. The prospective future tenant of the Facility, [Not Identified] (the “Prospective Tenant”), operates a North American fulfillment network and would use the Facility to receive shipments of products for distribution throughout the United States. The Prospective Tenant would employ approximately 1,000 individuals on Site following construction of the Project. MRB Group was commissioned to conduct an economic and fiscal impact analysis of the Project and the operations of the Prospective Tenant on the local economy and on municipal revenues for the Town of Grand Island (the “Town”), the Grand Island Central School District (the “School” and “School District”) and Erie County (the “County”).

Economic Impacts

As shown in the table to the right, there would be new jobs, wages and sales associated with both the construction phase and the operation phase of the Project.

During the construction phase, we begin with the very conservative estimate provided by the Developer of at least \$75 million in local spending on labor and materials (37.5% of labor/materials, 0% of equipment purchases). Using the Emsi economic modeling system, we estimate that this spending would create 370 direct jobs with direct earnings of \$30.5 million. The Emsi model also calculates indirect impacts that result from (a) business-to-business purchases, and (b) the spending of a portion of the direct earnings within the local economy. With indirect impacts of \$17.4 million in earnings (and associated jobs) and \$51 million in sales, we arrive at **the total construction-period impacts of 719 jobs, \$47.8 million in earnings and \$126 million in sales.**

Summary of Economic Impacts					
Year	Direct Jobs	Total Jobs	Direct Earnings	Total Earnings	Total Sales
Constr.	370	719	\$30,465,610	\$47,831,008	\$126,000,000
1	1,000	1,570	\$32,640,000	\$53,203,200	\$170,679,666
2	1,000	1,570	\$33,292,800	\$54,267,264	\$174,093,259
3	1,000	1,570	\$33,958,656	\$55,352,609	\$177,575,124
4	1,000	1,570	\$34,637,829	\$56,459,661	\$181,126,627
5	1,000	1,570	\$35,330,586	\$57,588,855	\$184,749,159
6	1,000	1,570	\$36,037,197	\$58,740,632	\$188,444,143
7	1,000	1,570	\$36,757,941	\$59,915,444	\$192,213,025
8	1,000	1,570	\$37,493,100	\$61,113,753	\$196,057,286
9	1,000	1,570	\$38,242,962	\$62,336,028	\$199,978,432
10	1,000	1,570	\$39,007,821	\$63,582,749	\$203,978,000
11	1,000	1,570	\$39,787,978	\$64,854,404	\$208,057,560
12	1,000	1,570	\$40,583,737	\$66,151,492	\$212,218,712
13	1,000	1,570	\$41,395,412	\$67,474,522	\$216,463,086
14	1,000	1,570	\$42,223,320	\$68,824,012	\$220,792,348
15	1,000	1,570	\$43,067,787	\$70,200,493	\$225,208,194
Total			\$594,922,739	\$967,896,127	\$3,077,634,622

During the operation phase, the Prospective Tenant has stated it will create 1,000 jobs with direct wages of \$32,640,000. Again, using the Emsi modeling system, we estimate these direct impacts would generate indirect impacts of 570 jobs and \$20.6 million in earnings, for **a total impact of 1,570 jobs, \$53.2 million in earnings and \$170.7 million in sales in Year 1 of operations.**

Using an escalation factor of 2%, over the course of the construction phase and the first 15 years of the operation phase, we therefore conclude that **total new earnings in the local economy will be \$967.9 million and total new sales¹ will be \$3.1 billion, supporting 719 construction jobs initially and 1,570 jobs every year thereafter.**

¹ "Sales" are gross revenues to the affected businesses. As such, the sales figure impact is a measure of the total change to the economic activity of a region.

Fiscal Impacts

The Project will also result in fiscal benefits for the Town, School and County in the form of new property tax payments, new PILOT payments², new sales tax revenue to the County and additional sales tax distributions to the Town. Note that all revenue figures reported are “new” in that they are net increases over any existing municipal revenues generated at the Site.

The table to the right is a high-level summary of the fiscal impacts of the Project, with more detail in the expanded table on the following page that shows the individual components of the new revenue streams. As shown, the Town of Grand Island (including its general and highway funds and various local special districts) will benefit from an additional \$10 million in new tax revenue from PILOT payments, property tax payments and additional sales tax distributions from the County.

The Grand Island Central School District will also benefit from the Project in the form of new PILOT payments made in the total amount of \$25 million.

Erie County will benefit from a total of \$16 million in new PILOT revenue (including the Library PILOT revenue collected by the County) and new sales tax revenue over this period.

Therefore, in total, we estimate that all jurisdictions will benefit from approximately \$51 million in new direct revenue from the Project³.

Note that the above figures do not include additional benefits that may be provided by TC Buffalo in connection with incentive zoning proposals.

Fiscal Impact Summary - New Revenue				
Year	Town*	School	County	Total
Constr.			\$397,595	\$397,595
1	\$402,053	\$448,296	\$574,363	\$1,424,711
2	\$432,733	\$609,682	\$630,768	\$1,673,183
3	\$464,480	\$777,344	\$689,199	\$1,931,024
4	\$497,324	\$951,470	\$749,716	\$2,198,509
5	\$531,296	\$1,132,249	\$812,377	\$2,475,922
6	\$566,427	\$1,319,879	\$877,245	\$2,763,551
7	\$602,752	\$1,514,561	\$944,383	\$3,061,696
8	\$640,302	\$1,716,502	\$1,013,856	\$3,370,660
9	\$679,114	\$1,925,915	\$1,085,729	\$3,690,759
10	\$719,222	\$2,143,019	\$1,160,072	\$4,022,313
11	\$733,607	\$2,185,879	\$1,183,273	\$4,102,759
12	\$775,876	\$2,415,396	\$1,261,693	\$4,452,966
13	\$819,543	\$2,653,220	\$1,342,777	\$4,815,540
14	\$835,934	\$2,706,284	\$1,369,633	\$4,911,851
15	\$881,939	\$2,957,582	\$1,455,131	\$5,294,652
Total	\$9,582,602	\$25,457,278	\$15,547,811	\$50,587,691

*Note that "Town" includes various local special districts.

² As explained in the body of the report, we have assumed the Erie County Industrial Development Agency will provide an inducement to the Project that includes a Payment in Lieu of Taxes (PILOT) agreement.

³ Some figures may not sum due to rounding.

Below is an expanded table showing the various components of the Fiscal Impact Summary table on the previous page, explained in detail in the body of the report.

Summary - Increase in Property Tax, PILOT Revenue and Sales Tax Revenue												
Year	Town		Fire Protection Prop Tax	Consolid. Water Prop Tax	Additional Town Sales Tax Distributions	Subtotal, All Town Funds and Districts	County PILOT	Library PILOT	New County		Subtotal, School	
	General Fund PILOT	Highway Fund PILOT							Sale Tax Revenue	Subtotal, County	District PILOT	Grand Total
Constr.									\$397,595	\$397,595		\$397,595
1	\$28,056	\$38,531	\$123,555	\$72,179	\$139,733	\$402,053	\$121,933	\$10,178	\$442,252	\$574,363	\$448,296	\$1,424,711
2	\$38,155	\$52,402	\$126,026	\$73,622	\$142,528	\$432,733	\$165,829	\$13,842	\$451,097	\$630,768	\$609,682	\$1,673,183
3	\$48,648	\$66,813	\$128,546	\$75,095	\$145,378	\$464,480	\$211,433	\$17,648	\$460,119	\$689,199	\$777,344	\$1,931,024
4	\$59,545	\$81,779	\$131,117	\$76,596	\$148,286	\$497,324	\$258,794	\$21,601	\$469,321	\$749,716	\$951,470	\$2,198,509
5	\$70,859	\$97,317	\$133,740	\$78,128	\$151,251	\$531,296	\$307,964	\$25,706	\$478,707	\$812,377	\$1,132,249	\$2,475,922
6	\$82,601	\$113,444	\$136,414	\$79,691	\$154,276	\$566,427	\$358,998	\$29,965	\$488,282	\$877,245	\$1,319,879	\$2,763,551
7	\$94,785	\$130,177	\$139,143	\$81,285	\$157,362	\$602,752	\$411,951	\$34,385	\$498,047	\$944,383	\$1,514,561	\$3,061,696
8	\$107,423	\$147,534	\$141,926	\$82,910	\$160,509	\$640,302	\$466,877	\$38,970	\$508,008	\$1,013,856	\$1,716,502	\$3,370,660
9	\$120,529	\$165,533	\$144,764	\$84,569	\$163,719	\$679,114	\$523,836	\$43,724	\$518,168	\$1,085,729	\$1,925,915	\$3,690,759
10	\$134,116	\$184,193	\$147,659	\$86,260	\$166,994	\$719,222	\$582,887	\$48,653	\$528,532	\$1,160,072	\$2,143,019	\$4,022,313
11	\$136,798	\$187,877	\$150,613	\$87,985	\$170,334	\$733,607	\$594,545	\$49,626	\$539,102	\$1,183,273	\$2,185,879	\$4,102,759
12	\$151,162	\$207,604	\$153,625	\$89,745	\$173,740	\$775,876	\$656,972	\$54,837	\$549,884	\$1,261,693	\$2,415,396	\$4,452,966
13	\$166,045	\$228,045	\$156,697	\$91,540	\$177,215	\$819,543	\$721,658	\$60,237	\$560,882	\$1,342,777	\$2,653,220	\$4,815,540
14	\$169,366	\$232,606	\$159,831	\$93,371	\$180,759	\$835,934	\$736,092	\$61,441	\$572,100	\$1,369,633	\$2,706,284	\$4,911,851
15	\$185,093	\$254,205	\$163,028	\$95,238	\$184,375	\$881,939	\$804,443	\$67,147	\$583,542	\$1,455,131	\$2,957,582	\$5,294,652
Total	\$1,593,183	\$2,188,062	\$2,136,683	\$1,248,214	\$2,416,460	\$9,582,602	\$6,924,213	\$577,962	\$8,045,637	\$15,547,811	\$25,457,278	\$50,587,691

By way of comparison, we show in the table to the right the property taxes that the Site would generate without the Project over the same 15-year time period, totaling \$393,272. As noted previously, these figures have already been factored out of the fiscal impacts displayed above.

Property Taxes Without the Project			
Town*	School	County	Total
\$130,100	\$206,897	\$56,275	\$393,272

*Note that "Town" includes various local special districts.

Impact on a Typical Town Homeowner

To help illustrate what this overall fiscal impact means to Town residents, we translate the benefit to the “typical” Town resident, defined as the owner of a median-priced single-family home. As shown in the table to the right, we estimate that the average home owner will save \$5,451 over the 15-year span of the PILOT agreement as a result of the new revenues from the Project. This rises to \$749 per year following the expiration of the PILOT and every year thereafter.

Summary of Tax Savings for the Average Home Owner			
	Savings on Town Tax Bill	Savings on School Tax Bill	Total
Total During 15-Year PILOT			
Total, Years 1-15	\$2,318	\$3,133	\$5,451
Annual, After PILOT			
Year 16+	\$254	\$495	\$749

Note that these figures do not include the benefits that would also accrue to other classes of taxable property, such as for-rent apartments as well as commercial and industrial property. They also do not include the tax savings to Town taxpayers related to the fiscal impacts of the Project on Erie County.

Potential Municipal Costs

MRB Group has been asked to comment on the potential for the Project to cause additional municipal service delivery costs to the Town and School. Based on our review of the SEQR (State Environmental Quality Review) documents produced to-date and our extensive experience in the field, we believe that the Project will not cause a major impact to local government costs, primarily because: (a) there will be no new public school-aged children to educate, and (b) the Project, with the Developer's proposed mitigation, does not appear to require any new major capital investments by the Town. There may be minor impacts in the form of operational cost increases, but we believe they would likely represent less than 10% of the new tax revenue impacts described in this report.

Introduction

TC Buffalo Development Associates, LLC is proposing development of approximately 145 acres of land located at 2780 Long Road in the Town of Grand Island for use as an e-commerce storage and distribution facility for consumer products. The Developer expects that the proposed development would include a capital investment of at least \$200 million in real estate improvements and \$100 in equipment purchases, plus additional soft costs and land acquisition costs.

The prospective future tenant of the Facility, [Not Identified], operates a North American fulfillment network and would use the Facility to receive shipments of products for distribution throughout the United States. The Prospective Tenant would employ approximately 1,000 individuals on Site following construction of the Project.

MRB Group was commissioned to conduct an economic and fiscal impact analysis of the Project and the operations of the Prospective Tenant on the local economy and on municipal revenues for the Town of Grand Island, the Grand Island Central School District and Erie County.

Economic Impact Analysis

The direct economic effects of the Project include both (a) the one-time impacts related to the construction of the Facility and, (b) the ongoing operations of the Prospective Tenant (collectively, the “Direct Effects”), expressed as direct jobs, earnings and sales occurring on the Site.

MRB Group uses the Emsi economic modeling system to estimate the “Indirect Effects” to the local economy that occur as a result of the Direct Effects. These Indirect Effects include additional jobs, earning and sales that arise from two follow-on impacts: (1) business-to-business purchases during the construction of the Project and during the operations of the Prospective Tenant, and (2) employees at the Site, during both the construction and operation phases, spending a portion of the wages in the Erie County economy.

Construction Phase Impacts

The Developer has stated it would spend at least \$200 million in the construction of the Project, not including additional soft costs, land acquisition costs and equipment purchases. Furthermore, the Developer estimates very conservatively that at least 37.5% of the labor and materials would be sourced from within the County. Therefore, local spending will be at least \$75 million over the period of construction⁴.

Construction Phase Spending	
Construction Costs	\$200,000,000
Percent Sourced Within County	37.5%
Local Spending	\$75,000,000

As shown in the table below, the Emsi modeling system calculated that the \$75 million in direct spending will cause an additional \$51 million of sales to occur within the County economy for a total of \$126 million during the construction of the Project. This spending will create 370 jobs on Site, plus an additional 348 jobs in supply-chain and other businesses for a total of 719 jobs, earning a combined total of \$47.8 million in wages.

Economic Impact - Construction Phase			
	Direct	Indirect	Total
Jobs*	370	348	719
Earnings	\$30,465,610	\$17,365,398	\$47,831,008
Sales	\$75,000,000	\$51,000,000	\$126,000,000

*Note: jobs do not total due to rounding.

⁴ Note that this does not include a further \$25 million of construction-related spending that the Developer has stated it would spend in the larger economic development region on labor and materials.

Operation Phase Impacts

The Prospective Tenant has stated that, if the Project is completed, it will employ 1,000 people at the Site with a total payroll, not including employee benefits, of \$32,640,000. Again, using the Emsi modeling software, we estimate a future 570 indirect jobs will be created in the local economy with wages of \$20.6 million. Therefore, during the first year of the operations of the Facility, we estimate total job creation for Erie County to be 1,570, with wages of \$53.2 million and sales of \$170.7 million.

Economic Impact - Operation Phase Year 1			
	Direct	Indirect	Total
Jobs	1,000	570	1,570
Earnings	\$32,640,000	\$20,563,200	\$53,203,200
Sales	\$92,760,688	\$77,918,978	\$170,679,666

Economic Impacts Summary

The summary of the economic impacts of Project are shown in the table to the right.

We estimate 719 jobs during construction and 1,570 during operations, including jobs at the Site itself as well as jobs generated elsewhere in the local economy.

Projected earnings for the construction phase and the first 15 years of operations total \$968 million, and projected sales total \$3.1 billion. Note that we have assumed that earnings and sales will escalate by 2% annually from Year 2 forward, to account for estimated inflation.

Economic Impacts Summary				
Year	Escalation Factor	Total Jobs	Total Earnings	Total Sales
Constr.	1.00000	719	\$47,831,008	\$126,000,000
1	1.00000	1,570	\$53,203,200	\$170,679,666
2	1.02000	1,570	\$54,267,264	\$174,093,259
3	1.04040	1,570	\$55,352,609	\$177,575,124
4	1.06121	1,570	\$56,459,661	\$181,126,627
5	1.08243	1,570	\$57,588,855	\$184,749,159
6	1.10408	1,570	\$58,740,632	\$188,444,143
7	1.12616	1,570	\$59,915,444	\$192,213,025
8	1.14869	1,570	\$61,113,753	\$196,057,286
9	1.17166	1,570	\$62,336,028	\$199,978,432
10	1.19509	1,570	\$63,582,749	\$203,978,000
11	1.21899	1,570	\$64,854,404	\$208,057,560
12	1.24337	1,570	\$66,151,492	\$212,218,712
13	1.26824	1,570	\$67,474,522	\$216,463,086
14	1.29361	1,570	\$68,824,012	\$220,792,348
15	1.31948	1,570	\$70,200,493	\$225,208,194
Total			\$967,896,127	\$3,077,634,622

Fiscal Impact Analysis

The Project would also have fiscal benefits to local municipalities, including the Town of Grand Island, certain special districts of the Town enumerated below, the Grand Island Central School District and the County. The fiscal benefits would include presumed future PILOT payments, property tax payments, sales tax revenue to the County and sales tax revenue distributions to the Town.

Increase in Assessed Value

The Developer is requesting certain assistance from the Erie County Industrial Development Agency (the "IDA"), including a 15-year Payment In Lieu of Taxes (PILOT) agreement. Under the PILOT agreement, the PILOT payments would be based on a phased-in increase to the Site's assessed value, plus the full amount of the Site's current assessed value.

The current assessed value (AV) of the two parcels that comprise the Site is \$597,000. Upon completion of the Project, the Developer has conservatively estimated that the Site will have an AV of \$149,730,000, or an increase in \$149,133,000 over the existing AV. The Developer is requesting a PILOT agreement from the IDA that would abate this increase in AV by 85% in the first year, 80% in the second year, etc., through year 15 with a 25% abatement, after which the Site would become fully taxable.

For the purposes of calculating the fiscal impacts of the Project on local government, we only want to capture the increase in property tax revenue/PILOT payments over the amounts paid on the current AV. **Therefore, hereafter, we net out any property taxes/PILOT payments to be made on the current AV and focus exclusively on the property taxes/PILOT payments resulting from the increase in AV or, in the case of the PILOT, the equivalent increase in taxable AV.**

The table, above, shows that the AV of the Site will increase by \$149,133,000 in Year 1. The equivalent taxable AV for the calculation of new PILOT revenue begins at \$23 million in Year 1 and rises to \$112 million in Year 15.

Increase in AV and Equivalent Taxable AV by Year					
Year	Current AV	Future AV	Increase in AV	% Abated	Equivalent Taxable AV
1	\$597,000	\$149,730,000	\$149,133,000	85%	\$22,966,950
2	\$597,000	\$149,730,000	\$149,133,000	80%	\$30,423,600
3	\$597,000	\$149,730,000	\$149,133,000	75%	\$37,880,250
4	\$597,000	\$149,730,000	\$149,133,000	70%	\$45,336,900
5	\$597,000	\$149,730,000	\$149,133,000	65%	\$52,793,550
6	\$597,000	\$149,730,000	\$149,133,000	60%	\$60,250,200
7	\$597,000	\$149,730,000	\$149,133,000	55%	\$67,706,850
8	\$597,000	\$149,730,000	\$149,133,000	50%	\$75,163,500
9	\$597,000	\$149,730,000	\$149,133,000	45%	\$82,620,150
10	\$597,000	\$149,730,000	\$149,133,000	40%	\$90,076,800
11	\$597,000	\$149,730,000	\$149,133,000	40%	\$90,076,800
12	\$597,000	\$149,730,000	\$149,133,000	35%	\$97,533,450
13	\$597,000	\$149,730,000	\$149,133,000	30%	\$104,990,100
14	\$597,000	\$149,730,000	\$149,133,000	30%	\$104,990,100
15	\$597,000	\$149,730,000	\$149,133,000	25%	\$112,446,750

Estimated Tax Rates

We have estimated future tax rates in the table below by taking existing tax rates (shown in blue) and escalating them by 2% per year for 15 years. We will use these estimated tax rates, along with the increases in AV from the previous section, to calculate future property tax revenue and PILOT payments.

Estimated Tax Rates - 2% Escalation								
Year	Escalation Factor	County Tax Rate	Town		Fire Protection Tax Rate	Consolidated Water Tax Rate	Highway Tax Rate	Library Tax Rate
			General Fund Tax Rate	School Tax Rate				
Current	1.00000	\$5.343892	\$1.229569	\$19.647135	\$0.812242	\$8.177904	\$1.688678	\$0.446053
1	1.02000	\$5.450770	\$1.254160	\$20.040078	\$0.828487	\$8.341462	\$1.722452	\$0.454974
2	1.04040	\$5.559785	\$1.279244	\$20.440879	\$0.845057	\$8.508291	\$1.756901	\$0.464074
3	1.06121	\$5.670981	\$1.304828	\$20.849697	\$0.861958	\$8.678457	\$1.792039	\$0.473355
4	1.08243	\$5.784401	\$1.330925	\$21.266691	\$0.879197	\$8.852026	\$1.827879	\$0.482822
5	1.10408	\$5.900089	\$1.357544	\$21.692025	\$0.896781	\$9.029067	\$1.864437	\$0.492479
6	1.12616	\$6.018090	\$1.384694	\$22.125865	\$0.914716	\$9.209648	\$1.901726	\$0.502328
7	1.14869	\$6.138452	\$1.412388	\$22.568382	\$0.933011	\$9.393841	\$1.939760	\$0.512375
8	1.17166	\$6.261221	\$1.440636	\$23.019750	\$0.951671	\$9.581718	\$1.978555	\$0.522622
9	1.19509	\$6.386446	\$1.469449	\$23.480145	\$0.970704	\$9.773352	\$2.018127	\$0.533075
10	1.21899	\$6.514175	\$1.498838	\$23.949748	\$0.990118	\$9.968819	\$2.058489	\$0.543736
11	1.24337	\$6.644458	\$1.528815	\$24.428743	\$1.009921	\$10.168196	\$2.099659	\$0.554611
12	1.26824	\$6.777347	\$1.559391	\$24.917318	\$1.030119	\$10.371560	\$2.141652	\$0.565703
13	1.29361	\$6.912894	\$1.590579	\$25.415664	\$1.050722	\$10.578991	\$2.184485	\$0.577017
14	1.31948	\$7.051152	\$1.622390	\$25.923977	\$1.071736	\$10.790571	\$2.228175	\$0.588557
15	1.34587	\$7.192175	\$1.654838	\$26.442457	\$1.093171	\$11.006382	\$2.272738	\$0.600329

PILOT Payments

The PILOT agreement would apply only to the Town General Fund tax, the Town Highway Fund tax, the School tax, the Library tax and the County tax, but not to other special district taxes discussed in later sections. As noted above, we want to capture only the increase in revenue associated with the Project, so we calculate the PILOT payment with the Project and subtract out the amount of property taxes that would have otherwise been due without the Project. This is the increase in local revenue to the County, Town and School District.

With respect to the County, over the course of the 15-year PILOT agreement, the Site would generate \$56,275 in property tax without the Project or \$6,980,488 in PILOT payments with the Project, for an increase in local revenue of \$6,924,213.

Property Tax or PILOT Revenue - County						
Year	Tax Rate	Current AV	PILOT			
			Taxes Due w/o Project	Equivalent Taxable AV	Payment w/Project	Increase in Revenue
1	5.450770	\$597,000	\$3,254	\$22,966,950	\$125,188	\$121,933
2	5.559785	\$597,000	\$3,319	\$30,423,600	\$169,149	\$165,829
3	5.670981	\$597,000	\$3,386	\$37,880,250	\$214,818	\$211,433
4	5.784401	\$597,000	\$3,453	\$45,336,900	\$262,247	\$258,794
5	5.900089	\$597,000	\$3,522	\$52,793,550	\$311,487	\$307,964
6	6.018090	\$597,000	\$3,593	\$60,250,200	\$362,591	\$358,998
7	6.138452	\$597,000	\$3,665	\$67,706,850	\$415,615	\$411,951
8	6.261221	\$597,000	\$3,738	\$75,163,500	\$470,615	\$466,877
9	6.386446	\$597,000	\$3,813	\$82,620,150	\$527,649	\$523,836
10	6.514175	\$597,000	\$3,889	\$90,076,800	\$586,776	\$582,887
11	6.644458	\$597,000	\$3,967	\$90,076,800	\$598,512	\$594,545
12	6.777347	\$597,000	\$4,046	\$97,533,450	\$661,018	\$656,972
13	6.912894	\$597,000	\$4,127	\$104,990,100	\$725,785	\$721,658
14	7.051152	\$597,000	\$4,210	\$104,990,100	\$740,301	\$736,092
15	7.192175	\$597,000	\$4,294	\$112,446,750	\$808,737	\$804,443
Total			\$56,275		\$6,980,488	\$6,924,213

For the Town General Fund, over the course of the 15-year PILOT agreement, the Site would generate \$12,948 in property tax without the Project or \$1,606,131 in PILOT payments with the Project, for an increase in local revenue of \$1,593,183. And as shown below to the right, for the Town's Highway Fund, the respective figures are \$17,783, \$2,205,845 and \$2,188,062.

Property Tax or PILOT Revenue - Town General Fund							Property Tax or PILOT Revenue - Highway Fund						
Year	Tax Rate	Current AV	PILOT				Year	Tax Rate	Current AV	PILOT			
			Taxes Due w/o Project	Equivalent Taxable AV	Payment w/Project	Increase in Revenue				Taxes Due w/o Project	Equivalent Taxable AV	Payment w/Project	Increase in Revenue
1	1.254160	\$597,000	\$749	\$22,966,950	\$28,804	\$28,056	1	1.722452	\$597,000	\$1,028	\$22,966,950	\$39,559	\$38,531
2	1.279244	\$597,000	\$764	\$30,423,600	\$38,919	\$38,155	2	1.756901	\$597,000	\$1,049	\$30,423,600	\$53,451	\$52,402
3	1.304828	\$597,000	\$779	\$37,880,250	\$49,427	\$48,648	3	1.792039	\$597,000	\$1,070	\$37,880,250	\$67,883	\$66,813
4	1.330925	\$597,000	\$795	\$45,336,900	\$60,340	\$59,545	4	1.827879	\$597,000	\$1,091	\$45,336,900	\$82,870	\$81,779
5	1.357544	\$597,000	\$810	\$52,793,550	\$71,670	\$70,859	5	1.864437	\$597,000	\$1,113	\$52,793,550	\$98,430	\$97,317
6	1.384694	\$597,000	\$827	\$60,250,200	\$83,428	\$82,601	6	1.901726	\$597,000	\$1,135	\$60,250,200	\$114,579	\$113,444
7	1.412388	\$597,000	\$843	\$67,706,850	\$95,628	\$94,785	7	1.939760	\$597,000	\$1,158	\$67,706,850	\$131,335	\$130,177
8	1.440636	\$597,000	\$860	\$75,163,500	\$108,283	\$107,423	8	1.978555	\$597,000	\$1,181	\$75,163,500	\$148,715	\$147,534
9	1.469449	\$597,000	\$877	\$82,620,150	\$121,406	\$120,529	9	2.018127	\$597,000	\$1,205	\$82,620,150	\$166,738	\$165,533
10	1.498838	\$597,000	\$895	\$90,076,800	\$135,011	\$134,116	10	2.058489	\$597,000	\$1,229	\$90,076,800	\$185,422	\$184,193
11	1.528815	\$597,000	\$913	\$90,076,800	\$137,711	\$136,798	11	2.099659	\$597,000	\$1,253	\$90,076,800	\$189,131	\$187,877
12	1.559391	\$597,000	\$931	\$97,533,450	\$152,093	\$151,162	12	2.141652	\$597,000	\$1,279	\$97,533,450	\$208,883	\$207,604
13	1.590579	\$597,000	\$950	\$104,990,100	\$166,995	\$166,045	13	2.184485	\$597,000	\$1,304	\$104,990,100	\$229,349	\$228,045
14	1.622390	\$597,000	\$969	\$104,990,100	\$170,335	\$169,366	14	2.228175	\$597,000	\$1,330	\$104,990,100	\$233,936	\$232,606
15	1.654838	\$597,000	\$988	\$112,446,750	\$186,081	\$185,093	15	2.272738	\$597,000	\$1,357	\$112,446,750	\$255,562	\$254,205
Total			\$12,948		\$1,606,131	\$1,593,183	Total			\$17,783		\$2,205,845	\$2,188,062

Likewise, for the School District, over the course of the 15-year PILOT agreement, the Site would generate \$206,897 in property tax without the Project or \$25,664,175 in PILOT payments with the Project, for an increase in local revenue of \$25,457,278. Finally, for the Library, over the next 15 years, the Site would generate \$4,697 in property tax without the Project or \$582,659 in property tax with the Project, for an increase in local revenue of \$577,962.

Property Tax or PILOT Revenue - School District							Property Tax or PILOT Revenue - Library						
Year	Tax Rate	Current AV	Taxes Due		PILOT		Year	Tax Rate	Current AV	Taxes Due		PILOT	
			w/o Project	Equivalent Taxable AV	Payment w/Project	Increase in Revenue				w/o Project	Equivalent Taxable AV	Payment w/Project	Increase in Revenue
1	20.040078	\$597,000	\$11,964	\$22,966,950	\$460,259	\$448,296	1	0.454974	\$597,000	\$272	\$22,966,950	\$10,449	\$10,178
2	20.440879	\$597,000	\$12,203	\$30,423,600	\$621,885	\$609,682	2	0.464074	\$597,000	\$277	\$30,423,600	\$14,119	\$13,842
3	20.849697	\$597,000	\$12,447	\$37,880,250	\$789,792	\$777,344	3	0.473355	\$597,000	\$283	\$37,880,250	\$17,931	\$17,648
4	21.266691	\$597,000	\$12,696	\$45,336,900	\$964,166	\$951,470	4	0.482822	\$597,000	\$288	\$45,336,900	\$21,890	\$21,601
5	21.692025	\$597,000	\$12,950	\$52,793,550	\$1,145,199	\$1,132,249	5	0.492479	\$597,000	\$294	\$52,793,550	\$26,000	\$25,706
6	22.125865	\$597,000	\$13,209	\$60,250,200	\$1,333,088	\$1,319,879	6	0.502328	\$597,000	\$300	\$60,250,200	\$30,265	\$29,965
7	22.568382	\$597,000	\$13,473	\$67,706,850	\$1,528,034	\$1,514,561	7	0.512375	\$597,000	\$306	\$67,706,850	\$34,691	\$34,385
8	23.019750	\$597,000	\$13,743	\$75,163,500	\$1,730,245	\$1,716,502	8	0.522622	\$597,000	\$312	\$75,163,500	\$39,282	\$38,970
9	23.480145	\$597,000	\$14,018	\$82,620,150	\$1,939,933	\$1,925,915	9	0.533075	\$597,000	\$318	\$82,620,150	\$44,043	\$43,724
10	23.949748	\$597,000	\$14,298	\$90,076,800	\$2,157,317	\$2,143,019	10	0.543736	\$597,000	\$325	\$90,076,800	\$48,978	\$48,653
11	24.428743	\$597,000	\$14,584	\$90,076,800	\$2,200,463	\$2,185,879	11	0.554611	\$597,000	\$331	\$90,076,800	\$49,958	\$49,626
12	24.917318	\$597,000	\$14,876	\$97,533,450	\$2,430,272	\$2,415,396	12	0.565703	\$597,000	\$338	\$97,533,450	\$55,175	\$54,837
13	25.415664	\$597,000	\$15,173	\$104,990,100	\$2,668,393	\$2,653,220	13	0.577017	\$597,000	\$344	\$104,990,100	\$60,581	\$60,237
14	25.923977	\$597,000	\$15,477	\$104,990,100	\$2,721,761	\$2,706,284	14	0.588557	\$597,000	\$351	\$104,990,100	\$61,793	\$61,441
15	26.442457	\$597,000	\$15,786	\$112,446,750	\$2,973,368	\$2,957,582	15	0.600329	\$597,000	\$358	\$112,446,750	\$67,505	\$67,147
Total			\$206,897		\$25,664,175	\$25,457,278	Total			\$4,697		\$582,659	\$577,962

We note that after the 15-year PILOT period, the Project would be returned to the tax rolls and pay 100% of otherwise applicable taxes.

Property Taxes to “Town Districts”

Unlike the Town’s general fund and highway fund, there are two special district tax rates that apply to the full assessed value of the site (or the land-only assessed value of the site), not the abated AV under the PILOT. In this case, the applicable tax rates include the Fire Protection District and the Consolidated Water District. While not technically Town taxes, we group them here as “Town Districts” as they are generally indicative of the benefits of the Project to the residents of the Town.

As shown in the table to the right regarding the Fire Protection District, over the next 15 years, the Site would generate \$8,553 in property tax without the Project or \$2,145,237 in property tax with the Project, for an increase in local revenue of \$2,136,683.

Property Tax - Fire Protection District						
Year	Tax Rate	Current AV	Taxes Due		Taxes Due w/ Project	Increase in Revenue
			w/o Project	Future AV		
1	0.828487	\$597,000	\$495	\$149,730,000	\$124,049	\$123,555
2	0.845057	\$597,000	\$504	\$149,730,000	\$126,530	\$126,026
3	0.861958	\$597,000	\$515	\$149,730,000	\$129,061	\$128,546
4	0.879197	\$597,000	\$525	\$149,730,000	\$131,642	\$131,117
5	0.896781	\$597,000	\$535	\$149,730,000	\$134,275	\$133,740
6	0.914716	\$597,000	\$546	\$149,730,000	\$136,960	\$136,414
7	0.933011	\$597,000	\$557	\$149,730,000	\$139,700	\$139,143
8	0.951671	\$597,000	\$568	\$149,730,000	\$142,494	\$141,926
9	0.970704	\$597,000	\$580	\$149,730,000	\$145,344	\$144,764
10	0.990118	\$597,000	\$591	\$149,730,000	\$148,250	\$147,659
11	1.009921	\$597,000	\$603	\$149,730,000	\$151,215	\$150,613
12	1.030119	\$597,000	\$615	\$149,730,000	\$154,240	\$153,625
13	1.050722	\$597,000	\$627	\$149,730,000	\$157,325	\$156,697
14	1.071736	\$597,000	\$640	\$149,730,000	\$160,471	\$159,831
15	1.093171	\$597,000	\$653	\$149,730,000	\$163,680	\$163,028
Total			\$8,553		\$2,145,237	\$2,136,683

As shown in the table below regarding the Consolidated Water District, over the next 15 years, the Site would generate \$86,119 in property tax without the Project or \$1,334,332 in property tax with the Project, for an increase in local revenue of \$1,248,214. As noted below the table, the tax imposed by the consolidated water district applies only to the land portion of the assessed value, and not the total assessed value of land and improvements. The developer has advised us that the purchase price of the land is \$9,249,984 and we have assumed this to be the new land-only AV.

Property Tax - Consolidated Water District						
Year	Tax Rate	Current AV	Taxes Due		Taxes Due w/ Project	Increase in Revenue
			w/o Project	Future AV*		
1	8.341462	\$597,000	\$4,980	\$9,249,984	\$77,158	\$72,179
2	8.508291	\$597,000	\$5,079	\$9,249,984	\$78,702	\$73,622
3	8.678457	\$597,000	\$5,181	\$9,249,984	\$80,276	\$75,095
4	8.852026	\$597,000	\$5,285	\$9,249,984	\$81,881	\$76,596
5	9.029067	\$597,000	\$5,390	\$9,249,984	\$83,519	\$78,128
6	9.209648	\$597,000	\$5,498	\$9,249,984	\$85,189	\$79,691
7	9.393841	\$597,000	\$5,608	\$9,249,984	\$86,893	\$81,285
8	9.581718	\$597,000	\$5,720	\$9,249,984	\$88,631	\$82,910
9	9.773352	\$597,000	\$5,835	\$9,249,984	\$90,403	\$84,569
10	9.968819	\$597,000	\$5,951	\$9,249,984	\$92,211	\$86,260
11	10.168196	\$597,000	\$6,070	\$9,249,984	\$94,056	\$87,985
12	10.371560	\$597,000	\$6,192	\$9,249,984	\$95,937	\$89,745
13	10.578991	\$597,000	\$6,316	\$9,249,984	\$97,855	\$91,540
14	10.790571	\$597,000	\$6,442	\$9,249,984	\$99,813	\$93,371
15	11.006382	\$597,000	\$6,571	\$9,249,984	\$101,809	\$95,238
Total			\$86,119		\$1,334,332	\$1,248,214

*The consolidated water district tax applies to land AV only.

Sales Tax Revenue to County

Erie County will benefit from new sales tax revenues during both the construction and operation phases of the Project.

Although the Project itself will presumably benefit from a sales tax exemption from the IDA during construction and fit-out, the earnings that result from the construction phase jobs will create tax revenue for the County. As shown in the table to the right, we begin with the new local earnings estimate from the economic impact section of this report, or \$47.8 million dollars. We assume 70% of these earnings are spent within the County, of which we assume 25% are on taxable items, for a total spend on taxable sales of \$8,370,426 in the County. Applying the County's 4.75% sales tax rate, we arrive at a figure of \$397,595 of new sales tax revenue during the construction phase of the project.

Regarding the operation phase of the Project, we estimate the new sales tax revenue resulting from earnings from that period, starting in Year 1, with \$53.2 million in total new earnings. We apply the same 70% estimate for the amount spent in the County and 25% of those sales being taxable to arrive at \$9,310,560 in new taxable sales, or \$442,252 in new sales tax revenue to the County in Year 1 of operation.

One-Time County Sales Tax Revenue: Construction Phase	
Total New Earnings, Construction Phase	\$47,831,008
Percent Spent in County	70%
Amount Spent in County	\$33,481,706
Percent Spent on Taxable Sales	25%
Amount Spent on Taxable Sales	\$8,370,426
County Sales Tax Rate	4.75%
New County Sales Tax Revenue, Construction Phase	\$397,595

Annual County Sales Tax Revenue: Operation Phase, Year 1	
Total New Earnings, Operation Phase	\$53,203,200
Percent Spent in County	70%
Amount Spent in County	\$37,242,240
Percent Spent on Taxable Sales	25%
Amount Spent on Taxable Sales	\$9,310,560
County Sales Tax Rate	4.75%
New County Sales Tax Revenue, Operation Phase, Year 1	\$442,252

Additional Sales Tax Revenue Distributions to Town

Erie County distributes a portion of the sales tax revenues it collects to its constituent towns, cities, villages and school districts according to a series of formulas.

In an April 2018 report⁵, the Erie County Comptroller noted that the Town's assessed value was \$1,671,845,628 in 2017 and the Town's share of County sales tax revenue in that same year was \$3,132,934. Using these reported numbers as a starting point⁶, we estimate the new sales tax revenue distributions that the Town will receive as a result of the Project in Year 1 of operations.

As shown in the table to the right, we estimate that the Town's increase in assessed value over the base period would be 8.92% due the Project's increase in AV. We adjust the base period sales tax revenue by 50%, as only half of the County's distributions are made on the basis of AV, the other half being made based on respective population⁷. Applying both of these percentages yields a figure of \$139,733 in additional sales tax revenue distributions from the County to the Town in Year 1.

Additional Sales Tax Revenue Distributions to Town: Operations Phase, Year 1	
Town Assessed Value (2017)	\$1,671,845,628
Project Increase in Assessed Value, As Complete	\$149,133,000
Percent Increase in AV	8.92%
Sales Tax Revenue from County (2017)	\$3,132,934
Percent Assumed to be Due to AV (see note)	50%
Amount of Sales Tax Revenue from County, Due to AV	\$1,566,467
Additional Sales Tax Revenue Distributions to Town, Year 1	\$139,733

⁵ "A Report on Sales Tax Sharing with Cities, Towns and Villages in Erie County." Erie County Comptroller. April 2018. This is the most recent version of the report available currently.

⁶ Note that, although our increase in assessed valuation percentage is likely slightly overstated (since it is using 2017 as the base period), this is offset by the fact that sales tax revenues for Erie County have grown considerably since 2017, and thus the Town's portion thereof. "The Erie County Department of Budget and Management today announced that final sales tax receipts for 2018 were 4.25% greater than 2017, the largest one-year increase since 2011, despite slowing growth in the fourth quarter of the year." (Source: "2018 Erie County Sales Tax Receipts Show Growth Over 2017," Erie County Executive.)

⁷ This statement about AV and population each comprising 50% of the distribution factor for sales tax applies to the preponderance of the sales tax distributed to sub-jurisdictions in Erie County. However, the County distributes a small portion of its collected sales tax (\$12.5 million) to sub-jurisdictions on the basis of AV only. Therefore, our estimates probably undercount slightly the new distributions due to the increase in AV. Our estimate also ignores any increase due to a change in Town population, if any, resulting from the project.

Sales Tax Revenue and Distribution Summary

Again using an escalation of 2% per year, we estimate the value of the sales tax revenue to the County and the new sales tax distributions to the Town over the construction phase and the first 15 years of operations.

As shown in the table to the right, we estimate total new sales tax revenue to the County to be \$8,045,637 and new distributions to the Town to be \$2,416,460 over this period.

Sales Tax Impacts Summary			
Year	Escalation Factor	New County Sale Tax Revenue	Additional Town Sales Tax Distributions
Constr.	1.00000	\$397,595	\$0
1	1.00000	\$442,252	\$139,733
2	1.02000	\$451,097	\$142,528
3	1.04040	\$460,119	\$145,378
4	1.06121	\$469,321	\$148,286
5	1.08243	\$478,707	\$151,251
6	1.10408	\$488,282	\$154,276
7	1.12616	\$498,047	\$157,362
8	1.14869	\$508,008	\$160,509
9	1.17166	\$518,168	\$163,719
10	1.19509	\$528,532	\$166,994
11	1.21899	\$539,102	\$170,334
12	1.24337	\$549,884	\$173,740
13	1.26824	\$560,882	\$177,215
14	1.29361	\$572,100	\$180,759
15	1.31948	\$583,542	\$184,375
Total		\$8,045,637	\$2,416,460

Fiscal Impact Summary

Combining the new property taxes, new PILOT payments, new sales tax revenue and new sales tax distributions, we summarize the findings of the fiscal impact summary in the table below.

Accounting for all revenue sources over the construction phase and the first 15 years of operations, we note a total of approximately \$10 million in new revenue to the Town (including Town special districts), \$16 million to the County (including the Library PILOT revenue that is collected by the County) and \$25 million to the School District.

Summary - Increase in Property Tax, PILOT Revenue and Sales Tax Revenue												
Year	Town		Fire Protection Prop Tax	Consolid. Water Prop Tax	Additional Town Sales Tax Distributions	Subtotal, All Town Funds and Districts	County PILOT	Library PILOT	New County		Subtotal, School District PILOT	Grand Total
	General Fund PILOT	Highway Fund PILOT							Sale Tax Revenue	Subtotal, County		
Constr.									\$397,595	\$397,595		\$397,595
1	\$28,056	\$38,531	\$123,555	\$72,179	\$139,733	\$402,053	\$121,933	\$10,178	\$442,252	\$574,363	\$448,296	\$1,424,711
2	\$38,155	\$52,402	\$126,026	\$73,622	\$142,528	\$432,733	\$165,829	\$13,842	\$451,097	\$630,768	\$609,682	\$1,673,183
3	\$48,648	\$66,813	\$128,546	\$75,095	\$145,378	\$464,480	\$211,433	\$17,648	\$460,119	\$689,199	\$777,344	\$1,931,024
4	\$59,545	\$81,779	\$131,117	\$76,596	\$148,286	\$497,324	\$258,794	\$21,601	\$469,321	\$749,716	\$951,470	\$2,198,509
5	\$70,859	\$97,317	\$133,740	\$78,128	\$151,251	\$531,296	\$307,964	\$25,706	\$478,707	\$812,377	\$1,132,249	\$2,475,922
6	\$82,601	\$113,444	\$136,414	\$79,691	\$154,276	\$566,427	\$358,998	\$29,965	\$488,282	\$877,245	\$1,319,879	\$2,763,551
7	\$94,785	\$130,177	\$139,143	\$81,285	\$157,362	\$602,752	\$411,951	\$34,385	\$498,047	\$944,383	\$1,514,561	\$3,061,696
8	\$107,423	\$147,534	\$141,926	\$82,910	\$160,509	\$640,302	\$466,877	\$38,970	\$508,008	\$1,013,856	\$1,716,502	\$3,370,660
9	\$120,529	\$165,533	\$144,764	\$84,569	\$163,719	\$679,114	\$523,836	\$43,724	\$518,168	\$1,085,729	\$1,925,915	\$3,690,759
10	\$134,116	\$184,193	\$147,659	\$86,260	\$166,994	\$719,222	\$582,887	\$48,653	\$528,532	\$1,160,072	\$2,143,019	\$4,022,313
11	\$136,798	\$187,877	\$150,613	\$87,985	\$170,334	\$733,607	\$594,545	\$49,626	\$539,102	\$1,183,273	\$2,185,879	\$4,102,759
12	\$151,162	\$207,604	\$153,625	\$89,745	\$173,740	\$775,876	\$656,972	\$54,837	\$549,884	\$1,261,693	\$2,415,396	\$4,452,966
13	\$166,045	\$228,045	\$156,697	\$91,540	\$177,215	\$819,543	\$721,658	\$60,237	\$560,882	\$1,342,777	\$2,653,220	\$4,815,540
14	\$169,366	\$232,606	\$159,831	\$93,371	\$180,759	\$835,934	\$736,092	\$61,441	\$572,100	\$1,369,633	\$2,706,284	\$4,911,851
15	\$185,093	\$254,205	\$163,028	\$95,238	\$184,375	\$881,939	\$804,443	\$67,147	\$583,542	\$1,455,131	\$2,957,582	\$5,294,652
Total	\$1,593,183	\$2,188,062	\$2,136,683	\$1,248,214	\$2,416,460	\$9,582,602	\$6,924,213	\$577,962	\$8,045,637	\$15,547,811	\$25,457,278	\$50,587,691

Impact on a Typical Household

To put the overall fiscal impacts in perspective, we translate those community-wide impacts into the impact on a typical household in the Town. To represent a typical household, we are using the current median sale price of a single-family home in the Town as reported by Zillow, a major online realty website. According to Zillow⁸, the median single-family home's market value in the Town is currently \$253,355, which translates to an assessed value of \$215,352 based on last year's assessment ratio of 85% as reported by the New York Office of Real Property Services⁹.

Assessed Value of Median Home	
Median Market Value	\$253,355
Assessment Ratio	85%
Assessed Value (Rounded)	\$215,352

Sources: Zillow, ORPS

We then want to compare what the owner of a median-value home would pay in property tax with and without the new revenue streams that result from the Project¹⁰. But to do so, we first need to calculate the ratio between the new revenues from the Project and the total property tax levy of the Town and School District. As shown in the table to the right, the Town's most recent combined property tax levy across all funds¹¹ is approximately \$10,600,000 and the School's¹² was \$34,381,951. As with all other factors in this analysis, we have inflated those levies by 2% per year. Using the values from the fiscal impact summary, above, we compare each year's benefit to the Town/School to its respective estimated tax levy. We see that in year 1, for example, the new revenues coming off the Project would represent approximately 3.7% of the Town's combined levies and 1.3% of the School's levy.

New Revenues as Percent of Town and School Tax Levies						
Year	Project Benefit to Town			Project Benefit to School		
	Town	Town Combined Levy	%	School	School Levy	%
Current		\$10,600,000			\$34,381,951	
1	\$402,053	\$10,812,000	3.71858%	\$448,296	\$35,069,590	1.27830%
2	\$432,733	\$11,028,240	3.92387%	\$609,682	\$35,770,982	1.70440%
3	\$464,480	\$11,248,805	4.12915%	\$777,344	\$36,486,401	2.13050%
4	\$497,324	\$11,473,781	4.33444%	\$951,470	\$37,216,129	2.55661%
5	\$531,296	\$11,703,257	4.53973%	\$1,132,249	\$37,960,452	2.98271%
6	\$566,427	\$11,937,322	4.74501%	\$1,319,879	\$38,719,661	3.40881%
7	\$602,752	\$12,176,068	4.95030%	\$1,514,561	\$39,494,054	3.83491%
8	\$640,302	\$12,419,589	5.15558%	\$1,716,502	\$40,283,935	4.26101%
9	\$679,114	\$12,667,981	5.36087%	\$1,925,915	\$41,089,614	4.68711%
10	\$719,222	\$12,921,341	5.56616%	\$2,143,019	\$41,911,406	5.11321%
11	\$733,607	\$13,179,768	5.56616%	\$2,185,879	\$42,749,635	5.11321%
12	\$775,876	\$13,443,363	5.77144%	\$2,415,396	\$43,604,627	5.53931%
13	\$819,543	\$13,712,230	5.97673%	\$2,653,220	\$44,476,720	5.96541%
14	\$835,934	\$13,986,475	5.97673%	\$2,706,284	\$45,366,254	5.96541%
15	\$881,939	\$14,266,204	6.18202%	\$2,957,582	\$46,273,579	6.39151%
Total	\$9,582,602	\$186,976,424	5.12503%	\$25,457,278	\$606,473,041	4.19759%
16+	\$1,048,939	\$14,551,528	7.20845%	\$4,022,312	\$47,199,051	8.52202%

Over the 15 years of the PILOT, we show that the Project's revenues would represent a total of 5.1% of the Town's property tax levies and 4.2% of the School's levy. In year 16 and thereafter, these numbers jump to 7.2% and 8.5%, respectively. In effect, these figures represent the percentage less in property tax that taxpayers would have to pay those entities should the Project move forward.

⁸ <https://www.zillow.com/town-of-grand-island-ny/home-values/>

⁹ <http://orps1.orps.ny.gov/cfapps/MuniPro/index.cfm>

¹⁰ Note that, of course, the Town and School District are free to use these new revenues in whatever way they see fit. They could reduce taxes, increase services, or do a combination of both. In any case, the value to the home owner is the amount of taxes they are saving as a result of the Project.

The final step in this analysis is to compare the amount a median-value homeowner would pay in tax with or without the Project. The table to the right shows that a home with an assessed value of \$215,352 currently pays \$2,564 to the Town and \$4,231 to the School District. By inflating the various property tax rates by 2% per year, we estimate the future property tax obligations of a property owner without the projected revenues from the Project. We then apply the percentages calculated previously, namely the ratio of new Project revenues to the existing tax levies, to show the theoretical tax savings to the typical homeowner in the Town.

As shown, the typical homeowner would save a total of \$5,451 dollars in taxes over the 15-year life of the PILOT agreement. In the year following the expiration of the PILOT and thereafter, the typical homeowner would save \$749 per year.

Estimated Tax Savings to Median Value Home Owner										
Year	Median Assessed Value	Combined Town Tax Rate	Town Tax Bill w/o Project	Town Tax % of TAV	Savings on Town Tax Bill	School Tax w/o Project	School Tax % of TAV	Savings on School Tax Bill	Combined Tax Savings	
Current	\$215,352	11.908393	\$2,564			\$4,231				
1	\$215,352	12.146561	\$2,616	3.7186%	\$97	\$4,316	1.2783%	\$55	\$152	
2	\$215,352	12.389492	\$2,668	3.9239%	\$105	\$4,402	1.7044%	\$75	\$180	
3	\$215,352	12.637282	\$2,721	4.1292%	\$112	\$4,490	2.1305%	\$96	\$208	
4	\$215,352	12.890028	\$2,776	4.3344%	\$120	\$4,580	2.5566%	\$117	\$237	
5	\$215,352	13.147828	\$2,831	4.5397%	\$129	\$4,671	2.9827%	\$139	\$268	
6	\$215,352	13.410785	\$2,888	4.7450%	\$137	\$4,765	3.4088%	\$162	\$299	
7	\$215,352	13.679000	\$2,946	4.9503%	\$146	\$4,860	3.8349%	\$186	\$332	
8	\$215,352	13.952580	\$3,005	5.1556%	\$155	\$4,957	4.2610%	\$211	\$366	
9	\$215,352	14.231632	\$3,065	5.3609%	\$164	\$5,056	4.6871%	\$237	\$401	
10	\$215,352	14.516265	\$3,126	5.5662%	\$174	\$5,158	5.1132%	\$264	\$438	
11	\$215,352	14.806590	\$3,189	5.5662%	\$177	\$5,261	5.1132%	\$269	\$446	
12	\$215,352	15.102722	\$3,252	5.7714%	\$188	\$5,366	5.5393%	\$297	\$485	
13	\$215,352	15.404776	\$3,317	5.9767%	\$198	\$5,473	5.9654%	\$327	\$525	
14	\$215,352	15.712872	\$3,384	5.9767%	\$202	\$5,583	5.9654%	\$333	\$535	
15	\$215,352	16.027129	\$3,451	6.1820%	\$213	\$5,694	6.3915%	\$364	\$577	
Total			\$45,236	5.1250%	\$2,318	\$74,633	4.1976%	\$3,133	\$5,451	
Average			\$3,016		\$155	\$4,976		\$209	\$363	
16+	\$215,352	16.347672	\$3,521	7.2084%	\$254	\$5,808	8.5220%	\$495	\$749	

Note that these figures do not include the benefits that would also accrue to other classes of taxable property, such as for-rent apartments as well as commercial and industrial property. They also do not include the tax savings to Town taxpayers related to the fiscal impacts on Erie County.

¹¹ https://buffalonews.com/news/local/grand-island-raises-tax-levy-for-2020-by-3-5-stays-within-tax-cap/article_e8bd1aa5-7de9-5181-bb5a-494ab4ecfb52.html#:~:text=Grand%20Island's%202020%20budget%20raises,which%20raises%20spending%20by%204.86%25.

¹² <https://www.grandislandschools.org/cms/lib/NY02214110/Centricity/Domain/10/Bridge%20Budget%20Issue%202019.pdf>

Discussion on Potential Costs

This report is predominately focused on changes to revenue streams to the Town, School District and County that would result from the Project. While not part of the scope of our analysis, MRB Group has been asked to provide comments on the potential for public service delivery costs to be imposed on the Town and School District as a result of the operations of the Project.

As a preface, in our experience in analyzing over 200 projects, we find that most significant municipal costs result from either (a) the need to make some kind of major capital investment as a result of a project, or (b) the need to accommodate additional public school-aged children in the local school system, if the project in question involves new residential units. Examples of potential capital investments might include: building new roadways, needing to upgrade water/wastewater treatment facilities, or the need to purchase a new fire truck or ambulance.

New Public School-Aged Children

In the case of this Project, there is no residential component under consideration and thus we would anticipate no direct impact on the number of public school-aged children to the School District¹³. Therefore, we anticipate no change in costs to the School District.

Major Capital Investments

We understand that the Project is undergoing a comprehensive review as part of the State Environmental Quality Review Act (SEQR) review process. We have briefly reviewed the relevant sections of the SEQR documents produced to date, with particular emphasis on the following sections and documents¹⁴:

- 2020.02.21-TC-Buffalo-Letter-of-Intent-for-PDD
- 2020.02.21-Exhibit-12-SEQRA-Analysis-of-Environmental-Impacts
- 2020.02.21-Exhibit-12.L-Emergency-Services
- 2020.05.04-Second-Supplement-to-Application-for-PDD
- 2020.05.04-Exhibit-B-Memo-to-Town-with-Responses-to-Comments
- 2020.06.05-Fourth-Supplement-to-Application-for-PDD
- 2020.06.05- Exhibit-B-Second-Memo-to-Town-with-Responses-to-Comments

As part of the process, the Developer has inventoried public services at the Town to determine and mitigate potential impacts. As an example, in “2020.05.04-Second-Supplement-to-Application-for-PDD” on page 5, the Developer states: *“TC Buffalo has had extensive engagement with the Grand Island Fire Department. Thus far, in response to this engagement, TC Buffalo will be providing an additional water tank on Site for fire suppression to address water pressure issues. TC Buffalo will also be providing additional standpipe hose valves in amounts and locations to be determined by the Grand Island Fire Department.”*

On page 21 of the same document, the Developer continues: *“The Facility will be protected with control mode sprinklers designed to provide superior protection and achieve suppression like results. The Facility will be provided with two independent water sources, each with its own fire pump. Two separate fire loops will be provided to supply the sprinkler systems and standpipe system, each loop will be redundantly fed with separate connections to each source of water. In addition, TC Buffalo will provide a fire apparatus access road around the whole Facility and the Facility [will] have aerial access on one side, which can accommodate the fire equipment.”*

As such, the Applicant has taken measures to address potential needs and concerns of the Fire Department. MRB Group has not independently verified this with the Fire Department, but it appears from the comments that this mitigation measure has been deemed acceptable.

Likewise for other Town services: the Developer appears to have evaluated and mitigated (or is continuing to work with the Town to evaluate and mitigate) any major potential impacts to Town services that might otherwise require a capital investment by the Town. Therefore, we believe there will be no major capital investments.

Potential for Operational Cost Increases

As noted above, the largest impacts on these types of projects result from public school-aged children and major capital investments, of which we believe there will be none. However, the question could be asked: “Will the Project impose additional operational costs on Town services?” This could result, for example, should new services be required at the Site itself or, potentially, off the Site as a result of the operations of the Project.

Again using our experience to guide us, these operational impacts usually pertain to emergency services (fire, ambulance, police) and highway services. The cost driver for highway operational costs is the number of new road lane-miles. We understand that there are no new road lane-miles and therefore no new roads to plow and maintain. The fire department is entirely volunteer, so there should be no new operational costs there. Ambulance services do have a cost, but the operational costs are mostly covered by insurance reimbursement to the Town from private providers and/or Medicaid/Medicare. With respect to the costs of police protection, we would anticipate a number of new police service calls to the Site given the size of the workforce involved and traffic volumes. We understand that there has been no indication of a capacity limitation at the Town's police department that would require a major new investment, so there could be additional minor costs related to overtime charges or costs associated with police vehicle travel, etc.

¹³ Any indirect impact from potential for housing starts is something the Town has control over in its zoning and planning review processes. In other words, the Town's regulatory powers govern whether indirect impacts, if any, to school-aged children counts occur in the Town or outside the Town. We note the substantial labor pool in the region that could serve this facility.

¹⁴ Located at <http://www.tcbuffalograndisland.com/>