

# Financial Impact and Economic Benefits Analysis

There are three primary sources of financial and economic impacts to the community from the proposed Adirondack Club and Resort Project:

- (1) Increased municipal revenue from tax assessments;
- (2) Commerce activities from construction; and
- (3) Long-term commerce opportunities from resort employment and visits, and seasonal residential use.

# PILOT and Bond Agreement\*

If all 83 Phase 1 units were sold, total residential sales would need to exceed \$25,544,933 or an average sales price of \$307,770 per home to cover the proposed Phase 1 debt service.

The Project Sponsor's projected average sales price of \$1,041,150 could decrease 70% per unit and cover the PILOT payments

If only half of the Phase 1 units were sold, the average sales price needed to cover debt service is \$616,000 or 59% of the developer's projected average sales price.

\*The FCIDA has drafted a Proposed PILOT Agreement for but no terms have yet been finalized.

# Municipal Expenses

The only expenses to the taxing entities proposed to be solely funded by PILOT revenue and not covered by specific user agreements or standard fees are Town of Tupper Lake administrative services and the schooling of project residents.

Standard fees are projected to cover the additional costs to the Water Department and Electric Department. The Project Sponsor proposes an agreement whereby the ACR-HOA will make an annual payment to the Town to cover road maintenance expenses.

The total maximum costs incurred to the taxing entities if PILOT payments do not cover both debt service and costs incurred to the town from Phase 1 are \$137,000 or .7% of their combined budgets.

# PILOT and Bond Agreement

The total assessment would need to exceed \$25,688,137 or \$309,495 per home if all 83 Phase 1 units were sold to cover both the Phase 1 debt service and Phase 1 costs incurred from the development to the municipalities and School District.

The Project Sponsor's projected average sales price of \$1,041,150 could decrease 70% per unit and the PILOT payments could still cover bond service and the costs of municipal service provisions incurred from the project.

If only half of the Phase 1 units were sold, the average sales price needed to cover debt service is \$619,000 or 60% of the developer's projected average sales price.

# PILOT and Bond Agreement

	<b>Total Necessary Sales</b>	<b>Necessary Average</b>	<b>Projected Average</b>	<b>Margin</b>
<b>Phase 1</b>	\$ 25,681,809.95	\$ 309,419.40	\$1,041,149.83	70%
<b>Phase 2</b>	\$ 37,033,388.49	\$ 182,430.49	\$836,256.94	78%
<b>Phase 3</b>	\$ 28,342,579.97	\$ 136,920.68	\$759,687.06	82%
<b>Phase 4</b>	\$ 20,587,931.26	\$ 130,303.36	\$986,914.78	87%

The risk of default upon the bond service decreases as the project enters later phases. There are two reasons for this:

- 1). There are more units in each of the latter phases thus spreading the infrastructure costs and bond financing costs among more individual properties.
- 2). The total assessed value of the project increases throughout construction creating a greater base from which to cover the debt service.

# Commerce Activities from Construction

Project Sponsor projects an average of 307 employees/year at an annual wage of \$31,000 will be utilized to construct both the resort elements and residential units.

# of Employees	Total Yearly Wages	Secondary Impacts
307	\$ 9,517,000.00	\$ 21,318,080.00
300	\$ 9,300,000.00	\$ 20,832,000.00
200	\$ 6,200,000.00	\$ 13,888,000.00
100	\$ 3,100,000.00	\$ 6,944,000.00

# Long-Term Impacts: Resort Employment

The Project Sponsor projects that the Adirondack Club and Resort will employ 236 full-time workers with an average annual salary of \$20,700. The regional impact of this employment is projected to produce over \$7,300,000 in yearly secondary wage impacts.

# of Employees	Direct Wages	Secondary Impacts
236	\$ 4,885,200.00	\$ 7,327,800.00
200	\$ 4,140,000.00	\$ 6,210,000.00
150	\$ 3,105,000.00	\$ 4,657,500.00
100	\$ 2,070,000.00	\$ 3,105,000.00

# Long-Term Impacts: Resort Visits

According to research performed for the Northern New York Travel and Tourism Research Center of SUNY Potsdam by the firm Davidson-Peterson Associates, the average per visit expenditure for visitors to Franklin County was \$226/visitor.

<b># of Visitors</b>	<b>Total Spending</b>	<b>Retail Demand (s.f.)</b>
100,000	\$ 22,600,000.00	90,400
50,000	\$ 11,300,000.00	45,200
25,000	\$ 5,650,000.00	22,600
10,000	\$ 2,260,000.00	9,040

# Long-Term Impacts: Seasonal Residential Usage

Project Sponsor projects that each unit will result in 223 family-related day visits per year. Each visit is projected to result in \$26.40 in daily expenditures.

Phase 1 (83 units): \$590,500/year in spending

Phase 2 (203 units): \$2,034,800/year in spending

Phase 3 (207 units): \$3,507,600/year in spending

Phase 4 (158 units): \$4,631,760/year in spending