

UPDATED PROJECT MEMO – June 5, 2019

Original Project Memo Information:

126 Business Park Partners/Adjusters International

Project: Construction of 16,000 square feet addition for additional office space at 126 Business Park Drive, Utica and renovations to existing building. The project will also include construction of a new parking lot adjoining Notre Dame High School which will be accessible to Notre Dame School during evenings, weekends and holidays at no cost solving a parking problem for them. This will support the growth of the business in Oneida County rather than out of the region and out of NYS.

Jobs: Retain: 48 Create: 4 Total Project Cost: \$4,014,975

UPDATED INFORMATION PROVIDED BY APPLICANT

“We recently received an updated budget analysis from Gaetano Construction, our Construction Manager and General Contactor; which included significant cost increases; mostly as a result of the undesirable soil conditions which were identified when the actual ground test borings were completed for the Utica Planning Board application. The test borings found natural expansive shale below the surface, which will require the construction of special structural slabs and foundations and the modification of mechanical systems, to prevent the expansion of the shale from lifting the structure. In addition our existing building generator does not have enough capacity to carry the new addition, so we will need to add another complete generator system. As a result, the budgeted cost to construct the building has increased by \$1,700,000 to \$4,800,000.” Total Project Cost: \$5,723,475.

As a result, we wish to amend the project inducement to request additional financial assistance. We are requesting an increase of \$7,500 in benefits for the mortgage tax exemption related to the \$1,000,000 increase in the mortgage, which we will obtain post construction. We also request an additional sales tax exemption of \$89,250, based upon an estimated 60% pf construction costs for the materials portion of that increase in total construction costs. This will result in is a total increase in benefits of \$96,750.”

Benefits: Sales Tax Exemption: ~~\$152,250~~ **Updated to: \$241,500**

Mortgage recording tax valued at ~~\$22,500~~ **Updated to: \$30,000**

Abatement of real property taxes estimated at \$210,000



May 31, 2019

Adjusters International
126 Business Park Drive
Utica, New York 13502

Attn: Mr. Steve Surace

Re: Addition & Alterations for:
Adjusters International
126 Business Park Drive, Utica, NY
BA #18014.01

Mr. Surace:

Due to several unforeseen conditions, the above-mentioned project has grown in scope, complexity and cost. As the design process advanced additional information was available to the design team through testing and more accurate calculations of building loads based on the developing building design.

The largest impact was the result of the soil and sub-surface testing that was conducted on the site. It was determined that expansive shale sits relatively close to the surface grade resulting in major changes to the structure, the lower level slab design and all underground or under slab mechanical, electrical and plumbing systems. The building footings had to be redesigned to resist potential uplift and movement of the shale expansion. The entire lower level floor slab had to be redesigned into a structural floor slab that is self-supporting with voids beneath it, to allow the shale to expand without heaving the entire floor slab. Installation of all mechanical, electrical and plumbing distribution that runs beneath the slab must be suspended from the slab to avoid any movement from the shale. Also, all exterior underground utilities needed to be designed to address the expansive shale.

In addition to the expansive shale, the soil testing determined that the soils on the property do not allow surface storm water to sufficiently percolate. As a result, underground storm water detention arrays will need to be installed to collect the storm water and slowly release it back into the site at a rate the soil can tolerate.

Finally, once the building design was advanced enough to determine accurate equipment loads it was confirmed that the existing generator would not be adequate to provide backup power to all the essential equipment and systems (i.e. elevator, servers, emergency lighting, HVAC, etc.) in the new addition. Therefore, a new generator was added to ensure back-up power is available for all essential building systems.

As you can see these unforeseen conditions have had a major impact on the complexity and cost of the building design for this project. If you have any questions regarding the project, please feel free to contact our office.

Yours truly,

Phil Sbarra

cc: BA file

formerly FULIGNI•FRAGOLA/ARCHITECTS p.l.l.c

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e-mail: studio@bonacci-architects.com

Part IX: Estimated Project Cost and Financing - form will auto sum

11(a) List the costs necessary for the construction, acquisition or renovation of the facility.

Acquisition of Land (if vacant)	\$ 75,000
Acquisition of Existing Building(s)	\$ 0
Renovation Costs of Existing Building(s)	\$ 0
New Construction of Buildings	\$ 4,800,000
Machinery and Equipment (other than furniture costs)	\$ 50,000
Fixtures	\$ 450,000
Installation Costs	\$ included
Fees & Permits (other than your own broker and legal fees)	\$ 5,000
Legal Fees (IDA legal fees, Applicant legal fees)	\$ 50,000
Architectural/Engineering	\$ 265,000
Interest on Financing Charges	\$ 0
Other (specify)	\$
Subtotal	\$ 5,695,000
Agency Fee¹ 1/2 %	\$ 28,475
Total Project Cost	\$ 5,723,475

¹ See Attached Fee Schedule (Page 25) for Agency Fee amount to be placed on this line

*Does not include sales tax on materials or furniture and fixtures

11(b) **Sources of Funds for Project Costs (will auto sum):**

Bank Financing:	\$ <u>4,000,000</u>
Equity (excluding equity that is attributed to grants/tax credits)	\$ <u>1,723,475</u>
Tax Exempt Bond Issuance (if applicable)	\$ _____
Taxable Bond Issuance (if applicable)	\$ _____
Public Sources (Include sum total of all state and federal grants and tax credits)	\$ _____
Identify each state and federal grant/credit:	
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
Total Sources of Funds for Project Costs:	\$ <u>5,723,475</u>

Real Estate Taxes

12(a) For each tax parcel which comprises the facility, please provide the following information, using figures from the most recent tax year.

Tax Map Parcel #	Current Assessed Value (Land)	Current Assessed Value (Building)	Current Total Assessment	Current Real Estate Taxes
317.19-1-11	166,847.00	1,023,153	1,190,000	60,767.39

Attach copies of the most recent real property tax bills. Include copies for all taxing jurisdictions for the site/ facility that IDA assistance is being sought.

6(i) Check all categories best describing the **scope of the project**:

- Acquisition of land
- Acquisition of existing building
- Renovations to existing building
- Construction of addition to existing building
- Demolition of existing building or part of building
- Construction of a new building
- Acquisition of machinery and/or equipment
- Installation of machinery and/or equipment
- Other (specify) Office furniture and equipment and IT equipment. Construction of new space with parking lot to be shared with Notre Dame High School.

6(j) Please indicate the financial assistance you are requesting of the Agency, and provide the estimated value of said assistance. Attach a sheet labeled Annual PILOT that shows the annual utilization of the Real Property Tax Abatement by year and by taxing jurisdiction.

<u>Assistance Requested</u>	<u>Estimated Values</u>
<input checked="" type="checkbox"/> Real Property Tax Abatement (value of PILOT savings)	\$ <u>210,000</u>
<input checked="" type="checkbox"/> Mortgage Tax Exemption (.75%)	\$ <u>30,000</u>
Amount of mortgage: \$ <u>4,000,000</u>	
<input checked="" type="checkbox"/> Sales and Use Tax Exemption ** (8.75%)	\$ <u>241,500</u>
Value of goods/services to be exempted from sales tax: \$ <u>2,760,000</u>	
<input type="checkbox"/> Issuance by the Agency of Tax Exempt Bonds(bond dollar value)	\$ _____

Is the financial assistance requested by the Applicant consistent with the IDA's Uniform Tax Exemption Policy? Yes No

If no, please provide a written statement describing the financial assistance being requested and detailing the reasons the IDA should consider deviating from its Policy.

**** Note that the estimate provided above will be provided to the New York State Department of Taxation and Finance. The Applicant acknowledges that the transaction documents will include a covenant by the Applicant that the estimate, above, represents the maximum amount of sales and use tax benefit currently authorized by the Agency with respect to this Application. The Agency may utilize the estimate, above, as well as the proposed total Project Costs as contained within this Application, to determine the Financial Assistance that will be offered. It is the responsibility of the applicant to inform the IDA within 10 days if the project amount changes.**

ONEIDA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

COST/BENEFIT ANALYSIS

Required by §859-a(3) of the New York General Municipal Law

Date

3/21/2019

Updated 6/4/19

Name of Applicant: Adjusters 126 Business Park Partners
126 Business Park Drive
Utica, NY 13502

Name of All Sublessees or Other Occupants of Facility:

Principals or Parent of Applicant:

Products or Services of Applicant to be produced or carried out at facility: Back office, Insurance

Estimated Date of Completion of Project: Dec-19

Type of Financing/ Structure: Tax-Exempt Financing
Taxable Financing
x Sale/ Leaseback
Other:

Type of Benefits being Sought by Applicant: Taxable Financing
Tax-Exempt Bonds
X Sales Tax Exemption on Eligible Expenses Until Completion
X Mortgage Recording Tax Abatement
X Real Property Tax Abatement

Project Costs

Land	\$	75,000.00			
Existing Building	\$	-			
Existing Bldg. Rehab	\$	-			
Construction of New Building Addition or Expansion	\$	4,800,000.00			
Engineering/ Architectural Fees	\$	265,000.00			
Fees and Permits	\$	5,000.00			
Fixtures(Tenant fit-out of space)	\$	450,000.00			
Equipment	\$	50,000.00			
Legal Fees (Bank, Bond, Transaction, Credit Provider, Trustee	\$	50,000.00	See Agency Fee Schedule		
Finance Charges (Title Insurance, Environmental Review, Bank Commitment Fee, Appraisal, Etc.)	\$	-			
<u>Other</u>	\$	-			
Subtotal	\$	5,695,000.00			
Agency Fee*	\$	28,475.00	<u>IDA Agency Fee: PILOT, Mortgage Recording Exemption, Sales Tax Exemption:</u>		
			○ Up to a \$1.0 Million project - \$5,000	○ Above \$1.0 Million project up to \$10.0 Million project – ½ of 1% of total project cost.	○ Above \$10.0 Million project – ½ of 1% of total project cost up to \$10.0 Million plus incremental increase of ¼ of 1% of total project above \$10.0 Million.
TOTAL COST OF PROJECT	\$	5,723,475.00			

Assistance Provided by the Following:

EDGE Loan:		
MVEDD Loan:		
Grants - Please indicate source & Amount:	\$	-
Other Loans - Please indicate source & Amount:		\$0

ESD, ESC Base Redevelopment
M&T, UIDC, RIDC, EDGE, MVEDD

Company Information

		Average Salary of these Positions
Existing Jobs	48.00	75000
Created Jobs (over three years)	4.00	45000
Retained Jobs	52.00	75000

Earnings Information for Oneida County

Average Salary of Direct Jobs for Applicant	\$ 75,000.00
Average of County Indirect Jobs	\$ 25,000.00
Average of Construction Jobs	\$ 32,000.00

Note: \$1,000,000 in construction expenditures generates 15 person - years of employment

Construction Person Years of Employment: 24.00

Calculation of Benefits (3 Year Period)

	Total Earnings	Revenues
Direct Jobs		
Created	\$ 900,000.00	38250
Existing	\$ 10,800,000.00	459000
Indirect Jobs		
Created	\$ 750,000.00	31875
Existing	\$ 9,000,000.00	382500
Construction - only one year		
Person Years	\$ 768,000.00	32640
TOTALS Calculation of Benefits (3 Year Period)	\$ 22,218,000.00	944265

TAXABLE GOODS & SERVICES

	Spending Rate	Expenditures	State & Local Sales Tax Revenues
Direct Jobs			
Created \$	0.36	324000	31590
Existing \$	0.36	3888000	340200
Indirect Jobs			
Created \$	0.36	270000	26325
Existing \$	0.36	3240000	283500
Construction - only one year			
Person Years \$	0.36	276480	24192
TOTAL TAXABLE GOODS & SERVICES		7998480	705807

Local (3 year) real property tax benefit (assuming 60% of jobs existing and created own a residence) with an average assessment of \$80,000 and the remainder of jobs existing created pay real property taxes through rent based on an average assessment per apartment of \$50,000.

Tax Rate for School District where facility is located:	27.09164269	18-19
Tax Rate for Municipality where facility is located:	26.74	18-19
Tax Rate for County:	12.017093	19
	Rate Total	
	65.84873569	
Real Property Taxes Paid:	\$ 232,841.13	

COSTS:

Real Property Taxes Abated on Improvements Only (10 yr. Period):	210,000	Amount of Taxes that would be abated by applying PILOT.
Mortgage Tax Abated (.075%)	30,000	
Estimated Sales Tax Abated During Construction Period (8.75%)	210,000	

NOTE: If there is a tax-exempt financing of all or a portion of the project cost, there is a neutral cost/benefit because of lower interest rates by reason of exclusion of interest from gross income of bondholders for purposes of Federal and State income taxes. Taxable financing carries the same cost/benefit for State Income Tax purposes. Such cost/benefits cannot be quantified.