

Cost-Benefit Analysis for First Colonie Company LP (The Desmond)

Prepared by Town of Colonie IDA using InformAnalytics

Executive Summary

INVESTOR
First Colonie Company Limited Partnership

TOTAL INVESTED
\$14.3 Million

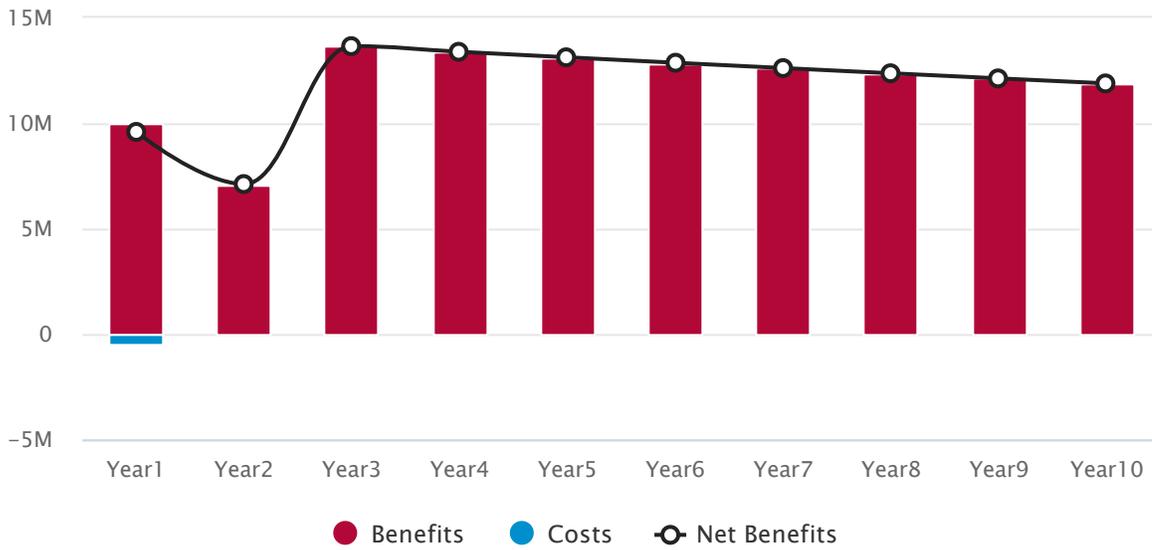
LOCATION
660 Albany Shaker Rd, Colonie

TIMELINE
10 Years

F1 FIGURE 1

Discounted* Net Benefits for First Colonie Company LP (The Desmond) by Year

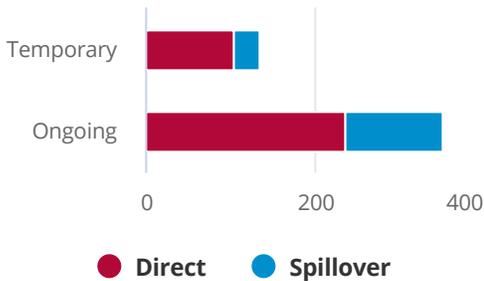
Total Net Benefits: \$118,739,000



Discounted at 2%

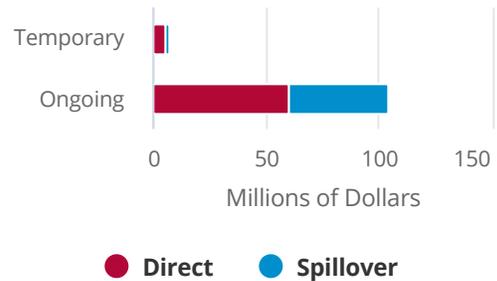
F2 FIGURE 2

Total Jobs



F3 FIGURE 3

Total Payroll



Proposed Investment

First Colonie Company Limited Partnership proposes to invest \$14.3 million at 660 Albany Shaker Rd, Colonie over 10 years. Town of Colonie IDA staff summarize the proposed with the following: The Desmond Hotel is undertaking a comprehensive renovation of its facility necessary to align the property with the standards of the IHG family of hotels, under the Crowne Plaza flag. This project was planned and started prior to the COVID-19 pandemic and the applicant is seeking sales and use tax relief to complete the project and become a Crowne Plaza property. Without IDA assistance, the applicant has indicated that project completion would be in jeopardy and puts its affiliation with IHG at risk and as a result its ability to reclaim its position as a regional tourism destination. The applicant has indicated the following in the application and it is stated here.

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

The applicant will retain 9 professional/managerial/technical jobs and 30 unskilled or semi-skilled jobs. Over the following 2 years, the applicant will create an additional 196 new jobs. These figures are based on current employment levels as a result of the COVID-19 pandemic.

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

The estimated value of the sale and use tax exemption is \$440,000. In this analysis, limitations prevent us from modeling based on this exact number and as a result a slightly higher number was used to overestimate the value of the tax exemption as a cost compared to the stated benefits of the project.

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

The applicant indicates that the total private sector investment generated by the entire project is \$16,528,000. This analysis only considers capital costs as direct inputs and does not include soft costs or the purchase of land (considered to be a swap of assets that does not generate new economic activity).

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

The project has the necessary approvals from the Town of Colonie and is currently progressing in a timely manner. No delays are anticipated in conversation with the applicant.

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.

This analysis will result in net benefits as indicated in this report below which includes overall economic impact of the project to the Town of Colonie and regional economy.

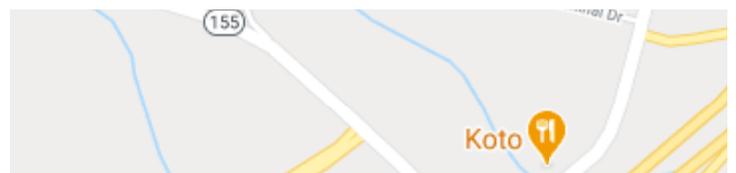
T1 TABLE 1

Proposed Investments

Description	Amount
CONSTRUCTION SPENDING	

F4 FIGURE 4

Location of Investment



Renovation	\$13,950,000
OTHER SPENDING	
Machinery & Equipment	\$100,000
Utilities, Roads	\$230,000
Total Investments	\$14,280,000
Discounted Total (2%)	\$14,280,000



May not sum to total due to rounding.

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 10 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 First Colonie Company Limited Partnership.

Description	Nominal Value	Discounted Value*
Sales Tax Exemption	\$446,000	\$446,000
Total Costs	\$446,000	\$446,000

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	\$72,857,000	\$51,325,000	\$124,182,000
To Private Individuals	\$72,003,000	\$50,723,000	\$122,725,000
Temporary Payroll	\$5,330,000	\$1,816,000	\$7,146,000
Ongoing Payroll	\$66,673,000	\$48,906,000	\$115,579,000
To the Public	\$855,000	\$602,000	\$1,457,000
Temporary Sales Tax Revenue	\$63,000	\$22,000	\$85,000
Ongoing Sales Tax Revenue	\$791,000	\$581,000	\$1,372,000
STATE BENEFITS	\$3,681,000	\$3,088,000	\$6,770,000
To the Public	\$3,681,000	\$3,088,000	\$6,770,000
Temporary Income Tax Revenue	\$265,000	\$90,000	\$355,000
Ongoing Income Tax Revenue	\$2,500,000	\$2,352,000	\$4,853,000
Temporary Sales Tax Revenue	\$68,000	\$23,000	\$91,000
Ongoing Sales Tax Revenue	\$849,000	\$623,000	\$1,471,000
Total Benefits to State & Region	\$76,539,000	\$54,413,000	\$130,952,000
Discounted Total Benefits (2%)	\$69,780,000	\$49,405,000	\$119,185,000

May not sum to total due to rounding.

Benefit to Cost Ratio

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

Description	Benefit*	Cost*	Ratio
Region	\$113,019,000	\$215,000	525:1
State	\$6,166,000	\$231,000	27:1
Grand Total	\$119,185,000	\$446,000	267:1

May not sum to total due to rounding.

* Discounted at 2%

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