PILOT-Tax Increment Financing Proposal
Woods Road Improvements at New Hartford Business Park

Presentation to OCIDA, Town of New Hartford,
New Hartford School District, &
Oneida County
January 28, 2008

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New Hartford Business Park

History

- 1992 – GEIS – Seneca Tpk/Comm. Dr/MSR
- 1994 – Town Master Plan – Business Park Vision
- 1995 – Par Technology Park Feasibility Study
- 1998 – EIS – Town of New Hartford Business Park
- 1999 – Rezoning – Town of New Hartford Business Park
- 2002 – Woods Hwy Connector Link Study*
- 2006/2007 – New Hartford Business Park

Cameron Group LLC

*Study recommended improvements to Woods Road that are largely incorporated in this proposal.

Project Overview

- This TIF Proposal would dedicate a pro-rata portion of future PILOT revenues to the town from the project's phase I development to defray the town financing of the Woods Road Improvements.

- Phase I of the project consists of:
  - The Hartford Insurance project,
  - A planned 80 to 100 room "hotel" development, and
  - The Dr. Costello office building project.

Sources & Uses of Funds for Public Improvements at New Hartford Business Park*

Uses of Funds		Sources of Funds	
Seneca Turnpike/Woods Road Intersection Realignment	$ 950,000	Town of New Hartford: Fees In-Lieu of Mitigation (Land Use/Highway Impact Fees)	$ 478,000
Woods Road Reconstruction	$ 960,000	Bond Anticipation Note: Town of New Hartford	$2,900,000
Woods Road/Route 840 Intersection Improvements	$ 940,000		
Engineering (10%)	$ 285,000		
Legal, Closing Costs, Bond Financing Costs (3.5%)	$ 109,725		
ROW Acquisitions & Project Contingency	$ 133,275		
Total:	$3,378,000	Total:	$3,378,000

* Does not include site improvements and internal business park roads that are to be built by Office Park Developer

Project Improvements – Woods Road Reconstruction & Access Improvements

Route 840 Intersection

Woods Road Reconstruction

Woods Road Seneca Turnpike Realignment

Financing Assumptions

Description	Town	County	School	Total
Tax Rate:	$2.11	$7.50	$24.07	$33.68

Projects:	Projected Assessed Valuation	Project Specifics:
The Hartford	$9,864,361	122,760 GSF 3-story office building (13.5 Acres)
Hotel	$3,000,000	80 to 100 room hotel project (4.0 Acres)
Office Project	$1,066,667	20,000 GSF to 25,000 GSF professional office building (2.0 Acres)

- The Hartford is fully assessed I 2010, with partial assessment @ 60% in 2009
- Hotel/Office projects are fully assessed in 2010, with partial assessments @ 60% in 2009

Financing:	Amount	
GO Bonding	$2,900,000	• Yrs. 1-5 BAN @ 3.25% interest, with estimated payments due each April 15th for 2009-2013. •BAN converted to G.O. Bond for Yrs. 6-15 @ 4.25% interest, with estimated payments due on April 15, 2014, and semiannually thereafter
Town FILM Account	$ 478,000	Appropriation from the town's Fees In-Lieu of Mitigation Account

Proposed PILOT Agreements – *The Hartford*

- OCIDA would enter into PILOT Agreements with Ryan Companies (developer/landlord for The Hartford) and two additional commercial development projects (Hotel development, and Office Building Project).
- Proposed PILOT Agreement for The Hartford: 15 Year PILOT Agreement:
    - Years 1-5: 33.3% of all taxes due and owed
    - Years 6-10: 66.7% of all taxes due and owed
    - Years 11-15: 100.0% of all taxes due and owed
- OCIDA has approved a 15 year PILOT to the Ryan Companies using standard PILOT schedule referenced above.

Proposed PILOT Agreements – *Hotel & Office Projects*

- Proposed PILOT Agreement for Hotel and the first planned office project: 15 Year PILOT Agreements
- PILOT Terms:
  - Years 1-15: 100% of all taxes due and owed to town and school district,
  - 15 Yr. PILOT schedule referenced above.
  - County portion of PILOT will be based on 485 B RPL Schedule as shown below

485 B Real Property Law											
	Yr.1	Yr. 2	Yr. 3	Yr. 4	Yr. 5	Yr. 6	Yr. 7	Yr. 8	Yr. 9	Yr. 10	After Yr. 10
Pct. (%)	50%	55%	60%	65%	70%	75%	80%	85%	90%	95%	100%

School and town do not participate in 485 B of the Real Property Law.
County portion of PILOT for hotel/office building projects would be based on phase in of assessment pursuant to 485 B of the RPL.

PILOT Schedule -The Hartford
(Without PAA)

Project	Projected Assessed Valuation	Total Tax Levy $33.68	Year 1 PILOT (33.3%) Partial Assessment @ 60%	Years 2-5 PILOT (33.3%)	Years 6-10 PILOT (66.7%)	Years 11-15 PILOT (100%)	Total
Hartford	$9,864,361	------ Annual PILOT Amount ------					
School		$24.07	$ 47,439.55	$ 79,065.91	$158,369.26	$237,435.17	$2,342,725.33
County		$ 7.50	$ 14,781.74	$ 24,636.24	$ 49,346.47	$ 73,982.71	$ 729,972.58
Town		$ 2.11	$ 4,158.60	$ 6,931.00	$ 13,882.81	$ 20,813.80	$ 205,365.62
Total		$33.68	$66,379.89	$110,633.15	$221,598.53	$332,231.68	$3,278,063.53

PILOT Schedule held total tax levy constant over 15 Yrs. Actual PILOT will be based on tax levy then in effect for each taxing entity. PILOT is with Ryan Companies who will own and lease building to The Hartford.

PILOT Schedule
Hotel & Office Projects
(Without PAA)

Project	Projected Assessed Valuation	Combined Tax Levy $33.68	Year 1 PILOT Partial Assessment @ 60%	Years 2-5 PILOT	Years 6-10 PILOT	Years 11-15 PILOT	Total
Hotel/Office Projects	$4,066,667	------- Annual PILOT Amount --------					
School (100%)		$24.07	$58,731	$ 97,885	$ 97,885	$ 97,885	$1,429,116
Town (100%)		$ 2.11	$ 5,148	$ 8,581	$ 8,581	$ 8,581	$ 125,278
County (485B RPL)		$ 7.50	$ 9,150	$ 19,063 (average over 4 Yrs.)	$ 25,925 (average over 5 Yrs.)	$ 30,500	$ 367,525
Total/Year		$33.68	$73,029	$125,529	$132,391	$136,966	$1,921,919

PILOT schedule will be with building owners over 15 Yrs. PILOT schedule will be at 100% taxable status, except for County portion which will be based on the schedule allowed under 485B of the Real Property Law.

Proposed PILOT-TIF Allocation Model

- PILOT-TIF structure would take total PILOT Payments from all three-projects and divide them into two categories:

Amount remitted to the town as a dedicated revenue stream to defray financing costs for road improvements

Amount paid to taxing jurisdictions (per PILOT Allocation Agreement) after satisfying the town's debt service obligation on the GO Financing

PILOTS can only be reallocated by entering into an agreement among the taxing jurisdictions and OCIDA.

Proposed PILOT-TIF Allocation Model

Proposed TIF would pro-rate PILOT proceeds from the 3 approved PILOT projects as follows:

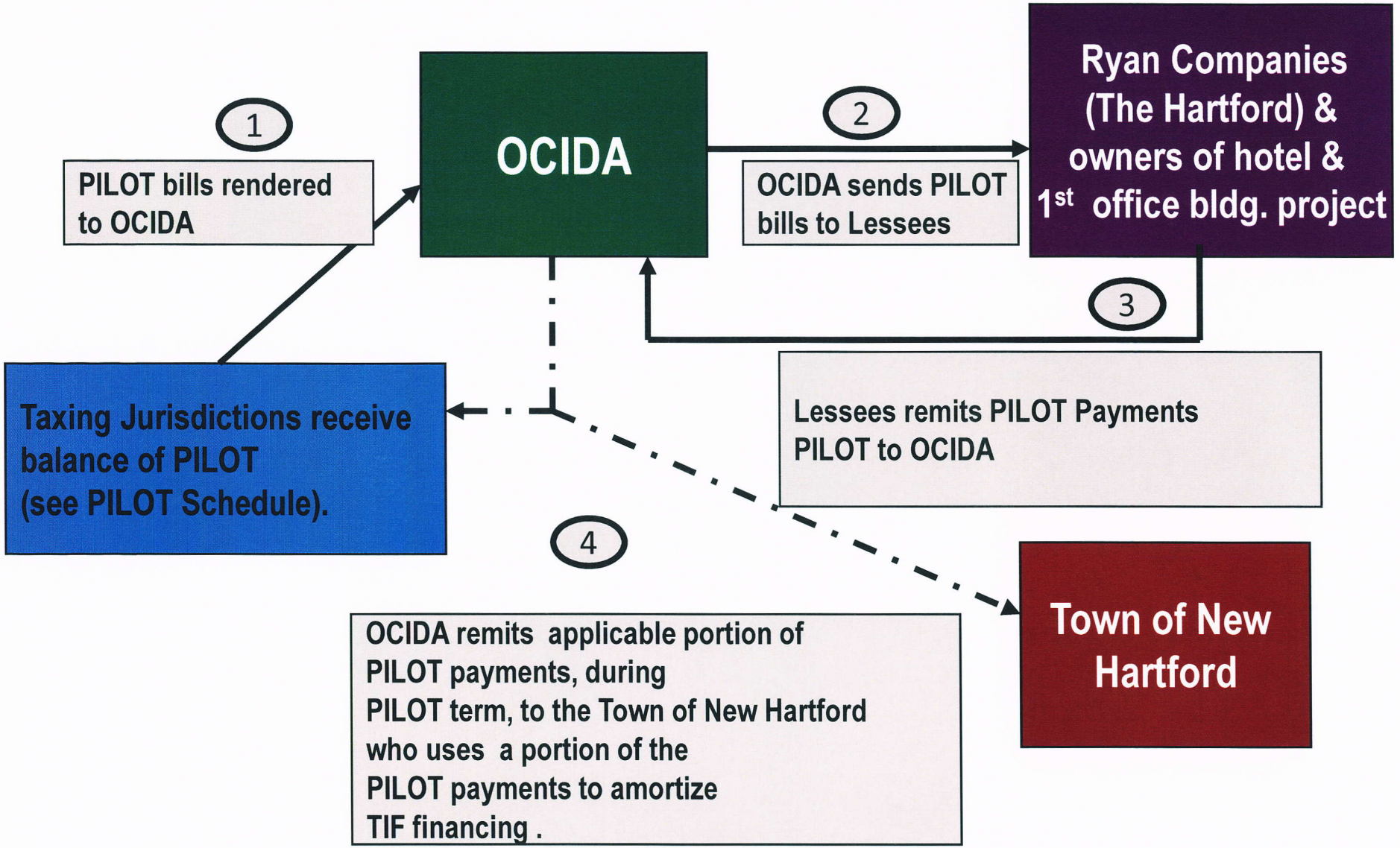
1st priority allocation for debt service

To the town of New for debt service on GO bonds

2nd priority allocation after remitting funds to town for debt service

Any remaining PILOT proceeds (after Yr. 1) are then distributed pro-rata among all taxing entities

PILOT – TIF Legal Structure



Illustrative Breakout Showing Projected PILOT and TIF Allocations

	1	2	3	4	5	6	7	8	9	10	11-15
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019-2023
PILOT Income:											
The Hartford	$66,380	$110,633	$110,633	$110,633	$110,633	$221,598	$221,598	$221,598	$221,598	$221,598	332,232
Hotel/Office Projects	$73,029	$ 123,240	$124,765	$126,290	$127,815	$129,340	$130,865	$132,390	$133,915	$135,440	$136,965
Total PILOT Receipts Before PILOT Allocation:	**$139,409**	**$233,873**	**$235,398**	**$236,923**	**$238,448**	**$350,938**	**$352,463**	**$353,988**	**$355,513**	**$357,038**	**$469,197**

TIF Revenue Available to Town

(GO Bonds: $2,900,000)

& PILOT Distribution to Taxing Jurisdictions

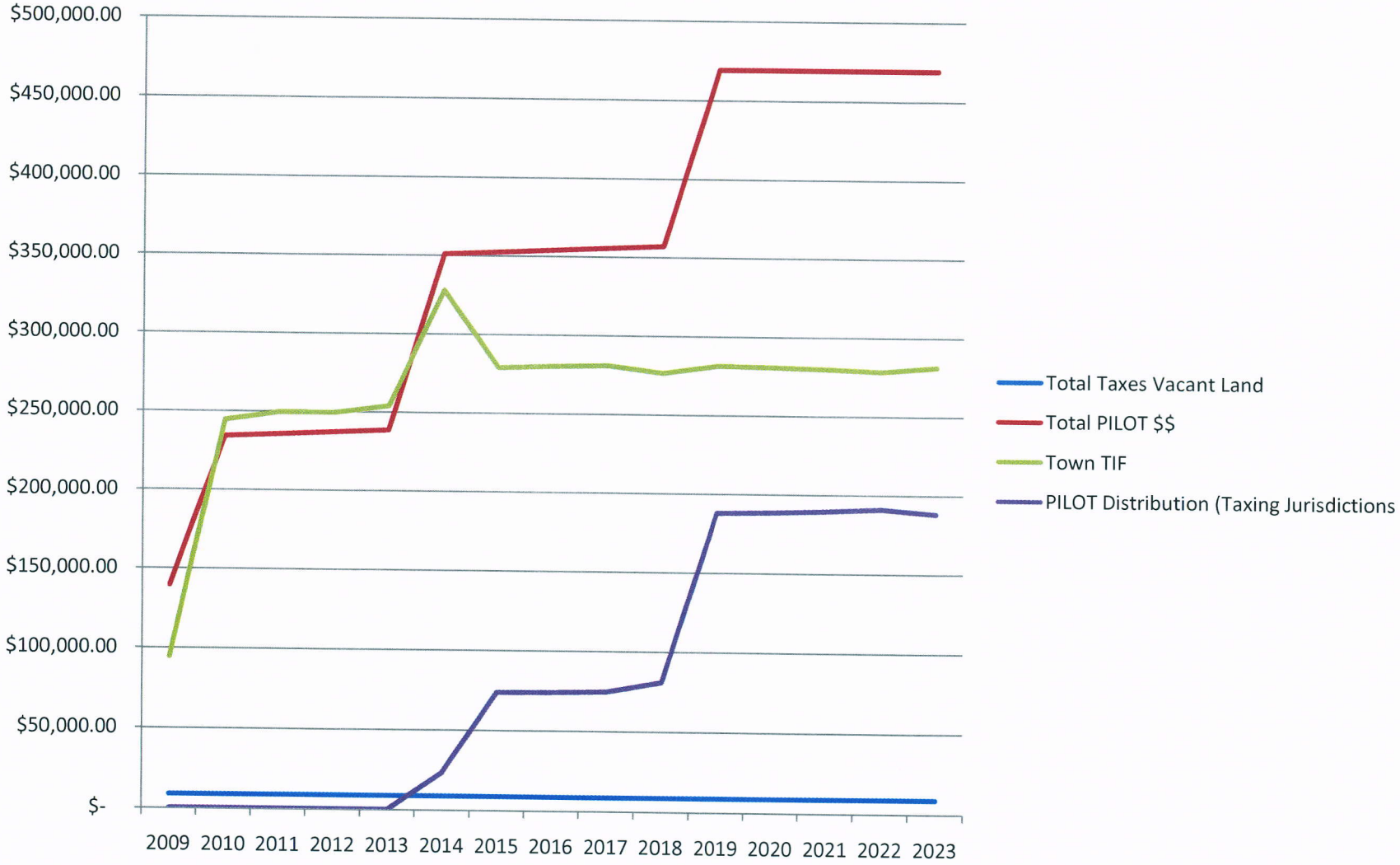
	1	2	3	4	5	6	7	8	9	10	11-15 Average
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 - 2023
Total Before PILOT Allocation:	$139,409	$233,873	$235,398	$236,923	$238,448	$350,939	$352,464	$353,989	$355,514	$357,039	$469,197
Total Annual Debt Service G.O. Financing	$ 94,250	$244,250	$249,375	$249,175	$253,813	$327,825	$278,875	$280,100	$280,875	$276,313	$280,228
Excess or Deficiency	$45,159	($ 10,377)	($ 13,977)	($ 13,977)	($ 15,365)	$ 23,114	$ 73,589	$ 73,889	$ 74,639	$ 80,726	$188,969
School Allocation (0.715)	**$0**	**$0**	**$0**	**$0**	**$0**	**$ 16,526**	**$ 52,616**	**$ 52,830**	**$ 53,367**	**$ 57,719**	**$135,113**
County Allocation (0.223)	**$0**	**$0**	**$0**	**$ 0**	**$0**	**$ 5,154**	**$ 16,410**	**$ 16,477**	**$ 16,644**	**$ 18,002**	**$ 42,140**
Town Allocation (0.062)	**$0**	**$0**	**$0**	**$0**	**$0**	**$ 1,433**	**$ 4,581**	**$ 4,581**	**$ 4,628**	**$ 5,005**	**$ 11,716**
Cumulative Excess or Deficiency	**$45,519**	**$34,783**	**$20,806**	**$ 8,555**	**($6,810)**	**($6,810)**	**($6,810)**	**($6,810)**	**($6,810)**	**($6,810)**	**($6,810)**

PILOT – TIF Summary

Description	Total PILOT Over 15 Yrs.	Total Projected PILOT Remitted to Taxing Entities	Total Allocation for TIF Account	Total Annual Debt Service on $2,900,000 G.O. Financing	Total Excess or Deficiency Over TIF Revenues to the town after paying G.O. Financing
School	$3,771,842	$ 908,624	$2,863,218		
County	$1,097,498	$ 283,389	$ 814,109		
Town	$ 330,643	$ 78,790	$ 251,853		
Total	**$5,199,983**	**$1,270,803**	**$3,929,180**	**($3,935,989)**	**($6,810)**

Over 15 years, model shows that town would net $71,980 in excess PILOT Proceeds after allocating the TIF amount for debt service on the G.O.Financing.

Total Projected PILOT Revenues, Town TIF Allocation, Distribution of Excess PILOT Income to Taxing Jurisdictions, & Vacant Land Tax Receipts



Existing Conditions
New Hartford Business Park

Property Taxes on Vacant Land

Parcel	Size	Assessed Value	Approximate Total Taxes	Portion to School District
The Hartford	13.5 Acres	$ 12,500	$ 400	$ 300
New Hartford Office Group	98.0 Acres	$175,000	$5,850	$4,200
PAR (Vacant Parcel)	15.0 Acres	$ 75,000	$2,500	$1,800
Total:	**126.5 Acres**	**$262,500**	**$8,750**	**$6,300**

Vacant land is generating approximately $8,750 in taxes whereas the proposed Office Park once fully built out will generate substantially greater real estate taxes that will be shared by each of the taxing jurisdictions.

Potential Incremental Increase in Tax Receipts From Build-Out of Park

				Range of Lot Coverage from Build-out of New Hartford Business Park							
	Units	Total GSF	$/Acre	10%	372,874 GSF	15%	559,310 GSF	20%	745,747 GSF	25%	932,184 GSF
Total Park Acreage	126.5										
Less; Land Sold for Phase I	19.5										
Remaining Acreage for Sale	107.0										
Less: Adjustment Factor (Roads, Power Lines, Etc...)	20%										
Developable Acreage	85.6	3,728,736 GSF	$75,000		$ 6,420,000		$ 6,420,000		$ 6,420,000		$ 6,420,000
Value of Full Build-out of Park:	$125/ SF				$46,609,200		$69,913,820		$93,218,400		$116,523,000
Less: Adjustment Factor Assess Valuation	70%				$32,626,440		$48,939,674		$65,252,880		$81,566,100
Land & Bldg. Assessed Valuation					$39,046,440		$54,829,790		$71,672,880		$87,986,100
Incremental Annual Increase in Future Tax Revenues:	$33.68				**$1,315,084**		**$1,846,667**		**$2,413,943**		**$2,963,372**

Incremental Increase In Property Tax Base Based on Various Absorption Rates

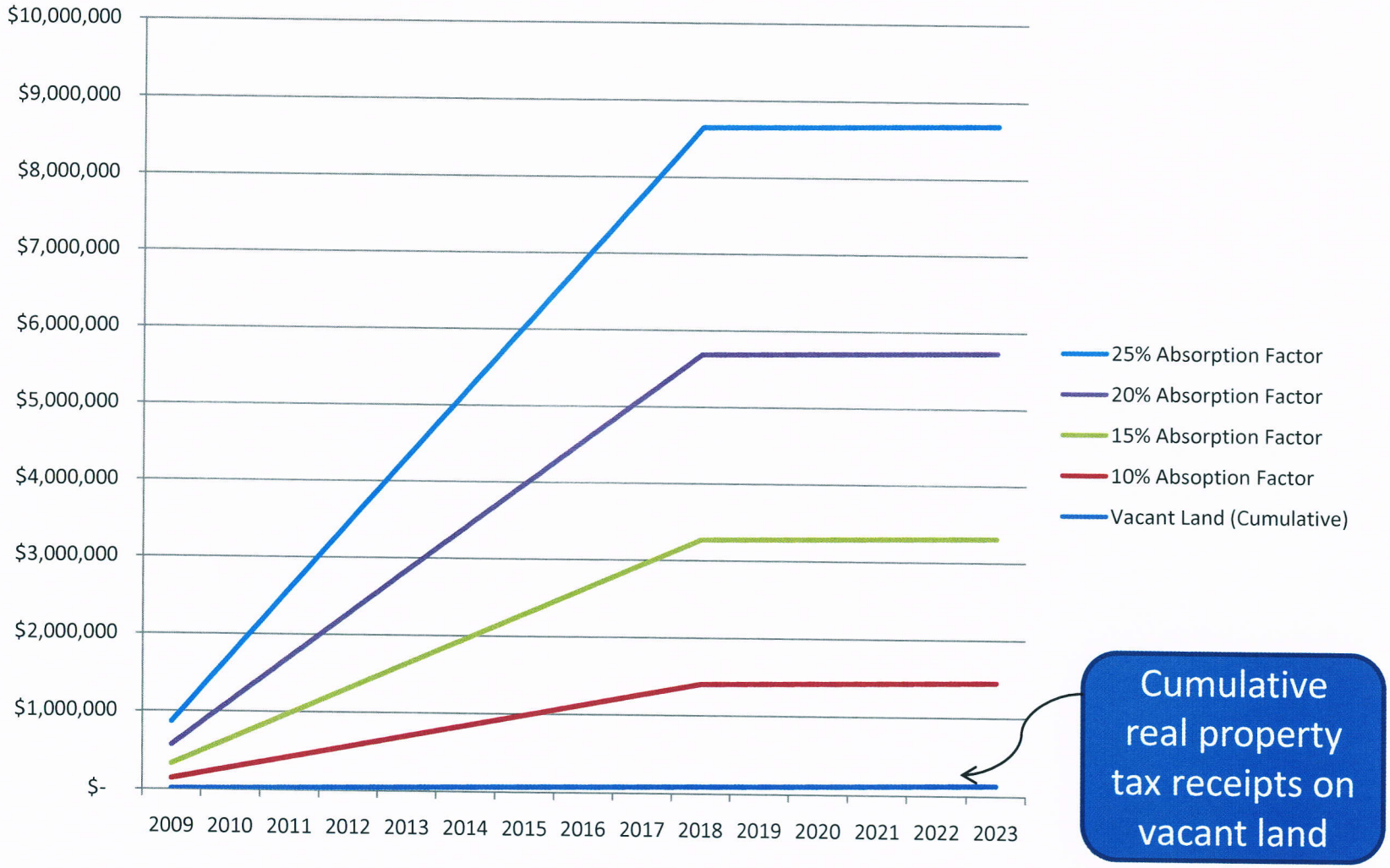
		Lot Coverage Ratio on Park Build-Out			
	Tax Levy	@ 10% Lot Coverage	@ 15% Lot Coverage	@ 20% Lot Coverage	@ 25% Lot Coverage
Land & Bldg. Assessed Valuation		$39,046,440	$54,829,790	$71,672,880	$87,986,100
School	$24.07	$ 939,848	$1,319,753	$1,725,166	$2,117,825
County	$ 7.50	$ 292,848	$ 411,223	$ 537,547	$ 659,896
Town	$ 2.11	$ 82,388	$ 115,691	$ 151,230	$ 185,651
Total Tax Levy:	$33.68				
Total Annual Incremental Increase in Real Property Tax Receipts:		$ 1,315,084	$1,846,667	$2,413,943	$2,963,372
Total Annual Incremental Increase Over 5 Yrs.	10% Build-out/Yr.	**$ 1,972,626**	**$ 2,796,770**	**$ 3,620,914**	**$ 4,445,058**
Total Annual Incremental Increase Over 10 Yrs.	10% Build-out/Yr.	**$ 7,232,963**	**$ 10,254,822**	**$ 13,276,684**	**$11,853,487**
Total Annual Incremental Increase Over 15 Yrs.	10% Build-out/Yr.	**$13,808,383**	**$19,577,390**	**$25,346,297**	**$31,115,404**

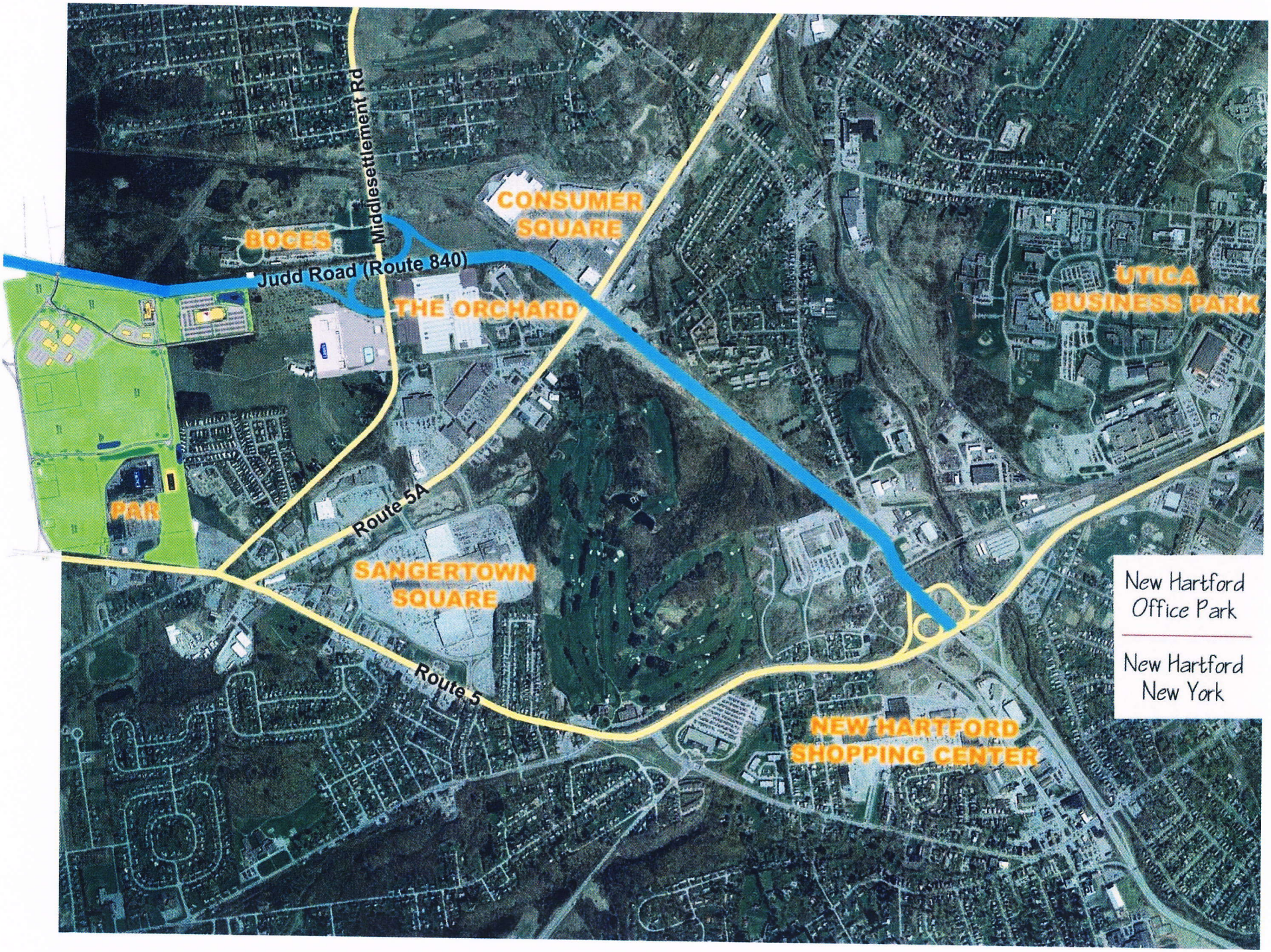
Summary

- PILOT-TIF is a powerful public financing tool to jump start this important regional economic development site.
  - The decision by The Hartford to retain and expand its insurance operations in New Hartford retains more than **689 jobs** with a **$30.8 million** payroll, and provides opportunities for the company to relocate additional positions to its New Hartford facility.
- Over 15 years - The Hartford, hotel and first commercial office building – is expected to generate **$3,929,180** in TIF proceeds to cover nearly all of the town's annual debt service obligations for improvements to Woods Road.
- For same period, these projects are projected to remit to the various taxing entities, **$1,270,803** (net of the TIF allocation) under the PAA.
  - As vacant land, these three development parcels would realize only **$1,363** in annual real property taxes.
- TIF proceeds will also expand the tax base within the town, and could generate:
  - **Over 5 Yrs. an additional $ 1.97 million to $4.44 million in tax receipts.**
  - **Over 10 Yrs. an additional $7.23 million to $11.85 million in tax receipts**
  - **Over 15 Yrs. an additional $13.80 million to $31.11 million in tax receipts**

Potential Tax Gain Over 15 Years Based on Projected Absorption Rates

(full Build-out in 10 Yrs.)




Middlesettlement Rd
BOCES
Judd Road (Route 840)
CONSUMER SQUARE
THE ORCHARD
UTICA BUSINESS PARK
PAR
Route 5A
SANGERTOWN SQUARE
Route 5
NEW HARTFORD SHOPPING CENTER
New Hartford Office Park
New Hartford New York