

Cost-Benefit Analysis for BLK Property Ventures

Prepared by Town of Colonie IDA using InformAnalytics

Executive Summary

INVESTOR
BLK Property Ventures LLC

TOTAL INVESTED
\$1.1 Million

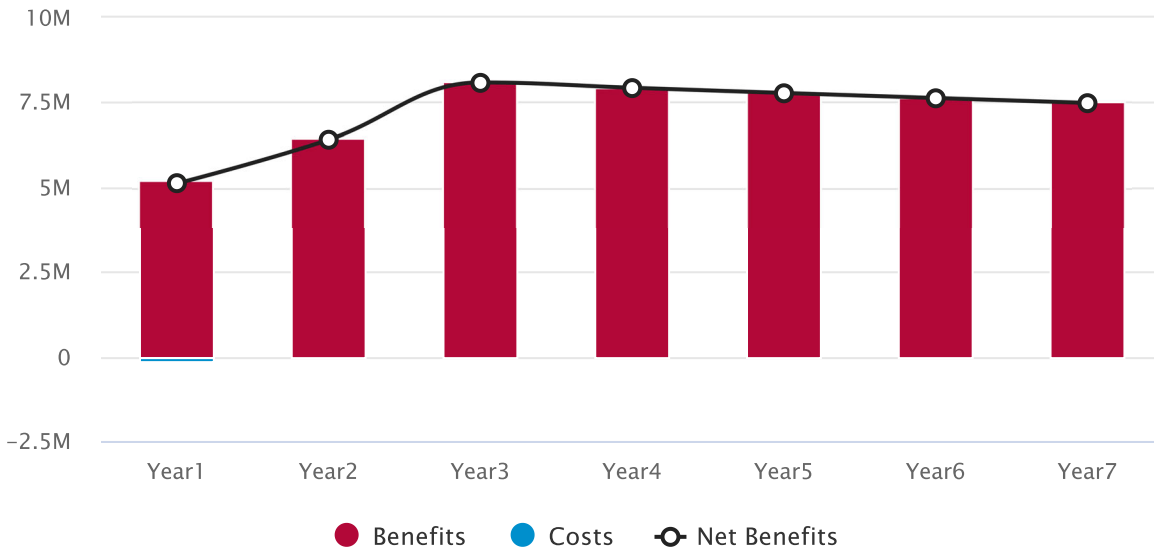
LOCATION
33 Irving Pl, Menands

TIMELINE
7 Years

F1 FIGURE 1

Discounted* Net Benefits for BLK Property Ventures by Year

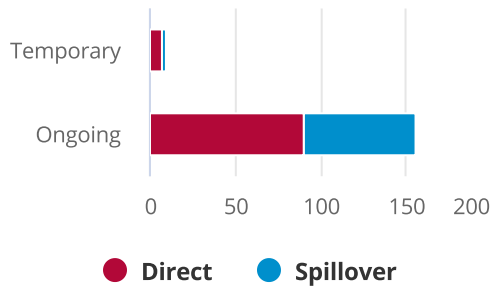
Total Net Benefits: \$50,357,000



Discounted at 2%

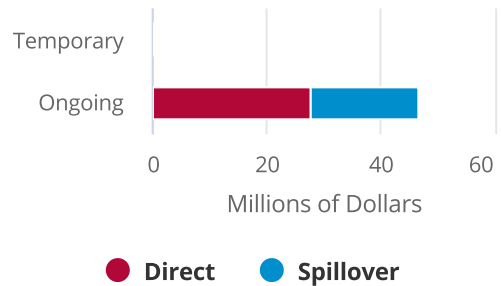
F2 FIGURE 2

Total Jobs



F3 FIGURE 3

Total Payroll



Proposed Investment

BLK Property Ventures LLC proposes to invest \$1.1 million at 33 Irving Pl, Menands over 7 years. Town of Colonie IDA staff summarize the proposed with the following: BLK Property Ventures LLC incurred the property acquisition cost in 2018 (related to this project location and the other building on the property). BLK Property Ventures LLC owns 279 Broadway (aka 33 Irving Place) in the Village of Menands, which has one building located on it. The property was subdivided in 2020 to create this lot from a larger lot. As a part of the proposed Town of Colonie IDA project, BLK Property Ventures LLC will renovate the second building and lease the building to Kasselmann Solar LLC and Albany Electrical Supply, LLC for their proposed relocation and expansion from 20 Walker Way in the Town and Village of Colonie, for corporate headquarters, office and warehouse distribution uses. Kasselmann Solar LLC is a local solar panel installer and Albany Electrical Supply, LLC is a new business. Kasselmann and Albany Electrical Supply are a skilled, union workforce. The applicants are seeking the IDA's assistance with \$80,000 of sales and use tax exemptions and approximately \$86,900 of real property tax abatement. In connection with the proposed project, BLK Property Ventures LLC, Kasselmann Solar LLC and Albany Electrical Supply, LLC will commit to retain 50 FTE jobs and to create an additional 40 to 50 FTE jobs.

1. The extent to which a project will create or retain permanent, private sector jobs.

The proposed Project will retain approximately 50 full-time equivalent jobs of the Operating Companies and related companies within the Town and the Operating Companies will create additional 40 to 50 full-time equivalent jobs within two years of the proposed Project's completion. Estimated annual salaries for these jobs will range from \$30,000 to \$90,000, with additional benefits, depending on experience and the skills required for the position.

2. The estimated value of any tax exemptions to be provided.

Sales and Use Tax Exemption: \$80,000. Real Property Tax Exemption: \$92,227 (based on an estimated taxable assessed value and current tax rates).

3. The amount of private sector investment generated or likely to be generated by the proposed project.

Under the Proposed PILOT Agreement, with renovations to be undertaken by the Real Estate Holding Company at an approximate cost of \$1 million, it is expected that the proposed Project will increase the assessed value of the Improvements. Assuming that the assessed value increases in the same amount as the investment in the Improvements, the affected tax jurisdictions are expected receive higher payments under the Proposed PILOT Agreement than are currently received on the entire property (which was also tax-exempt until approximately 2018). However, it is not possible for the Agency to predict with any certainty the impact that the proposed Project will have on the assessed value of the Improvements.

4. The likelihood of accomplishing the proposed project in a timely fashion.

The Real Estate Holding Company and the Operating Companies have indicated that the proposed Project would be completed within six months.

5. The extent to which the proposed project will provide additional sources of revenue for municipalities and school districts; and any other public benefits that might occur as a result of the project.

Under the Proposed PILOT Agreement, with renovations to be undertaken by the Real Estate Holding Company at an approximate cost of \$1 million, it is expected that the proposed Project will increase the assessed value of the Improvements. Assuming that the assessed value increases in the same amount as the investment in the Improvements, the affected tax jurisdictions are expected receive higher payments under the Proposed PILOT Agreement than are currently received on the entire property (which was also tax-exempt until approximately 2018). However, it is not possible for the Agency to predict with any certainty the impact that the proposed Project will have on the assessed value of the Improvements.

The Project Facility also is expected to result in increased sales and use taxes generated by local purchases by the employees located at the Project Facility.

T1 TABLE 1

Proposed Investments

Description	Amount
CONSTRUCTION SPENDING	
Buildings	\$1,000,000
OTHER SPENDING	
Machinery and Equipment	\$50,000
Total Investments	\$1,050,000
Discounted Total (2%)	\$1,050,000

May not sum to total due to rounding.

F4 FIGURE 4

Location of Investment



Cost-Benefit Analysis

A cost-benefit analysis of this proposed investment was conducted using InformAnalytics, an economic impact model developed by CGR. The report estimates the impact that a potential project will have on the local economy based on information provided by Town of Colonie IDA. The report calculates the costs and benefits for specified local taxing districts over the first 7 years, with future returns discounted at a 2% rate.

T2 TABLE 2

Estimated Costs or Incentives

Town of Colonie IDA is considering the following incentive package for BLK Property Ventures LLC.

Description	Nominal Value	Discounted Value*
Property Tax Exemption	\$255,000	\$242,000
Sales Tax Exemption	\$80,000	\$80,000
Total Costs	\$335,000	\$322,000

May not sum to total due to rounding.

* Discounted at 2%

State & Regional Impact (Life of Project)

The following table estimates the total benefits from the project over its lifetime.

Description	Direct	Spillover	Total
REGIONAL BENEFITS	\$30,341,000	\$20,560,000	\$50,901,000
To Private Individuals	\$29,985,000	\$20,319,000	\$50,304,000
Temporary Payroll	\$382,000	\$130,000	\$512,000
Ongoing Payroll	\$29,603,000	\$20,189,000	\$49,792,000
To the Public	\$356,000	\$241,000	\$597,000
Temporary Sales Tax Revenue	\$5,000	\$2,000	\$6,000
Ongoing Sales Tax Revenue	\$351,000	\$240,000	\$591,000
STATE BENEFITS	\$1,870,000	\$1,235,000	\$3,105,000
To the Public	\$1,870,000	\$1,235,000	\$3,105,000
Temporary Income Tax Revenue	\$19,000	\$6,000	\$25,000
Ongoing Income Tax Revenue	\$1,470,000	\$969,000	\$2,439,000
Temporary Sales Tax Revenue	\$5,000	\$2,000	\$7,000
Ongoing Sales Tax Revenue	\$377,000	\$257,000	\$634,000
Total Benefits to State & Region	\$32,211,000	\$21,795,000	\$54,006,000
Discounted Total Benefits (2%)	\$30,232,000	\$20,447,000	\$50,679,000

May not sum to total due to rounding.

T4 TABLE 4

Benefit to Cost Ratio

The following benefit to cost ratios were calculated using the discounted totals.

Description	Benefit*	Cost*	Ratio
Region	\$47,765,000	\$281,000	170:1
State	\$2,914,000	\$42,000	70:1
Grand Total	\$50,679,000	\$322,000	157:1

May not sum to total due to rounding.

* Discounted at 2%

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