

Cost-Benefit Analysis for Interstate Mechanical Services, Inc.

Prepared by Town of Brookhaven using InformAnalytics

Executive Summary

INVESTOR
William Realty Holdings Group, LLC

TOTAL INVESTED
\$4.5 Million

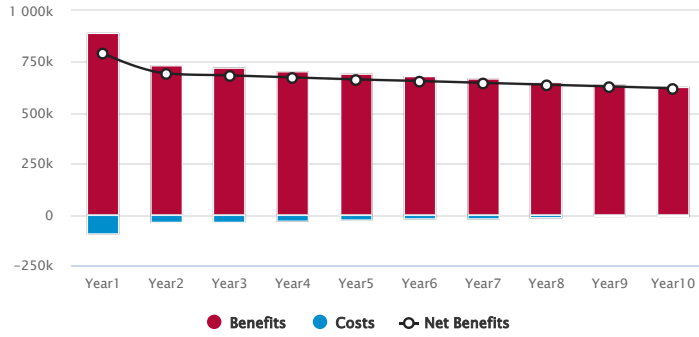
LOCATION
355 Sillis Road Yaphank, NY 11980

TIMELINE
10 Years

F1 FIGURE 1

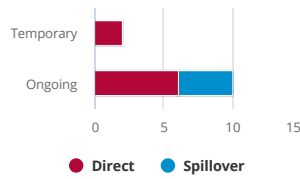
Discounted* Net Benefits for Interstate Mechanical Services, Inc. by Year

Total Net Benefits: \$6,669,000



F2 FIGURE 2

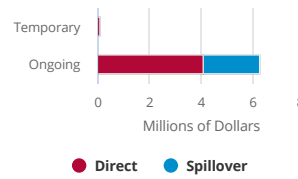
Total Jobs



Discounted at 2%

F3 FIGURE 3

Total Payroll



Proposed Investment

William Realty Holdings Group, LLC proposes to invest \$4.5 million at 355 Sills Road Yaphank, NY 11980 over 10 years. Town of Brookhaven staff summarize the proposed with the following: William Realty Holdings Group plans to purchase an existing (58,719 sq ft) building at 355 Sills Road in Yaphank. Interstate Mechanical Services, Inc, Fabrication Depot, LLC, and Interstate Storage Services, LLC plan to occupy most of the facility for industrial fabrication of piping, hangers and steel supports, storage of industrial equipment for other businesses, and office space. Some of the office space may be rented to unrelated entities. Interstate Mechanical Services currently has locations in Maspeth, NY (leased) and Closter, NJ (owned). They will vacate the leased Maspeth location and move the operations to Yaphank. 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, jobs created and capital investment by the applicant.

T1 TABLE 1

Proposed Investments

Description	Amount
CONSTRUCTION SPENDING	
58,710 sq ft existing industrial building	\$250,000
OTHER SPENDING	
machinery and equipment	\$40,000
Building acquisition	\$4,200,000
Legal Fees	\$15,000
Total Investments	\$4,505,000
Discounted Total (2%)	\$4,505,000

May not sum to total due to rounding.

F4 FIGURE 4

Location of Investment



Map data ©2020

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 William Realty Holdings Group, LLC.

Description	Nominal Value	Discounted Value*
Property Tax Exemption	\$260,000	\$244,000
Sales Tax Exemption	\$12,000	\$12,000
Mortgage Recording Tax Exemption	\$43,000	\$43,000
Total Costs	\$316,000	\$300,000

May not sum to total due to rounding.

* Discounted at 2%

T3 TABLE 3

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	\$4,665,000	\$2,477,000	\$7,142,000
To Private Individuals	\$4,604,000	\$2,445,000	\$7,048,000
Temporary Payroll	\$104,000	\$29,000	\$133,000
Ongoing Payroll	\$4,500,000	\$2,416,000	\$6,916,000
To the Public	\$61,000	\$33,000	\$94,000
Temporary Sales Tax Revenue	\$1,000	\$388	\$2,000
Ongoing Sales Tax Revenue	\$60,000	\$32,000	\$92,000
STATE BENEFITS	\$300,000	\$151,000	\$451,000
To the Public	\$300,000	\$151,000	\$451,000
Temporary Income Tax Revenue	\$5,000	\$1,000	\$7,000
Ongoing Income Tax Revenue	\$242,000	\$121,000	\$363,000
Temporary Sales Tax Revenue	\$1,000	\$336	\$2,000
Ongoing Sales Tax Revenue	\$52,000	\$28,000	\$80,000
Total Benefits to State & Region	\$4,965,000	\$2,628,000	\$7,593,000
Discounted Total Benefits (2%)	\$4,559,000	\$2,411,000	\$6,969,000

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	\$6,555,000	\$251,000	26:1
State	\$414,000	\$49,000	8:1
Grand Total	\$6,969,000	\$300,000	23:1

May not sum to total due to rounding.

* Discounted at 2%

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