

**Town of Alabama**  
**Potential Fiscal Impacts:**  
Western New York Science & Technology  
Advanced Manufacturing Park (STAMP)

Prepared for Town of Alabama

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December 2012

This report evaluates possible fiscal impacts associated with the proposed Western New York Science and Technology Advanced Manufacturing Park (STAMP) project in the Town of Alabama. The STAMP project involves the construction of an estimated 6.13 million square feet of new commercial development in the Town on a 1,234-acre parcel in a campus-like setting located along State Route 77/63, north of Judge Road. The development is projected to employ over 9,300 people at full build-out. Phase I is planned to consist of a large anchor technology manufacturing facility approximately 1 million square feet in size. Additional light manufacturing, technology support, office and retail uses are projected to make up the remaining 5+ million square feet of development.

In order to provide the Town with a better understanding of the potential fiscal impacts from the proposed development, this analysis looks at the projected added value of development to the Town and estimated revenues from PILOT payments (Payments in Lieu of Taxes) and other potential revenue streams to the Town. It also provides a discussion of the types of added expenses that may result from the proposed development. It is emphasized that this discussion is based on direct costs and revenues anticipated to result from the STAMP development only. While it is recognized that the project could result in additional growth in the Town outside the footprint of the STAMP project, the nature and extent of this secondary growth cannot be accurately projected and is *not* addressed in this report. The amount of spin-off growth that occurs will depend upon Town policies and practices regarding development in the Town, and the Town will need to make decisions regarding its preferred future. The level of spin-off growth could be significant unless the Town takes steps to limit it.

## **CURRENT TOWN BUDGET**

The Town of Alabama budgeted town-wide expenses of \$1,375,059 for the 2012 Fiscal Year. In addition, the budget appropriates \$105,811 for the Town's three special districts, which include two separate fire protection districts (Alabama and East Pembroke), and Water District 1. The proposed STAMP project falls within the Alabama Fire Protection District, which had appropriations of \$77,000 for 2012.

<b>Town of Alabama, NY 2012 Budget by Fund</b>			
	Budget	Percent Category	Percent All
<b><i>Town-wide Funds:</i></b>			
General Fund	\$625,518	45%	42%
Highway Fund	\$749,541	55%	51%
Total Town-wide	\$1,375,059	100%	93%
<b><i>Special Districts:</i></b>			
Alabama Fire Protection District	\$77,000	73%	5%
East Pembroke Fire District	\$3,081	3%	0%
Water District	\$25,730	24%	2%
Total Special Districts	\$105,811	100%	7%
Total All Funds	\$1,480,870		100%

Figures are shown to the nearest dollar.

### ***General Fund***

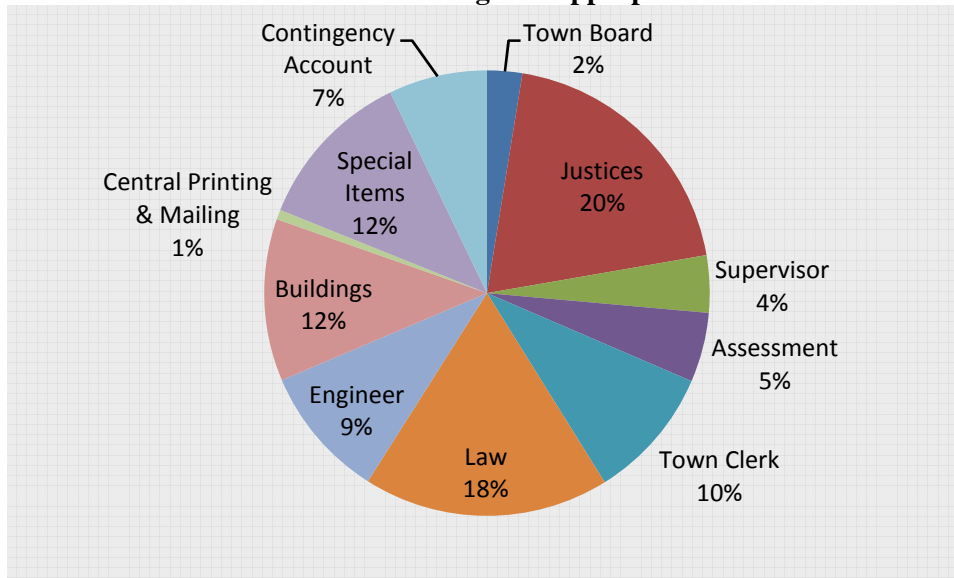
The General Fund represents town-wide costs of government. The largest share of these costs goes to general government expenses, representing approximately 45 percent of General Fund spending.

<b>Town of Alabama, NY 2012 General Fund Budget Breakdown</b>			
<b><i>General Fund</i></b>	Budgeted	Percent	Excl. Wind*
<b>Total Appropriations</b>	<b>\$625,518</b>	<b>100.0%</b>	<b>\$525,518</b>
General Government	\$280,417	44.8%	53.4%
Public Safety	\$9,775	1.6%	1.9%
Transportation	\$91,300	14.6%	17.4%
Culture & Recreation	\$3,412	0.5%	0.6%
Home & Community Services	\$173,000	27.7%	13.9%
Employee Benefits	\$67,414	10.8%	12.8%

\* The 2012 budget includes \$100,000 for wind energy research unlikely to be spent. See discussion, below.

Under General Government, operating the Town Courts makes up the largest expense. Courts represent approximately 20 percent of the General Government budget. A significant proportion of this expense is reimbursed by New York State for Court facilities. It should be noted that expenses for law and engineering include allocations for the water extension work, increasing the proportion that these categories represent. Special Items include unallocated insurance and county charge backs.

**Town of Alabama: General Government  
Distribution of Budgeted Appropriations**



Home and Community Services is the second highest category, at approximately 30 percent of the appropriations. This category includes planning, zoning, code enforcement and a pass through for refuse collection.<sup>1</sup> In addition, \$100,000 is budgeted in this category as a place holder for work on Wind Energy research in the Town. Funds spent for wind research have been reimbursed to the Town by Horizon Wind Energy. Given that there has been little to no activity with further wind development in the Town, it is unlikely that these funds will actually be expended. When those funds are subtracted from the budget, Home and Community Services expenses drop significantly, to 14 percent of the General Fund. The refuse collection pass through makes up nearly two-thirds of the remaining line items in Home and Community Services (excluding wind research).

The third largest share of General Fund expenses (second, if wind research funds are removed from the budget) are related transportation expenses. This category includes expenses for the Highway Department’s administration, upkeep of the garage, and a small allocation for street lighting. These funds are separate from transportation costs covered under the Town’s Highway Fund.

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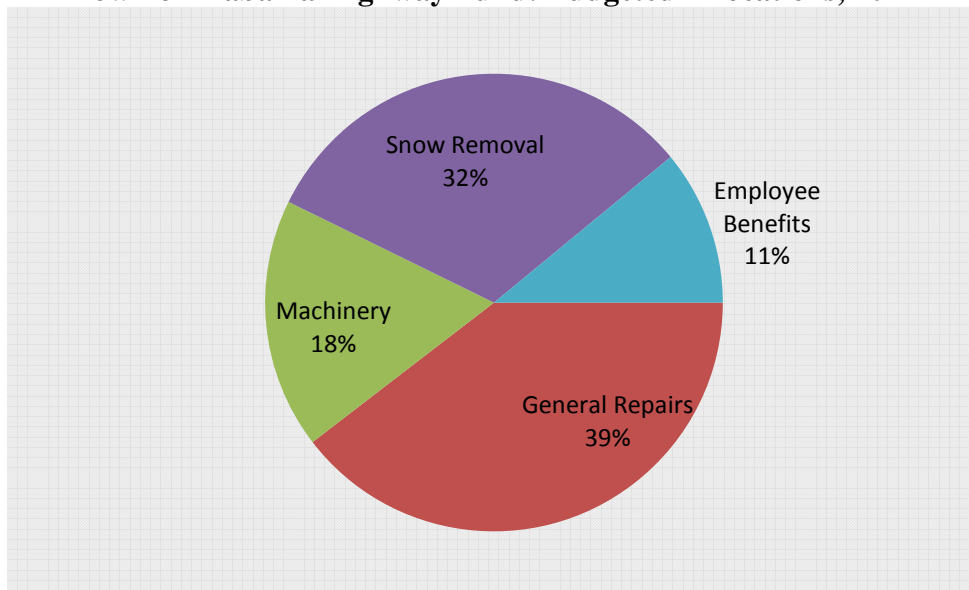
<sup>1</sup> The Town itself does not incur expenses for garbage pick-up. It contracts with a private company to pick up residential garbage and charges back the costs to local residents.

**Highway Fund**

As is common in small, rural communities, the highway fund represents the largest portion of Town spending. In Alabama, it is budgeted at approximately \$749,500, making up 55 percent of the town-wide budgeted expenses. This figure does not include \$91,300 of transportation funding that is budgeted as an administrative expense under the General Fund.

Expenditures within the highway fund are split between several major categories, with approximately 40 percent allocated to General Repairs (road repair work); 32 percent to snow removal; and 18 percent toward machinery. The remaining 11 percent (\$82,240) funds employee benefits (state retirement, social security, disability and medical insurance).

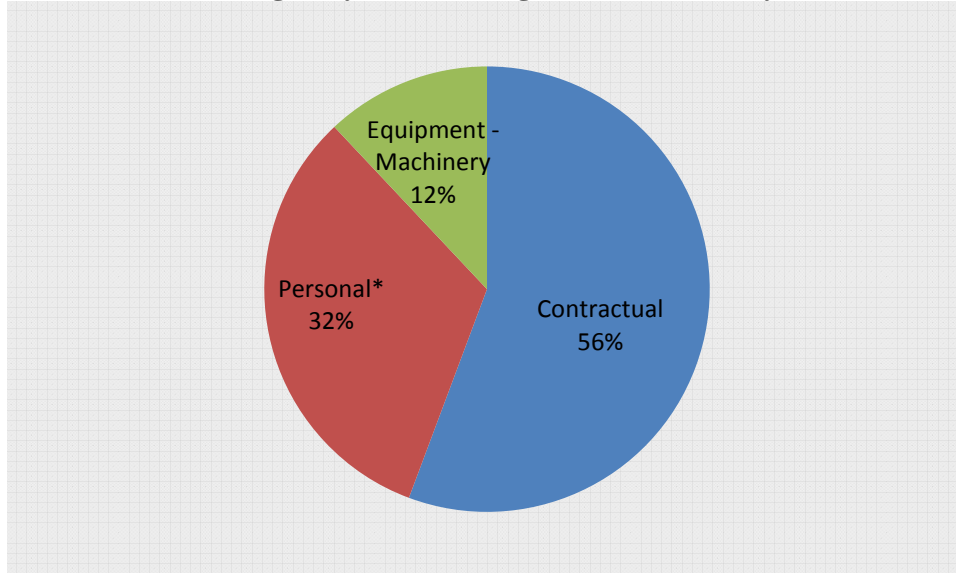
**Town of Alabama Highway Fund: Budgeted Allocations, 2012**



When the budget is categorized by type of spending, contracted expenses make up 56 percent of budgeted expenses within the highway fund. A significant proportion of these contracted expenses represent costs that the Town incurs for work on State and County roadways within the Town. These funds are received back when the Town is reimbursed by those jurisdictions, based on standard formulas (e.g. per lane mile). The bulk of the contractual expenses are for general repairs (\$228,000). Contractual services for snow removal were budgeted at \$146,540, while contractual machinery expenses were budgeted at \$42,700.

Personal services represent expenses for employees of the Town. Including payroll and employee benefits, these services were budgeted to represent 32 percent of the Highway Budget in 2012. The remaining 12 percent of the Highway expenditures were allocated to equipment.

**Town of Alabama Highway Fund: Budgeted Allocation by Function, 2012**



\* Includes employee benefits

**Revenues**

The Town of Alabama obtains revenues from a variety of sources. Real Estate Property Taxes make up a relatively small proportion of the Town’s revenues, making up 6 percent of the General Fund revenues and 7 percent of the Highway Fund revenues. The Town has been conservative in its budgeting, and maintains an appropriated fund balance (appropriations not expended in the prior year) which helps offset the amount that must be raised by property taxes. In the 2012 budget, the appropriated fund balances represent 14 percent of all budgeted revenues for the General Fund and 22 percent of budgeted revenues for the Highway Fund.

One of the primary sources of revenue for the Town is Non-Property Tax items, which includes revenues from sources such as sales and use taxes. Non-Property Taxes to the Town made up nearly a third of General Fund revenues and 29 percent of budgeted revenues for General and Highway Fund combined. Fines and Forfeitures comprise another significant revenue source for the Town. In 2012, it is budgeted that the Town will receive \$136,000 from that source, representing 22 percent of estimated revenues. This category includes forfeited bail and forfeited bid deposits. The Town of Alabama has budgeted to receive \$56,800 in State Aid. As noted above, a significant proportion of this revenue source is for Court Facilities (\$30,000).

Departmental income represents 9 percent of General Fund revenues. However, the majority of these revenues (\$46,000) represent the pass-through for garbage collection in the Town. In other words, these revenues are structured to exactly match expenses, as the Town just acts as the pass-through agent for this service.

<b>Town of Alabama 2012 Budgeted Revenues by Fund</b>						
<b>ESTIMATED REVENUES</b>	<b>General Fund</b>		<b>Highway Fund</b>		<b>Total Town-wide</b>	
	Amount	Pct.	Amount	Pct.	Amount	Pct.
Real Property Taxes	\$37,515	6%	\$55,046	7%	\$92,561	7%
Misc. Refuge Payments	-		\$13,000	2%	\$13,000	1%
Interest/Penalties	\$1,800	0%	-		\$1,800	0%
Non-Prop. Tax Items	\$200,000	32%	\$200,000	27%	\$400,000	29%
Departmental Income	\$54,000	9%	-		\$54,000	4%
Intergovernmental Charges	\$36,000	6%	\$220,237	29%	\$256,237	19%
Use of Money, Property	\$ 9,750	2%	\$3,350	0%	\$13,100	1%
Sale of Property	-		\$28,000	4%	\$28,000	2%
Licenses, Permits	\$4,000	1%	-	-	\$4,000	0%
Fines/Forfeitures	\$136,000	22%	-	-	\$136,000	10%
State Aid	\$56,800	9%	-	-	\$56,800	4%
Rev.Sharing (Per Cap)	\$14,000	-	-	-	\$14,000	
Mortgage Tax	\$12,000	-	-	-	\$12,000	
Court Facilities	\$30,000	-	-	-	\$30,000	
Youth Programs	\$800	-	-	-	\$800	
Consolidated Highway Aid	-	-	\$64,000	9%	\$64,000	5%
<b>TOTAL Revenues</b>	<b>\$535,865</b>	<b>86%</b>	<b>\$583,633</b>	<b>78%</b>	<b>\$1,119,498</b>	<b>81%</b>
Appropriated Fund Balance	\$89,653	14%	\$165,908	22%	\$255,561	19%
<b>TOTAL APPROPRIATIONS</b>	<b>\$625,518</b>	<b>100%</b>	<b>\$749,541</b>	<b>100%</b>	<b>\$1,375,059</b>	<b>100%</b>

## **OPERATIONS**

The Town of Alabama currently provides a relatively basic level of services, many of which are required by New York State. The Town Clerk is a half-time position. Town Hall is open 19 hours per week. There are 4 full-time employees of the Highway Department, including the Highway Superintendent, plus part-time employees to accommodate work needs. The Town also employs a part-time financial clerk and other part-time administrative assistance (e.g. secretary to the Planning Board). The Code Enforcement Officer/ Building Inspector is a part-time employee whose work load varies throughout the year. His Town duties are light enough that he is able to hold down a separate full-time job.

The Town has two Town Justices, who have part-time support staff (Court Clerk, Constable, etc.) Court meets once a week for general court matters, plus one night per month when the District Attorney is present and more serious matters can be brought to the court.

In general, the Town manages to keep overall expenditures low by providing limited services. There are a wide range of services, such as water, sewer, parks, recreation, senior services, community development, among others, that may be provided by a larger community that are either minimal or absent in the Town of Alabama. However, this level of services is common in rural townships with a small population base, such as the Town of Alabama. This conservative approach enables the Town to keep taxes low.

### **STAMP PROJECT: Background Assumptions**

The discussion on potential expenses resulting from the proposed STAMP development is based on a number of assumptions. For example, the actual configuration of development (type, square footage, value) cannot be known at this time, as it will depend upon market forces. For the purposes of this discussion, we have used the assumptions provided in the Generic Environmental Impact Statement (GEIS) prepared for the project. To the extent that the actual build out of the project differs from these assumptions, those changes may affect anticipated expenses and revenues.

The proposed STAMP project is a major development project that would be significant in any municipality. Given the rural nature of the Town of Alabama, where local government services are limited, there may be additional secondary impacts not discussed here. As an example, if the Town experiences population growth due to people moving to be closer to their place of employment, there may be increased demand for more municipal services (parks, recreation, ambulance, etc.) The exact impacts of a project of this nature are dependent upon policy decisions made by the Town regarding future growth and future level of services. This discussion has been limited to direct impacts associated with development within the footprint of the STAMP site, and it presumes that the current level of services provided by the Town of Alabama will remain unchanged.

Given the investment required to develop the STAMP project, the sponsors of the project have indicated that a major technology manufacturer would be the first tenant of the business park, because such a tenant

is necessary to justify development costs. The project is expected to be implemented in phases. Based on the GEIS, it is anticipated that the project will be phased in over a 15 year time frame, with the first phase occurring by year 5. Future phasing will depend upon market conditions, and are more speculative in nature. Actual time frames may vary. The sponsors of the project provided a proposed phasing plan for the development, which is shown in the following table.

<b>WNY STAMP Proposed Build-Out Phasing</b>					
Phase	Tenant Type	SF	Est. Value/SF	Est. Value	FTE Jobs
<b>Phase 1</b>	<b>Total: Phase 1</b>	<b>1,000,000</b>		<b>\$150,000,000</b>	<b>1,275</b>
Yr. 1-5	Technology Manufacturing	1,000,000	150	\$150,000,000	1,275
<b>Phase 2</b>	<b>TOTAL</b>	<b>5,130,000</b>		<b>\$610,500,000</b>	<b>8,056</b>
Yr. 5-10	Technology Mfg.	1,500,000	150	\$225,000,000	1,913
	Flex	700,000	60	\$42,000,000	1,167
	Office	250,000	120	\$30,000,000	834
	Retail	90,000	60	\$5,400,000	90
	Demonstration Ctr.	50,000	114	\$5,700,000	50
Yr. 10-15	Technology Mfg.	1,500,000	150	\$225,000,000	1,913
	Flex	700,000	60	\$42,000,000	1,167
	Office	250,000	120	\$30,000,000	834
	Retail	90,000	60	\$5,400,000	90
<b>TOTAL (Ph 1+2)</b>		<b>6,130,000</b>		<b>\$760,500,000</b>	<b>9,330</b>

Source: *Economic Impact Analysis for the Western New York Science & Technology Advanced Manufacturing Park*, by BBP & Associates, LLC, April 1, 2011. Provided as Appendix S to the Draft Generic Environmental Impact Statement for the STAMP project. FTE = Full Time Equivalent.

Employment for the first stage of development, a technology manufacturing facility, is estimated to be 1,275 persons. At full build-out, the STAMP site is projected to house 9,330 employees, representing an on-site “working” population that is nearly 5 times the Town’s current population.

Employment at STAMP is projected to include a mix of job categories, ranging from management to administrative support. Average annual wages will range from a high of approximately \$110,700, for management, to a low of \$31,400 for administrative support. Total payroll at the facility is estimated to be nearly \$74 million annually. The largest proportion of jobs will be operators (58 percent), with average annual wages of \$49,600. Operators also comprise the largest share of total wages (50 percent).

The table on the following page summarizes the projected employment profile.

<b>WNY STAMP</b>					
<b>Estimated Employment Profile</b>					
Technology Manufacturing	FTE	% Emplty	Average Annual Wage	Est. Total Annual Wages	% Wages
Management	26	2%	\$110,700	\$2.8 million	4%
Engineering	102	8%	\$100,100	\$10.2 million	14%
Technicians	230	18%	\$73,600	\$16.9 million	23%
Operators	740	58%	\$49,600	\$36.7 million	50%
Administrative Support	77	6%	\$31,400	\$2.4 million	3%
O&M Supervisors	11	1%	\$55,700	\$0.6 million	1%
O&M Technicians	89	7%	\$46,300	\$4.1 million	6%
<b>TOTAL</b>	<b>1,275</b>	<b>100%</b>	<b>\$57,800</b>	<b>\$73.7 million</b>	

Source: *Economic Impact Analysis for the Western New York Science & Technology Advanced Manufacturing Park*, by BBP & Associates, LLC, April 1, 2011.

### **STAMP PROJECT: Projected New Demand on Public Services**

It is anticipated that the STAMP project will affect the demand for public services. Given the generic nature of the proposed development, it is not possible to quantify the increased demand; however, the following provides a qualitative discussion of where there will be pressure for increased services, and possibly increased expenses.

#### ***Planning/ Code Enforcement***

There will be a significant increase in services related to planning and zoning, construction monitoring and code enforcement. The Town currently sees very little development activity. Virtually all building permits are for single-family residences, with only a few new homes built each year. A million square feet of manufacturing space is proposed for the first phase of development, which would overwhelm a community used to a much greater level of development. Additional resources will be needed to take the project through permitting and construction. The planning board will need planning, engineering and legal assistance to properly review site plan approvals and take projects efficiently through the approval process. The code enforcement officer will need much greater capacity, both in terms of manpower and knowledge base, to ensure that facilities are properly constructed in accordance with zoning, the GEIS and State codes. The Luther Forest Technology Campus (LFTC) development in the Towns of Malta and Stillwater, New York is similar to the proposed STAMP campus. It is a large high tech manufacturing facility built in a rural setting. The first manufacturing tenant at Luther Forest Technology Campus began construction in July 2009. There are now 1,500 employees working at that facility, which is approximately 1.2 million square feet in size. The study on Emergency Services prepared by the Center for Governmental Research (CGR) references the LFTC facility to emphasize the importance of proper code enforcement: “One of the essential elements of the building process [for LFTC] was a continuous presence of town code enforcement and contracted experts on the site to ensure the building was

constructed to appropriate standards.” (p. 22) Contracted experts would include architectural and structural engineering reviews working with the code enforcement department. In addition to on-site plans, construction reviews and inspections there will be issues related to offsite impacts, such as drainage, traffic, noise, etc. On-site monitoring will also need to ensure the development conforms to the conditions established in the FEIS and Findings for the project. This phase of monitoring for the first phase of development will last for up to two years or more, based on the experience of large similar projects in other locations. As future phases are implemented, demand for this service will continue.

### ***Infrastructure***

There will be added infrastructure demand. The project will require the installation of a water system capable of supplying 3 to 6 million gallons per day. It will also require a wastewater system and extensions of natural gas and electrical service. As part of the Final GEIS, it was determined that infrastructure required for the development of STAMP will be the responsibility of Genesee County. The County will also be paying for extending water service to the Town of Alabama as a mitigation associated with the Town’s Incentive Zoning agreement. There will be some additional resources required to administer and operate this new Town water system. However, the Town has been planning for a new water district for many years. The STAMP project merely expedites that effort. It could be argued that the Town would have eventually incurred those additional expenses even in the absence of the STAMP project. Regardless, monitoring and administering the water district will be an additional service provided by the Town.

### ***Administration***

Town Hall currently is only open on a part-time basis. With the anticipated level of construction activity in the early years, along with the increased employee base in future years, there will be pressure to have Town Hall staffed full-time to accommodate information requests such as obtaining building permits, dealing with questions and addressing other issues. Employment attributed to construction is estimated to total more than 2,800 employees, and the first phase of development will result in projected employment of 1,275 permanent employees. In comparison, the total population of the Town in 2010 is 1,869 residents. The STAMP project will essentially double the population base of the Town during working hours. A larger number of people in the Town is likely to increase demands for administrative activity at Town Hall.

### ***Emergency Services***

Demand for emergency services is expected to increase, both in terms of call volume and in the diversity of call type. The Center for Governmental Research (CGR) is working on a separate study, entitled “Potential Impact on Emergency Services in Alabama, New York: An Evaluation of the Proposed STAMP Project”. The following discussion of potential impacts to emergency services is based on that report. The CGR study determined that there will be modest increases for emergency services arising

from the new development. However, CGR concluded that because the increases would be phased in over a long time period (5 to 15 years), proper planning could mitigate potential risks to the community as the project builds out.

Most of the new demand will be for emergency medical calls. Based on case studies, it is estimated that there would be between 35 to 75 additional EMS calls each year. However, most EMS calls are not life threatening, and different response protocols could be adopted to adjust to the increased volume. The CGR report concludes that “[t]he call volume from the site is not anticipated to exceed the capabilities of AFD on a regular basis.” Further, modern building requirements will lessen the likelihood of fires. The majority of fire calls will be false alarms. However, pre-planning for a major incident (fire, hazardous materials release, mass casualty) is recommended.

In response to specific questions from the Town of Alabama, CGR indicated that the Town’s Fire Department should be able to meet insurance industry standards for adequate fire protection in the short term, given the assumption that the construction of the new water system will precede development. Over the longer term, there are likely to be additional expenses incurred in order to continue to meet Insurance Services Organization (ISO) standards. Once there are five buildings on the STAMP site that exceed 35 feet (3 stories) in height, the ISO requirement would be for a ladder truck within 5 miles of the site. Given the proposed site lay-out as described in the GEIS, it is likely that the STAMP campus will eventually have five or more taller buildings. Currently, the closest ladder trucks are owned by Akron Fire and the Medina Fire Departments, which are each approximately 9 miles away from the site. While ISO standards are not mandatory, it is possible that site tenants would be unable to obtain insurance unless the site complies with ISO standards.

Purchase of a ladder truck would be a significant expenditure for the Alabama Fire Department (AFD). CGR estimates the cost at between \$650,000 to more than \$1 million, depending on its capacities. There would also be additional costs associated with training, inspection and maintenance for the apparatus. Also, AFD’s existing fire stations are not equipped to accommodate a ladder truck, and may need renovations in order to properly station the vehicle. The AFD may incur expenses associated with other new specialized apparatus, depending upon the needs of future tenants. The CGR study suggests one approach to avoid affecting fire tax rates for existing residents is the creation of a separate fire protection district specifically to cover the STAMP site.

The CGR report acknowledges that the Alabama Fire Department “will be faced with more complex and technical types of incidents.” (p. 40). Additional costs will be incurred for new equipment and training to meet these new needs. The CGR report suggests that AFD may need to consider employing someone to provide administrative support to the Fire Department. (p. 42). Based on these findings, there may be significant additional expenses for emergency services associated with the STAMP development. At the

same time, the fire protection district taxes will not be subject to the proposed PILOT agreement, and there will be substantial additional tax revenues to offset these increased costs.

### ***Highways***

A major proportion of the Town's budget is allocated to the operation and maintenance of its highway network. However, as part of the Findings of the GEIS for the STAMP project, it has been proposed that the County would own and maintain the roadways within the STAMP area. Most of the roads in the Town that are expected to experience higher traffic volumes are either State routes (SR 77, SR 63) or are or will be County facilities. No new Town roads are proposed. Accordingly, the direct additional expenses for the Town of Alabama Highway Department should be fairly modest, mostly related to increased maintenance on existing roads due to increased traffic volumes.

### ***Courts***

There may be additional demand on the Town Court system. It is anticipated that the increased traffic volumes would result in additional traffic tickets for speeding and other offenses. As to crime generated at the STAMP facility itself, the CGR study evaluated increased law enforcement calls to similar facilities and determined it is unlikely to be a significant source of new police calls. It is expected that police calls from STAMP would not exceed 6 to 10 police calls per month. In comparison, the Genesee County Sheriff's Office currently responds to an average of nearly 90 calls per month in Alabama and the Tonawanda Indian Reservation. (CGR study p. 56). Even with a call volume increase between 7 to 15 percent, the call volume in Alabama would be comparable to the number of calls in Bergen or Stafford.

Court in Alabama generally handles around 35 to 40 cases per night. Volume is primarily limited by the room capacity, although the judges have been able to handle up to 85 cases in one night. Most likely, there will be minimal fiscal impacts to the courts.

## **STAMP PROJECT: REVENUES**

### ***Town of Alabama***

The GEIS scenario projects the total market value for the STAMP project, based on typical value per square foot for the various projected tenants, to be \$760,500,000. To the extent that the mix of businesses may vary, total market value of the project will also vary. However, it is the intention of the County to defer development until a large anchor tenant is secured, and the increase in taxable assessed value will be significant once construction begins.

In order to make a conservative estimate of potential property tax revenues, the following analysis focuses on the proposed first phase of development only. Genesee County has stated that the first phase of

development will consist of a large anchor tenant, such as a technology manufacturing facility, in the range of 1,000,000 square feet of space. Based on industry standards as cited in the GEIS, the assessed value of such a tenant would be in the range of \$150 per square foot, or \$150,000,000.

The project would not pay property taxes on full assessment, but be subject to a standard PILOT agreement through Genesee County Economic Development Center. This PILOT would begin once construction of the project is completed. It is estimated that construction would take between one to two years to complete, during which time, taxes on the property would remain at the current levels. Once the project is operational, the PILOT provides that there is a full abatement on the net, new assessable value for the first two years, although the abatement applies only to the value of new construction, and the land value remains taxable. The share of taxable assessed value phases in over 10 years, on a schedule where 20 percent of the net new value is taxable in the third and fourth years of operation; 40 percent in years five and six; 60 percent in years seven and eight; and 80 percent in years nine and ten. The property receives no PILOT agreement through the County after year ten of operations. The following table illustrates how the PILOT phases in, using current tax rates for illustrative purposes.

<b>WNY STAMP</b>				
<b>Hypothetical Tax Revenues at Current Tax Rate with PILOT</b>				
<b>Phase 1</b>				
Year	Assessed Value*	PILOT percentage	AV Net PILOT Abatement	Town Taxes* (\$1.09/000)
1	\$150,000,000	0%	-	-
2	\$150,000,000	0%	-	-
3	\$150,000,000	20%	\$30,000,000	\$32,700
4	\$150,000,000	20%	\$30,000,000	\$32,700
5	\$150,000,000	40%	\$60,000,000	\$65,400
6	\$150,000,000	40%	\$60,000,000	\$65,400
7	\$150,000,000	60%	\$90,000,000	\$98,100
8	\$150,000,000	60%	\$90,000,000	\$98,100
9	\$150,000,000	80%	\$120,000,000	\$130,800
10	\$150,000,000	80%	\$120,000,000	\$130,800
11	\$150,000,000	100%	\$150,000,000	\$163,500
<b>Full Build Out</b>	<b>\$760,500,000</b>	100%	<b>\$760,500,000</b>	<b>\$828,945</b>

\* These figures apply only to the net new value. Figures for Assessed Value obtained from GEIS. This scenario would not be allowable under New York State tax policies.

As shown in the above table, by the seventh year, the net new value at the STAMP facility would be generating \$98,100 in taxes if the Town were allowed to continue to apply the current tax rate. In comparison, the Town of Alabama 2012 budget projected the amount to be raised by taxes on all properties at \$92,561. Once the property is taxed at its full value in year 11, the amount that would be

raised by property taxes from Phase 1 development would hypothetically exceed the total current Town levy by 77 percent. Also, these figures are conservative, since it is anticipated that some portion of the second phase would begin to be constructed during this time frame, generating additional tax base for the Town. The second phase of development at STAMP has been estimated to consist of an additional 5.13 million square feet representing an estimated \$610.5 million in assessed value. The final row of the table above shows hypothetical taxes at current rates when the project is fully built out as proposed in the GEIS.

In actuality, the Town would not (and under new State Property Tax Cap regulations *could not*) keep the current tax rate steady. A Town's tax rate does not remain fixed, but varies annually in relation to the Town's budget and the amount of taxable property in the municipality. The tax rate is calculated by first determining the amount of revenues that must come from property taxes (the levy), and then dividing by total assessed value in the Town. As STAMP is implemented, total assessed value will increase as the PILOT is phased in. As shown above, the first phase alone will eventually add an estimated \$1.5 million to the Town's tax base. Future phases will further increase the tax base. As the tax base increases, the tax rate will automatically decrease as long as spending remains relatively constant. While STAMP will be implemented with a PILOT which phases in net new assessed value associated with the project, the added tax base remains significant in comparison to the Town's budget.

In addition, it is anticipated that the proportion of the Town's budget to be raised through real estate taxes will decrease, because there will be an increase in non-property tax revenues resulting from the STAMP project. As non-property tax revenues, such as sales taxes, increase, the amount that must be raised through property taxes decreases. The increase in sales tax revenues associated with the STAMP project is expected to be significant. The GEIS projected that retail sales from retail properties at the STAMP site will total \$29.25 million annually by year 10. This figure assumes that approximately half of the retail space is built out and operational (90,000 square feet of space) by year 10. These sales estimates do not include additional sales within the County likely to occur from general spending associated with STAMP (construction materials, office supplies, etc.) Estimated sales taxes collections to the County from 90,000 square feet of retail development within STAMP would total \$1.17 million per year (4 percent county share).

The County distributes sales tax collections to its municipalities. Half goes directly to the County, 16 percent goes to the City of Batavia, and the remaining 34 percent is distributed to the Towns based on their share of full taxable value of real property in the County. It is estimated that the Town of Alabama receives approximately 2.5% of County sales tax receipts. Projected sales taxes from STAMP's first phase of retail development would represent about \$29,000 in additional revenues to the Town. As the Town of Alabama's share of the County's real property tax base grows with the development of STAMP, the Town is likely to realize an increasing share of the growing sales tax receipts.

These figures, as noted are for 90,000 square feet of retail space. As a conservative estimate, the project easily could achieve 25,000 to 35,000 square feet of retail development (e.g. three to four small restaurants, a dollar store and a drug store). Sales tax revenues to the County from this smaller amount of development would be approximately \$390,000 annually, with the Town realizing \$9,750 at its current proportional share.

### ***Planning and Zoning Fees***

In addition to sales taxes, the Town will receive increased revenues from planning and zoning fees. In 2012, the Town anticipated zoning fee revenues in the amount of \$2,000, per the Town's budget. Actual receipts in 2010 were \$2,185. The current schedule of building permit and zoning fees sets a per square foot fee of \$0.15 per square foot (although there is not a designated fee for non-residential properties). At this rate, the building permit fees for the first 1,000,000 square foot facility would total \$150,000. Site plan review costs \$100 for one parcel. The Town also includes the provision that "all costs incurred by the Town of Alabama (i.e. consultants, attorneys, etc.) shall be paid by applicant." Additional fees are established for Petitions to Planning Board and Zoning Board; Subdivision Review; and water tap-in. While these fees are potentially a significant source of revenue to the Town, it is expected that there would be a significant increase in expenses related to this function, and the amounts should essentially off-set each other.

### ***Other Potential Revenue Sources***

The Town will receive 5 percent of net profits on the sale of lands within the STAMP footprint. This figure will depend upon the sale price, the exact acreage purchased and closing costs. The County estimates the land for the first 200 acres will sell for \$100,000 per acre, resulting in revenues of up to \$1,000,000, before closing costs are subtracted. The Town will realize these revenues as sales proceed. To the extent that the market price is lower, the number of acres is less or that there are significant closing costs (e.g. due diligence), this figure would be lowered. In particular, it is not known if additional studies may be required for due diligence (e.g. additional environmental audits, archeological investigation, etc.). The estimated price is achievable for land zoned for industrial use, and the GEIS covered at least some of the issues that would arise under due diligence. Other closing costs should be relatively minimal.

If Genesee County takes over the Town roads within the STAMP project and contracts with the Town to plow them, intergovernmental transfers may also increase, although presumably these transfers would be set to approximate actual expenditures. There may be an increase in mortgage tax revenues, depending upon how development is financed.

### ***Impacts of State Property Tax Cap***

An added complication in calculating property tax revenues is the State's property tax cap, which limits an increase in the tax levy. The calculations to determine the maximum allowable tax levy under the

property tax cap are complicated, factoring in a Town specific “tax base growth factor”, a “levy growth factor” (the 2 percent cap), and calculations to account for PILOT payments. Genesee County has calculated the estimated total allowable levy for the Town of Alabama for the first phase of development (1.5 million square feet). Based on their calculations, the Town’s tax rate would drop to \$0.17 per \$1000 of assessed value upon expiration of the PILOT agreement, assuming the Town increases its levy by the maximum allowable each year. Without STAMP, the tax rate would be a maximum of \$1.87 per \$1000.<sup>2</sup> In actuality, the Town is likely to keep its annual tax levy relatively stable in the event the STAMP project is not built, and presumably the tax rate would also remain relatively stable. In the event the STAMP project does move forward, it is expected that the tax levy will increase somewhat with added service demands associated with new development; however, it is also likely that much of that increase will be offset by non-property tax revenues, such as sales taxes or fees, and the tax rate will either remain stable or decrease.

#### ***Alabama Fire Protection District***

Development would pay full taxes to the Alabama Fire Protection District, which is not subject to a PILOT agreement. At the current tax rate of \$0.79 per \$1000, the first phase of development (1,000,000 square feet) would generate \$114,945 in taxes. The entire appropriation for the District was \$77,000 in 2012. While the CGR report suggests there will be added expenses associated with the STAMP project, these costs would be phased in over time, and should be able to be accommodated by the additional tax base.

#### **CONCLUSIONS:**

In general, it is expected that the STAMP development will generate some additional expenses to the Town to accommodate increased demand for existing services, but expected additional revenues, over the long-term, should off-set these increased costs.

The most significant increase in demand will be for planning and zoning activity. In particular, the Town will need to add capacity with code enforcement and engineering to ensure that development is designed and built in conformance with appropriate health and safety standards and in accordance with site plan approvals and SEQR Findings. There may also be additional legal costs. These costs can be offset by development fees charged to applicants. The Town should carefully evaluate its current fee structure to ensure that rates are set at a level that will support these added expenses. It is recommended that a revised fee structure be created to assure that costs are covered during review and construction.

The CGR Study determined that emergency service costs will also increase. Because the Alabama Fire Protection district, as a special district, is not subject to a PILOT, the additional assessed value added to

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<sup>2</sup> These figures are speculative. It is likely that the State would modify the Town’s “tax base growth factor” to account for the substantial increase in tax base represented by the STAMP project.

the Town should support added costs unless the District incurs significant capital costs (for example, a ladder truck). In that event, the AFD will need to evaluate the best method of addressing these capital costs. A full discussion of potential impacts on emergency services is in the CGR report.

There will likely be pressure to increase hours of operation at Town Hall, and there will be additional administrative requirements (more building permit applications, more inquiries at Town Hall, etc.). Generally, the expenses associated with these functions will be relatively minor. The part-time Town Clerk may need to add hours and there will be added costs at Town Hall (e.g. electricity). While the long-term anticipated revenues should be sufficient to accommodate these increased costs, there may be a gap in the early years of development. The Town should carefully assess its budget to ensure that there are sufficient resources to cover increased costs.

There will be an approximately 4 year lag between when the project begins construction and when the Town begins to collect revenues from the PILOT (one to two years for construction, and a 2 year period of no payments under the PILOT). Near-term revenues to help offset this increased costs include the Town's share of net revenues on the sale of the land and any other monies received under the incentive zoning agreement. The major increased expense the Town will experience in the first four years of development is associated with permitting and code enforcement. This fact underscores the need to have building and zoning fee income set at a level to off-set anticipated expenses.

There may be some additional costs for plowing and maintaining local roads, based on higher traffic volumes. The major roads servicing the development will be owned by the County or State. Assuming that the number of lane miles under Town jurisdiction will not increase, the added costs should be manageable. Similarly, while there may be additional court cases, the added volume is not expected to increase the Town's costs significantly.

It is anticipated that there could be significant secondary, spin-off growth resulting from STAMP. The Town needs to carefully consider its future and have appropriate policies, controls and laws in place (as recommended in the SEQR Findings) to properly accommodate this growth pressure. This analysis does not factor in costs associated with secondary growth pressures.

Finally, this analysis is based on the assumption that the level, number and nature of the municipal services provided by the Town will not change, except as necessary to meet the additional demand generated from the STAMP development. If the policy decision is made to upgrade or expand services in the Town, the Town can anticipate additional expenses. If the Town were to provide specific additional services to the STAMP site only, these costs could be off-set with the creation of special districts.

In conclusion, the STAMP development will have significant fiscal impacts on the Town of Alabama. With appropriate planning, these impacts should not be fiscally negative to the Town.