

Cost-Benefit Analysis for American Regent, Inc 7/13/21

Prepared by Town of Brookhaven using InformAnalytics

Executive Summary

INVESTOR
American Regent,
Inc

TOTAL JOBS
1328 Ongoing;
343 Temporary

TOTAL INVESTED
\$68.0 Million

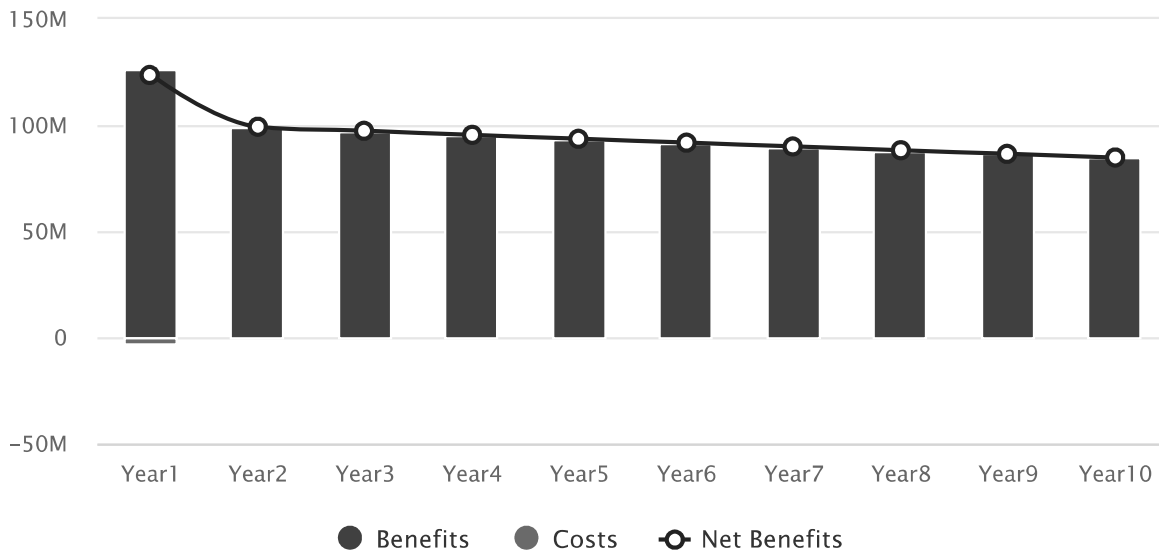
LOCATION

TIMELINE
10 Years

F1 FIGURE 1

Discounted* Net Benefits for American Regent, Inc 7/13/21 by Year

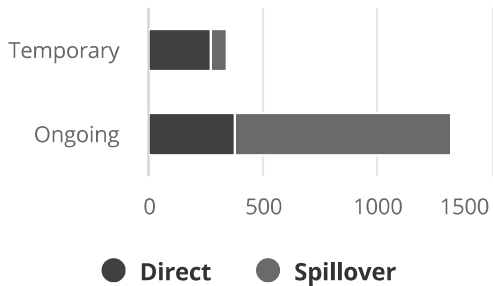
Total Net Benefits: \$950,226,000



Discounted at 2%

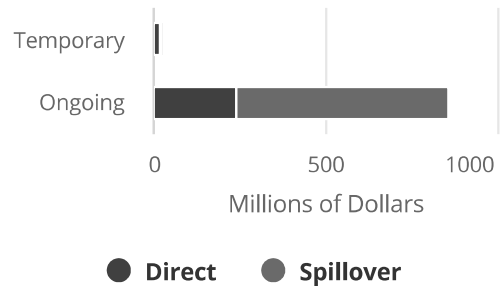
F2 FIGURE 2

Total Jobs



F3 FIGURE 3

Total Payroll



Proposed Investment

American Regent, Inc proposes to invest \$68.0 million at over 10 years. Town of Brookhaven staff summarize the proposed with the following: UPDATED June 2021 American Regent, Inc. (formerly known as Luitpold Pharmaceuticals, Inc.) proposed a 18,109 sf expansion of their existing 94,876 sf facility located at 5 Ramsey Rd in Shirley. The project also proposes a renovation of 37,650 sf. The project will cost \$68 million. We expect that this project will be completed in a timely fashion. As per our Uniform Project Evaluation Criteria Policy, the criteria met for this project include, but are not limited to, job retention and capital investment by the applicant.

T1 TABLE 1

Proposed Investments

Description	Amount
CONSTRUCTION SPENDING	
Expansion & renovation	\$40,000,000
OTHER SPENDING	
Machinery & equip	\$20,000,000
Architectural & engineering	\$6,000,000
Site work	\$2,000,000
Total Investments	\$68,000,000
Discounted Total (2%)	\$68,000,000

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 Brookhaven. 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 Brookhaven is considering the following incentive package for American Regent, Inc.

Description	Nominal Value	Discounted Value*
Sales Tax Exemption	\$2,415,000	\$2,415,000
Property Tax exemption	\$440,000	\$440,000
Total Costs	\$2,855,000	\$2,855,000

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	\$288,623,000	\$686,688,000	\$975,311,000
To Private Individuals	\$279,066,000	\$677,637,000	\$956,703,000
Temporary Payroll	\$16,566,000	\$4,649,000	\$21,215,000
Ongoing Payroll	\$262,500,000	\$672,988,000	\$935,488,000
To the Public	\$9,557,000	\$9,050,000	\$18,607,000
Property Tax Revenue	\$4,535,000	N/A	\$4,535,000
Temporary Sales Tax Revenue	\$221,000	\$62,000	\$283,000
Ongoing Sales Tax Revenue	\$3,506,000	\$8,988,000	\$12,494,000
Purchases Sales Tax Revenue	\$1,295,000	N/A	\$1,295,000
STATE BENEFITS	\$18,703,000	\$43,490,000	\$62,193,000
To the Public	\$18,703,000	\$43,490,000	\$62,193,000
Temporary Income Tax Revenue	\$852,000	\$239,000	\$1,092,000
Ongoing Income Tax Revenue	\$13,507,000	\$35,423,000	\$48,931,000
Temporary Sales Tax Revenue	\$191,000	\$54,000	\$245,000
Ongoing Sales Tax Revenue	\$3,032,000	\$7,774,000	\$10,806,000
Purchases Sales Tax Revenue	\$1,120,000	N/A	\$1,120,000
Total Benefits to State & Region	\$307,327,000	\$730,178,000	\$1,037,504,000
Discounted Total Benefits (2%)	\$283,656,000	\$669,425,000	\$953,081,000

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	\$895,892,000	\$1,735,000	516:1
State	\$57,189,000	\$1,120,000	51:1
Grand Total	\$953,081,000	\$2,855,000	334:1

May not sum to total due to rounding.

* Discounted at 2%

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