

Economic and Fiscal Impact

TRIXIE GIRL, LLC/CHRIS' COFFEE SERVICE, INC.

Town of Colonie
Industrial Development Agency

JANUARY 2020

PREPARED BY:



120 West Avenue, Suite #303
Saratoga Springs, NY

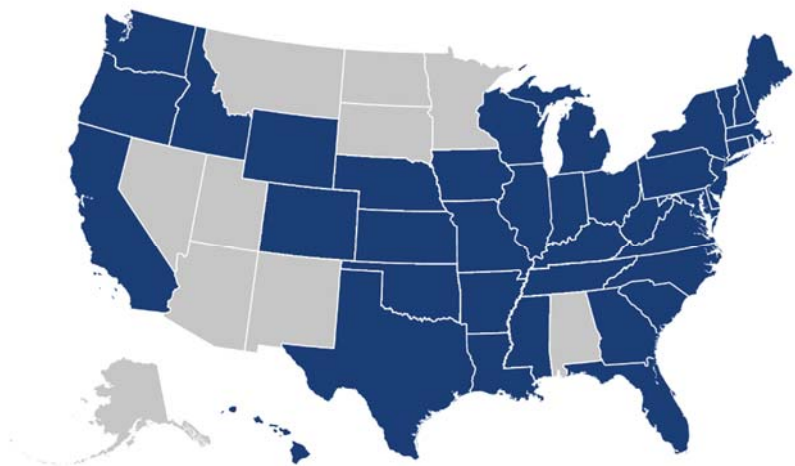
518-899-2608
www.camoinassociates.com

Camoin 310 has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. Through the services offered, Camoin 310 has had the opportunity to serve EDOs and local and state governments from Maine to California; corporations and organizations that include Lowes Home Improvement, FedEx, Amazon, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of \$6 billion. Our reputation for detailed, place-specific, and accurate analysis has led to projects in 40 states and garnered attention from national media outlets including Marketplace (NPR), Forbes magazine, The New York Times and The Wall Street Journal. Additionally, our marketing strategies have helped our clients gain both national and local media coverage for their projects in order to build public support and leverage additional funding. We are based in Saratoga Springs, NY, with regional offices in Portland, ME; Boston, MA; Richmond, VA and Brattleboro, VT. To learn more about our experience and projects in all of our service lines, please visit our website at www.camoinassociates.com. You can also find us on Twitter [@camoinassociate](https://twitter.com/camoinassociate) and on [Facebook](#).

Rachel Selsky, AICP
Vice President, Project Principal

Dan Stevens, AICP
Senior Project Manager

Jessica Ulbricht
Analyst



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ABOUT THE STUDY

Camoin 310 was retained by the Town of Colonie Industrial Development Agency (the Agency) to measure the economic contribution of a proposed new manufacturing, warehouse, and distribution facility at 348 Old Niskayuna Road, Latham in the Town of Colonie, New York (the Site). Trixie Girl, LLC/Chris' Coffee Service, Inc. has applied for financial assistance from the Agency to assist with the construction of this facility. Chris' Coffee Service has outgrown its existing space at 10 Corporate Cir, City of Albany, New York and have sought to purchase the Site and construct a new 64,000 SF facility, of which 34,500 SF will be used to further grow and scale their operations (the Project).

The goal of this analysis is to provide an assessment of the economic, employment, and local tax impact of the Project on the Town of Colonie.

The primary tool used in this analysis is the input-output model developed by Economic Modeling Specialists Intl. (EMSI). Primary data used in this study was obtained from Trixie Girl, LLC/Chris' Coffee Service, Inc.'s Application for Financial Assistance to the Town of Colonie Industrial Development Agency and included the following data points: total Project costs, total jobs and payroll, and eligible exemptions.

The economic impacts are presented in three categories: direct impact, indirect impact, and total impact. The indirect impacts are commonly referred to as the "multiplier effect."

STUDY INFORMATION

Geography:
Town of Colonie

Development Type:
Manufacturing, Warehouse, and
Distribution

Study Year:
2020

Modeling Tool:
EMSI

DIRECT IMPACTS

This initial round of impacts is generated as a result of construction spending and the employment that is created on-site.

INDIRECT IMPACTS

The direct impacts have ripple effects through business to business spending. This spending results from the increase in demand for goods and services in industry sectors that supply the building's tenants. Impacts also result from spending by employees and employees of suppliers.

TOTAL IMPACTS

Total impacts represent the sum of the direct and indirect impacts.

EXECUTIVE SUMMARY

Trixie Girl, LLC/Chris' Coffee Service, Inc. (the Applicant)¹ has applied for financial assistance from the Town of Colonie Industrial Development Agency (the Agency) for the construction of a new facility (the Project) at 348 Old Niskayuna Road, Latham in the Town of Colonie, New York (the Site). The proposed Project entails the construction of a 64,000 SF manufacturing, warehouse, and distribution facility on the 5.49-acre Site. Chris's Coffee Service has outgrown its existing space located at 10 Corporate Cir, City of Albany, New York and will be using 34,500 SF of the Project to further grow their operations and better serve their customers through deliveries and service calls. The remaining 29,500 SF of space will be available for lease or for future expansion of Chris' Coffee. The Agency commissioned Camoin 310 to conduct an economic and limited fiscal impact analysis of the Project on the Town of Colonie (the Town).

This study analyzes the impact that the Project will have on the town's economy, net of any economic activity that would occur if the Project were not completed. The Applicant currently employs 40 full time positions in the City of Albany and anticipates that this relocation and larger facility will allow them to add an additional 9 positions, for a total of 49 positions on-site within 3-years. Therefore, the relocation results in 49 new jobs within the Town of Colonie. This study analyzes the impact that the 49 new jobs and related construction expenditures would have on the town economy. The following is a summary of our findings from this study, with details below.

Summary of Benefits to Town - Construction Phase	
Construction Phase Jobs	8
Construction Phase On-Site Jobs	6
Construction Phase Earnings	\$ 549,757
Construction Phase On-Site Earnings	\$ 456,555
One-Time Sales Tax Revenue to County	\$ 2,749
One-Time Sales Tax Revenue to Town	\$ 297

The construction of the building would result in approximately 6 net new, on-site construction jobs in the town, with associated on-site earnings of approximately \$457,000. In total, the construction phase would create 8 net new jobs in the town, generating nearly \$550,000 in total new earnings.² The construction phase would have a one-time sales tax revenue implication on the County and Town in the amount of \$2,749 to the County and \$297 to the Town.

¹ According to the Applicant, Trixie Girl, LLC is a real estate holding company. Trixie Girl, LLC will undertake construction of and own the new building. The ongoing economic impacts in terms of jobs, earnings, and sales however refer solely to Chris' Coffee Service, Inc.

² The Town of Colonie study area includes six zip codes: 12047 (Cohoes), 12110 (Latham), 12189 (Watervliet), 12204 (Albany), 12205 (Albany), and 12211 (Albany). See the map in Attachment B for more detail on the study area.

CAMOIN 310

Summary of Benefits to Town - Occupation Phase	
Occupation Phase Jobs	92
Occupation Phase On-Site Jobs	49
Occupation Phase Earnings	\$ 4,554,666
Occupation Phase On-Site Earnings	\$ 2,400,000
Annual Sales Tax Revenue to County	\$ 22,773
Annual Sales Tax Revenue to Town	\$ 2,460

As shown above, the town would add 49 jobs on-site with approximately \$2.4 million³ in associated earnings as a result of the occupation phase of the Project. In total there would be 92 net new jobs in the town as a result of the Project with nearly \$4.6 million in earnings. The new jobs associated with the Project would result in new annual sales tax revenue of \$22,773 to the County, of which \$2,460 would be distributed to the Town of Colonie.

Estimated Costs to Affected Jurisdictions	
Mortgage Recording Tax Exemption	\$ 49,000
Sales and Use Tax Exemption	\$ 240,000
Sales and Use Tax Exemption, Cost to Town*	\$ 12,960

* The IDA may not consider this a "cost".

Source: Trixie Girl, LLC/Chris' Coffee Service, Inc., Camoin 310

Through negotiations with the Agency, the Applicant could receive a mortgage recording tax exemption valued up to \$49,000 and a sales and use tax exemption of up to \$240,000. Both of these taxes are collected by the County. The Town of Colonie receives a portion of sales tax collected by the County. The Town's portion of the sales tax exemption would be valued at \$12,960. Regarding the mortgage recording tax exemption, 0.50% is remitted to the Town, 0.25% is retained by the County and 0.25% goes to the State. Therefore, the Town of Colonie's portion would be valued at \$24,500. However, if we assume that the Project would not occur absent IDA benefits, neither the sales tax exemption nor the mortgage tax exemption is actually a "cost," since no future revenue stream would exist without the exemptions.

³ According to the Applicant.

ECONOMIC IMPACT ANALYSIS

The estimates of direct economic activity generated during the construction phase and building occupation as provided by the Applicant were used as the direct inputs for the economic impact model. Camoin 310 used the input-output model designed by Economic Modeling Specialists, International (EMSI) to calculate total economic impacts. EMSI allows the analyst to input the amount of new direct economic activity (earnings, spending, or jobs) occurring within the town and uses the direct inputs to estimate the spillover effects that the net new spending or jobs have as these new dollars circulate throughout the Town of Colonie economy. This is captured in the indirect impacts and is commonly referred to as the "multiplier effect." See Attachment A for more information on economic impact analysis.

The Project would have economic impacts upon the Town of Colonie as a result of Project construction and new permanent jobs at the Site.

CONSTRUCTION PHASE IMPACTS

The Applicant anticipates that the private sector investment in the construction of the Project (excluding land acquisition and finance fees) would be \$4.6 million.⁴ If we assume that 25%⁵ of the construction spending would be sourced from within the Town of Colonie, we can project that there will be \$1.15 million in net new spending in the Town associated with the construction phase.

Construction Phase Spending	
Total Construction Cost	\$ 4,600,000
Percent Sourced from Town	25%
Net New Construction Spending	\$ 1,150,000

Source: Trixie Girl, LLC/Chris' Coffee Service, Inc., Camoin 310

Based on \$1.15 million worth of net new direct spending associated with the construction phase of the Project, we determined that there would be over \$1.4 million in total on-time construction related spending supporting a total of 8 jobs⁶ over the construction period and nearly \$550,000 in total earnings in the Town of Colonie.⁷

⁴ Includes project costs as provided by Applicant in Part II of the application, except for land acquisition and construction loan fees.

⁵ Based on an analysis of available goods and services in the Town of Colonie (source: Esri Business Analyst) and previous work with the Town and Albany County.

⁶ The Applicant estimates 120 construction jobs will be created as a result of the Project. This analysis examines only the net new jobs within the Town of Colonie as the economic impact of the construction phase based on the \$1.15 in net new direct spending.

⁷ The Town of Colonie study area includes six zip codes: 12047 (Cohoes), 12110 (Latham), 12189 (Watervliet), 12204 (Albany), 12205 (Albany) and 12211 (Albany). See the map in Attachment B for more detail on the study area.

CAMOIN 310

Economic Impact - Construction Phase			
	Direct	Indirect	Total
Jobs	6	2	8
Earnings	\$ 456,555	\$ 93,202	\$ 549,757
Sales	\$ 1,150,000	\$ 273,150	\$ 1,423,150

Source: EMSI, Camoin 310

BUILDING OCCUPATION AND OPERATION IMPACTS

The Applicant projects that 49 positions will be employed on-site once the Project is complete. Forty of these positions are currently located within the City of Albany at the Applicant's existing facility and will relocate to the new facility in Colonie, and 9 additional positions will be created as a result of the Project.⁸ The 49 positions are considered to be net new to the Town of Colonie economy. The table below details the direct, indirect, and total impacts that these 49 jobs will have on the Town of Colonie.

Annual Economic Impact - Occupation Phase			
	Direct	Indirect	Total
Jobs	49	43	92
Earnings	\$ 2,400,000	\$ 2,154,666	\$ 4,554,666
Sales	\$ 30,592,532	\$ 7,706,907	\$ 38,299,439

Source: EMSI, Camoin 310

As shown in the table above and according to the Applicant, we anticipate that 49 jobs and \$2.4 million⁹ in new earnings would occur at the Site itself. Taking into account the additional indirect and induced economic impacts, the Project is estimated to support 92 total jobs, nearly \$4.6 million in total annual earnings, and nearly \$38.3 million in total sales generated within the Town of Colonie.¹⁰

⁸ Within three years of Project completion.

⁹ The Applicant estimates that annual payroll will be \$2.4 million for the 49 jobs.

¹⁰ The term 'Sales' in this instance is the industry's economic output as measured in gross receipts, both to other industries and to consumers.

FISCAL IMPACT ANALYSIS

In addition to the economic impact of the Project on the local economy (outlined above), there would also be a fiscal impact in terms of exemptions and sales tax generation. The following section of the analysis outlines the impact of the completion of the Project on the local taxing jurisdictions in terms of the cost and/or benefit to municipal budgets.

EXEMPTIONS

Through negotiations with the Agency, the Applicant could have access to a mortgage recording tax exemption valued up to \$49,000 and a sales and use tax exemption of up to \$240,000. Both of these exemptions are collected by the County, with the Town of Colonie receiving a portion of the sales tax. Sales tax is distributed equally to the State and County. According to the New York State Comptroller, Albany County retains approximately 60% of the sales tax revenue and distributes 40% of the sales tax revenue to the towns and cities within the County based on decennial census population figures. Of the 40%, the Town of Colonie receives approximately 27% of the portion of the sales tax revenues allocated to towns and cities¹¹. Therefore, the Town of Colonie's portion of the sales tax exemption would be valued at \$12,960.

Estimated Costs to Affected Jurisdictions	
Mortgage Recording Tax Exemption	\$ 49,000
Sales and Use Tax Exemption	\$ 240,000
Sales and Use Tax Exemption, Cost to Town*	\$ 12,960

* The IDA may not consider this a "cost".

Source: Trixie Girl, LLC/Chris' Coffee Service, Inc., Camoin 310

If the Project would not occur absent IDA benefits, and neither the sales tax exemption nor the mortgage tax exemption is actually a "cost," since no future revenue stream would exist without the exemptions.

¹¹ Based on the Town's proportion of the County's population.

CAMOIN 310

SALES TAX REVENUE

CONSTRUCTION PHASE

The one-time construction phase earnings described by the total economic impact of the construction work would lead to additional sales tax revenue for Albany County. It is assumed that 50%¹² of the construction phase earnings would be spent within Albany County and that 25% of those purchases would be taxable. As previously mentioned, Albany County distributes approximately 40% of the sales tax revenue to the towns and cities within the County, based on population. Of that amount, approximately 27% is distributed to the Town of Colonie.

One Time Town Sales Tax Revenue Construction Phase	
Total New Earnings	\$ 549,757
Amount Spent in County (50%)	\$ 274,878
Amount Taxable (25%)	\$ 68,720
County Sales Tax Rate	4.00%
New County Tax Revenue	\$ 2,749
County Tax Revenue Distributed to Towns (40%)	\$ 1,100
County Sales Tax Distributed to Town (27%)	\$ 297

Source: Albany County, Camoin 310

As a result of the construction phase employment, Albany County would receive approximately \$2,749 in new sales tax revenue from the economic impacts of construction. Of that amount, the Town of Colonie would receive approximately \$297 in new sales tax revenue.

OCCUPATION PHASE

The new earnings generated by on-site jobs that will occur as a result of building occupation at the Site would lead to additional annual sales tax revenue for Albany County. It is assumed that 50% of the earnings would be spent within Albany County and that 25% of those purchases would be taxable. Sales tax revenue is distributed from Albany County to the Town of Colonie based on the aforementioned methodology determined by the NYS Comptroller.

Annual Town Sales Tax Revenue Occupation Phase	
Total New Earnings	\$ 4,554,666
Amount Spent in County (50%)	\$ 2,277,333
Amount Taxable (25%)	\$ 569,333
County Sales Tax Rate	4.00%
New County Tax Revenue	\$ 22,773
County Tax Revenue Distributed to Towns (40%)	\$ 9,109
County Sales Tax Distributed to Town (27%)	\$ 2,460

Source: Albany County, Camoin 310

Under these assumptions the County would receive approximately \$22,773 and the Town would receive approximately \$2,460 each year in new revenue from the economic impacts of the Project.

¹² Analyses conducted in similar geographies suggest that a vast majority of the goods and services that employees would be purchasing are available within the county (food, clothing, vehicles, computers, etc.) but there still will be some outside spending on travel and through purchases made online and in neighboring counties. Based on third-party proprietary retail spending data, 50% is a reasonable assumption for the amount of in-county spending. (Source: Esri Business Analyst Online Retail Market Profile.

ATTACHMENT A: WHAT IS ECONOMIC IMPACT ANALYSIS?

The purpose of conducting an economic impact study is to ascertain the total cumulative changes in employment, earnings and output in a given economy due to some initial “change in final demand”. To understand the meaning of “change in final demand”, consider the installation of a new widget manufacturer in Anytown, USA. The widget manufacturer sells \$1 million worth of its widgets per year exclusively to consumers in Canada. Therefore, the annual change in final demand in the United States is \$1 million because dollars are flowing in from outside the United States and are therefore “new” dollars in the economy.

This change in final demand translates into the first round of buying and selling that occurs in an economy. For example, the widget manufacturer must buy its inputs of production (electricity, steel, etc.), must lease or purchase property and pay its workers. This first round is commonly referred to as the “Direct Effects” of the change in final demand and is the basis of additional rounds of buying and selling described below.

To continue this example, the widget manufacturer’s vendors (the supplier of electricity and the supplier of steel) will enjoy additional output (i.e. sales) that will sustain their businesses and cause them to make additional purchases in the economy. The steel producer will need more pig iron and the electric company will purchase additional power from generation entities. In this second round, some of those additional purchases will be made in the US economy and some will “leak out”. What remains will cause a third round (with leakage) and a fourth (and so on) in ever-diminishing rounds of industry-to-industry purchases. Finally, the widget manufacturer has employees who will naturally spend their wages. Again, those wages spent will either be for local goods and services or will “leak” out of the economy. The purchases of local goods and services will then stimulate other local economic activity. Together, these effects are referred to as the “Indirect Effects” of the change in final demand.

Therefore, the total economic impact resulting from the new widget manufacturer is the initial \$1 million of new money (i.e. Direct Effects) flowing in the US economy, plus the Indirect Effects. The ratio of Total Effects to Direct Effects is called the “multiplier effect” and is often reported as a dollar-of-impact per dollar-of-change. Therefore, a multiplier of 2.4 means that for every dollar (\$1) of change in final demand, an additional \$1.40 of indirect economic activity occurs for a total of \$2.40.

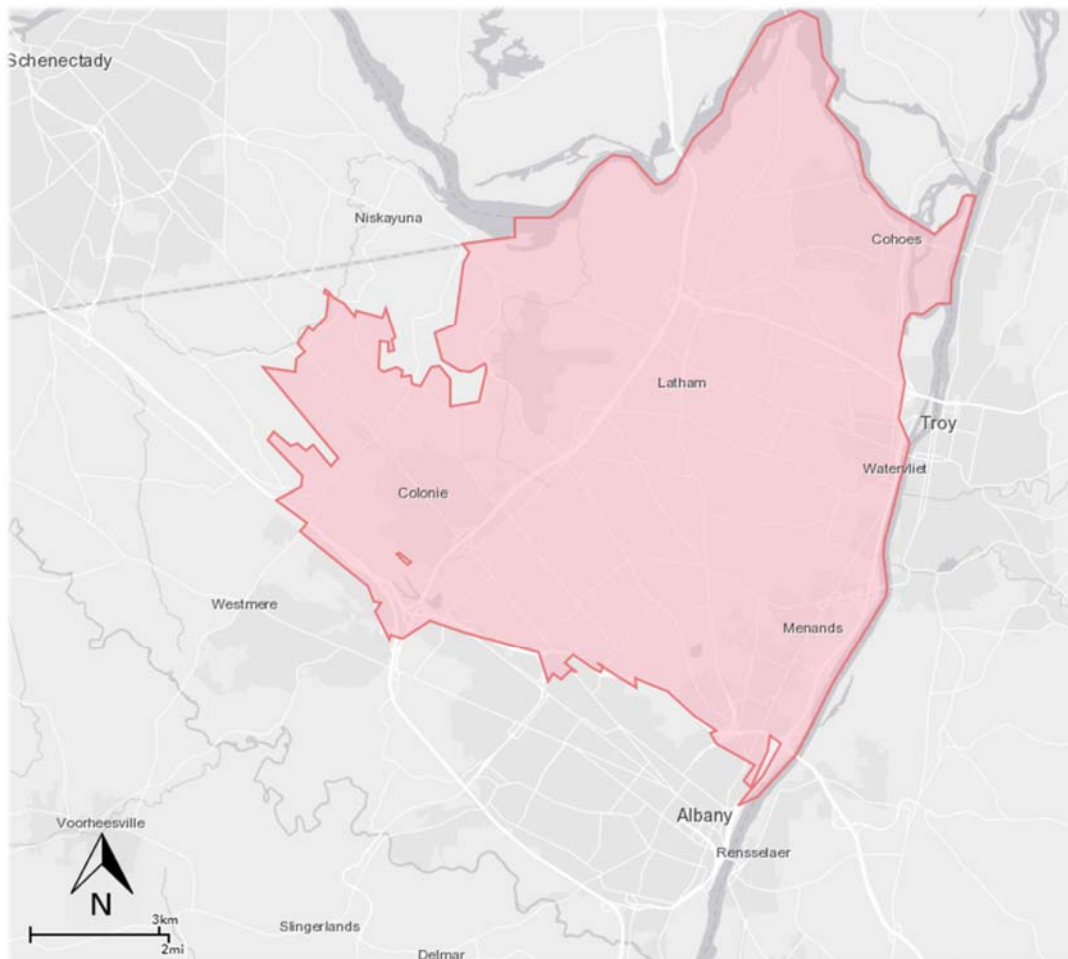
Key information for the reader to retain is that this type of analysis requires rigorous and careful consideration of the geography selected (i.e. how the “local economy” is defined) and the implications of the geography on the computation of the change in final demand. If this analysis wanted to consider the impact of the widget manufacturer on the entire North American continent, it would have to conclude that the change in final demand is zero and therefore the economic impact is zero. This is because the \$1 million of widgets being purchased by Canadians is not causing total North American demand to increase by \$1 million. Presumably, those Canadian purchasers will have \$1 million less to spend on other items and the effects of additional widget production will be cancelled out by a commensurate reduction in the purchases of other goods and services.

Changes in final demand, and therefore Direct Effects, can occur in a number of circumstances. The above example is easiest to understand: the effect of a manufacturer producing locally but selling globally. If, however, 100% of domestic demand for a good is being met by foreign suppliers (say, DVD players being imported into the US from Korea and Japan), locating a manufacturer of DVD players in the US will cause a change in final demand because all of those dollars currently leaving the US economy will instead remain. A situation can be envisioned whereby a producer is serving both local and foreign demand, and an impact analysis would have to be careful in calculating how many “new” dollars the producer would be causing to occur domestically.

CAMOIN 310

ATTACHMENT B: STUDY AREA

EMSI reports data as the ZIP Code, county, Metropolitan Statistical Area (MSA), state, and national levels. Thus, Camoin 310 employed the ZIP Code region that most closely resembles the Town of Colonie county subdivision area to conduct the following analysis. The region utilized includes six Zip Codes: 12047 (Cohoes), 12110 (Latham), 12189 (Watervliet), 12204 (Albany), 12205 (Albany), and 12211 (Albany). See the map below for more detail on the study area.



Source: ESRI



Leading action to grow your economy

Camoin 310
120 West Avenue, Suite 303
Saratoga Springs, NY 12866
518.899.2608
www.camoinassociates.com
[@camoinassociate](https://twitter.com/camoinassociate)

