



MEMORANDUM

TO: Steve Wilson, Bohler Engineering
CC: Valarie Ferro, Goodlife Advisors
FROM: Craig Seymour, Senior Principal
DATE: May 4, 2022
SUBJECT: Nadler Farms – Fiscal & Economic Impacts

This memorandum provides a summary of the findings and conclusions of DRG’s analysis of the potential fiscal and economic impacts associated with the development of approximately 2.7 million square feet of warehouse/distribution and manufacturing space near Exit 27 of the New York Thruway in the Town of Florida, NY.

Project Description

The proposed development, as described by Bohler Engineering, includes the construction of three industrial buildings totaling approximately 2.7 million square feet, to be located on two parcels of land totaling approximately 373 acres. The site is located a short distance from Exit 27 of the New York Thruway and bisected by Route 30 (Minaville Road). The individual building sites are accessed via Belledons Road and Thruview Drive. The parcels in question are identified as follows:

Parcel ID	Owner	Acres	Assessed Value
71.-1-6.1	Nadler Bros. Inc.	203	\$372,000
55.-1-23	Francisco	170	\$551,000

Source: Florida Assessment Records (Tax Bills Online) & DRG

The three buildings included in the project will include a single-story, 2 million square foot warehouse/distribution facility that will be built on the Francisco parcel and the portion of the Nadler parcel to the west of Route 30. The second building is a single story 400,000 square foot warehouse/distribution facility located on the Nadler parcel south of Belldons Road, and the third is a 350,000 light manufacturing facility located on the north side of Belldons Road, also on the Nadler parcel. The building uses are preliminary at this time and may change but are expected to be similar in size and uses.

The sites are not served by water or sewer and will require extension of lines from the City of Amsterdam across the NY Thruway, and the creation of new districts to own and operate these systems.



Methodology

Fiscal impact analysis refers to the estimated changes in the financial condition of the primary jurisdiction in which new development occurs, focused on potential new revenues from taxes and fees, compared to the incremental costs to provide typical municipal services. For this analysis, the Town of Florida is considered the primary jurisdiction, although many of the available municipal services are provided by other jurisdictions or organizations. To estimate the fiscal impacts, potential tax revenues are calculated at full build-out along with other revenues that are received during construction. Municipal service costs are estimated based on current levels of activity in the community using a marginal cost approach. Where data is available, these costs are calculated on a proportionate share basis, or on a specific case study basis where sufficient data does not exist. In this analysis, the case study method is utilized due to the fact that various agencies provide different municipal services, paid for in various ways. The analysis assumes that the project is fully built and occupied, and uses current tax rates and cost factors. In reality it may take a period of months or years to complete a large project such as this and both revenues and expenses will increase over that time until stabilized occupancy levels are achieved.

Economic impacts refer to changes to employment, incomes and spending within the primary jurisdiction or in nearby areas resulting from the project, either directly or indirectly over time. As a small community with limited commercial activity, it is likely that the economic impacts of the proposed project will be felt over the larger region which includes Montgomery County.

Host Community

The Town of Florida is located on the eastern edge of Montgomery County, south of the Mohawk River and the City of Amsterdam. The estimated 2020 population of the town was 2,787, an increase of 91 over 2010. The population represents 5.7% of the County population of 49,170, which decreased by 1,049 over the decade.

The town directly abuts the City of Amsterdam to the north, which had a population of 17,711 in 2020 and is the main commercial hub for the eastern side of the county. The City of Schenectady (pop. 67,047) is located approximately 15 miles to the east and Albany, the state capital, approximately 35 miles to the east. The town is bisected east to west in its northern-most section by the New York Thruway, with Exit 27, located in the City of Amsterdam, serving as the primary access point. Florida is primarily an agricultural community hosting several large and small farms, along with a small but growing industrial base located off of State Route 5S on the north side of the Thruway. The town has no commercial center, and very little retail.

Town Government

The town is administered by an appointed Supervisor and governed by a 4-member Town Board (Counselors). The town provides a range of basic services through various departments including administration, assessing, building & code enforcement, culture/recreation and community services, all of which are funded through the General



Fund. The 2020 General Fund appropriations (expenditures) were \$956,000, the budget in 2021 was \$826,000 and the adopted 2022 budget is \$848,000 (rounded).

The town also operates a highway fund for maintenance of roadways with an appropriation of \$871,000 in 2020 and \$1,253,000 budgeted for 2022. Much of the highway budget is covered by state and county revenue sharing funds. There are water and sewer districts that serve small areas of the community, operated as enterprise funds, with specific tax revenues on users covering the costs of operations. Appropriated budgets for the Town were \$755,000 for the water district and \$631,000 for the sewer district in 2020. There are also two fire districts that receive funding from the town (and funded by separate taxes). The Fort Hunter district covers the western side of the community while the Florida district covers the larger eastern side. Their 2020/2022 budgets were \$80,000/\$93,000 and \$191,000/\$246,000 respectively. There is also a small lighting district that covers a small area in the northwest corner of the town.

Other public safety services, including policing, is provided by the County Sheriff's Office and the NY State Police, and through a private nonprofit ambulance service (GRAVAC).

Education is provided by Montgomery County and the town is served by 4 school districts, each with its own taxing authority. The subject property is located entirely within the Amsterdam School District and will pay taxes as assessed by it.

With the exception of the general fund services described above, each of the other municipal services are provided by independent taxing district which levy a real property tax. The Town of Florida does not levy a property tax, relying instead on intergovernmental transfers and other sources of revenue to fund the limited services provided through the general fund. These include county tax distributions, state aid, fines and forfeitures and various permit fees and rental income payments.

Tax Base

According to data from the NYS Office of Real Property Services, in 2021 the Town of Florida registered 1,776 individual real property tax parcels with a total full value assessed value of \$492,266,000 (rounded), as shown in the following table.



Use Category	Description	Parcel Count	Total Assessed Value
100	Agricultural Properties	256	\$71,131,000
200	Residential Properties	982	\$155,884,000
300	Vacant Land	350	\$7,439,000
400	Commercial Properties	44	\$157,752,000
500	Recreation and Entertainment Properties	4	\$277,000
600	Community Services Properties	20	\$2,554,000
700	Industrial Properties	9	\$61,277,000
800	Public Service Properties	90	\$34,869,000
900	Public Parks, Wild Forested and Conservation Properties	21	\$1,083,000
		1,776	\$492,266,000

Source: NYS ORPVS & DRG

Under the Industrial land classification there are 2 industrial properties (code 710) with a total assessed value of \$57.48 million, 1 light manufacturing parcel assessed at \$275,000 and 6 mining/quarry properties assessed at \$3.5 million. Under the Commercial classification there are 18 properties under Other Storage/Warehouse Distribution assessed at \$140.8 million. Some of the industrial and commercial properties are subject to tax agreements with Montgomery County (payments in lieu of taxes) and not subject to full assessment for taxing purposes. The current parcels under consideration are classified as agricultural and will require a zoning change as part of the entitlement process.

Tax rates for 2022 applicable to the subject properties, according to the Montgomery County Real Property Tax Service Agency, are as follows:

Tax Authority	Rate (\$/1,000)
Local Share Medicaid	4.164370
Other NYS Mandates	2.508670
County Services	5.025400
Total County	11.698440
Town	0.000000
Florida Fire District	0.473840
Amsterdam School District	17.492143

Source: MCRPTSA (website) & DRG

Tax Revenues from the Proposed Project

DRG's review of assessment records for other industrial properties in Florida, augmented by discussions with the Town's assessor, indicates that the new warehouse/distribution facilities, when completed and occupied, will likely be valued in a range of \$65 to \$80 per square foot (PSF). This assumes typical construction style and conditions, similar to other warehouse and distribution facilities, without any specialized or extraordinary features. The building anticipated to be used for light manufacturing is expected to be valued in a range of \$85 to \$100 PSF, again assuming no extraordinary features.



The cost to construct the new warehouse/distribution facilities, which is sometimes used as a proxy for market value for new construction, is expected to be in the \$75 -\$85 PSF range, based on data from Marshall & Swift Valuation Services, depending on the level of finish and any special features. This supports the anecdotal valuation estimates discussed above. A similar approach for light manufacturing buildings comes out at \$90 to \$100 PSF, also supporting the previous estimate.

Therefore, it is anticipated that the proposed project will be assessed as follows, using the mid-point estimated values of \$72.50/SF for warehouse/distribution use and \$92.50 PSF for light manufacturing use, when the properties are completed:

Building	Size (SF)	Assessed Value
A – Warehouse/Distribution	2,000,000	\$145,000,000
B – Warehouse/Distribution	400,000	\$29,000,000
C – Light Manufacturing	350,000	\$32,375,000
Total	2,750,000	\$206,375,000

Source: DRG Advisory Services

The project will more than double the assessed value of the commercial property base in Florida and increase the Industrial base by more than 50%.

At the current (2022) tax rates, if completed and on the tax rolls today and fully taxable, the project would bring in new tax revenues to the various jurisdictions as follows:

County (total)	\$2,414,266
Local Share Medicaid	\$859,727
Other NYS Mandates	\$517,727
County Services	\$1,037,117
Florida Fire District	\$97,789
Amsterdam School District	\$3,609,941
Total Tax Revenue	\$6,121,955

Source: Montgomery County assessment records & DRG

No direct property tax revenue would come to the Town of Florida as there is currently no municipal tax rate.

Other Revenues

The development of the project may result in other revenues to the Town of Florida by way of fees and permits. The town’s current building inspection fee is \$0.025 PSF, which if applied to the total of 2,750,000 SF of new space will generate \$67,500 to the town. Town clerk, building permit fees and other revenues may also be generated.



Municipal Service Costs

Because the Town of Florida provides only limited services to its residents and taxpayers, the costs to service the proposed project are expected to be relatively small. The level of general government services (legislative, court, administrative, assessment, legal and other activities) will not change substantially, although there may be a temporary increase in administrative, legal and assessment activities during the entitlement and construction period. Building inspection services will increase, but will be fully reimbursed for any additional activity by the fees paid.

The project is expected to provide substantial improvements to both local roads and the water/sewer infrastructure servicing the site. Belldons Road will be upgraded and the intersection at Route 3 will be signalized at an estimated cost of approximately \$800,000. Costs to the highway fund are not anticipated to change. New water and sewer lines will be extended from the City of Amsterdam to the site, under the NY Thruway and up Route 3, requiring the creation of new water and sewer districts for the portions within the town. The costs of these services will be paid for by the new users.

The Florida Fire District will likely see an increase in the number of calls it receives and must respond to as a result of the project. Discussions with the fire chief indicate that in 2021, the department responded to approximately 330 calls, most of which (+/- 215) were medically related. Approximately 60-70 calls originated from the industrial properties along Route 5S, which total approximately 2.5 million square feet, and which are similar in use to the proposed project. Assuming the call rate remains constant, the project might result in an approximate 20% increase in the number of annual calls, primarily for medical or automobile related incidents. Budget data provided by the District indicates that in 2022, the District will spend approximately \$246,130 including \$178,300 for operational items, plus an additional \$17,380 for contingencies and \$50,000 for a capital improvement project (believed to be a fund for a new station). Divided by 2021's call level of 330, these budget figures average \$540 for operational activities and \$105 for contingencies and the capital project. Based on the estimated 60-70 calls anticipated from the new project, the cost to the District to service the new development will range from \$44,700 to \$52,100 in total. This is compared to the estimated tax revenue of \$97,800 expected from the project.

The new industrial buildings are anticipated to be built with state-of-the-art fire detection and suppression systems thereby minimizing the risks of fire. Improvements in worker safety training and support systems should reduce the number of medical-related incidents as well.

There will be no increase in school-age children from the project so therefore no costs will be incurred by the Amsterdam School District.

The impacts to Montgomery County are expected to be minimal. The project, while large, will result in a small incremental increase in some of the activities performed by the County which will be fully compensated by the taxes generated. Because the project will draw employees from a wide geographic range (see Economic Impacts below), a large or sudden increase in population or housing is anticipated.



In summary, the net fiscal impact of the proposed project is expected to be positive for all jurisdictions.

Economic Impacts

Economic impacts refer to changes in population, employment, incomes and related topics that occur within an economic region surrounding a proposed project. The proposed project is anticipated to impact a region that includes Montgomery County and extends primarily to the east to include Schenectady County and into the Albany-Schenectady-Troy Metropolitan Region in terms of the labor shed (where employees reside).

Employment

The project is anticipated to result in approximately 1,400 new jobs across a wide range of skill sets and wage rates. Modern distribution/warehouse facilities employ staff for packing, shipping, driving, inventory management, technicians and administration. According to NYS labor data (QCEW), in 2021 the average annual wage in the Metro area was \$82,492 for Wholesale Trade (NAICS 42) and \$52,304 for Warehousing (NAICS 493). The average annual wage for Manufacturing industries (NAICS 31-33) was \$104,532. Light manufacturing includes a wide range of industries. Wages in Montgomery County were slightly lower than that for the Metro area. The table below summarizes the potential employment impacts of the proposed project, using a blend of Metro area and county wage data.

Building	Use	Size (SF)	SF per employee	Employment	Average Wage	Total Payroll (x1,000)
A	Warehousing & Distribution	2,000,000	2,500	800	\$75,000	\$60,000
B	Warehousing & Distribution	400,000	2,500	160	\$75,000	\$12,000
C	Light Industrial	350,000	750	467	\$100,000	\$46,667
		2,750,000		1,427		\$118,667

Source: US Census QWEC data, NYS Labor data and DRG

As shown, the project may employ over 1,400 people and generate over \$188 million in annual wages. If these employees spend just 2% of their wages locally on goods and services, this will result in nearly \$2.4 million in increase sales to local businesses.

The project will draw employees from a wide geographic area and as a result, is not anticipated to result in large increases in population in Florida or the county. The increase in employment opportunities may result in a longer term increase in housing demand.

The increase in employment and wages will result in increased spending on goods and services both locally and within the region. As the closest economic “hub”, the City of Amsterdam may see an increase in retail sales once the project is completed and fully occupied. The State of New York will see an increase in personal and corporate tax revenues, which may result an increase in state aid to the town and county. These specific impacts are not able to be quantified until more information on the specific uses or tenants of the proposed space will be.