

## Cost-Benefit Analysis for Hampton Inn Hotel

Prepared by Otsego Now using InformAnalytics

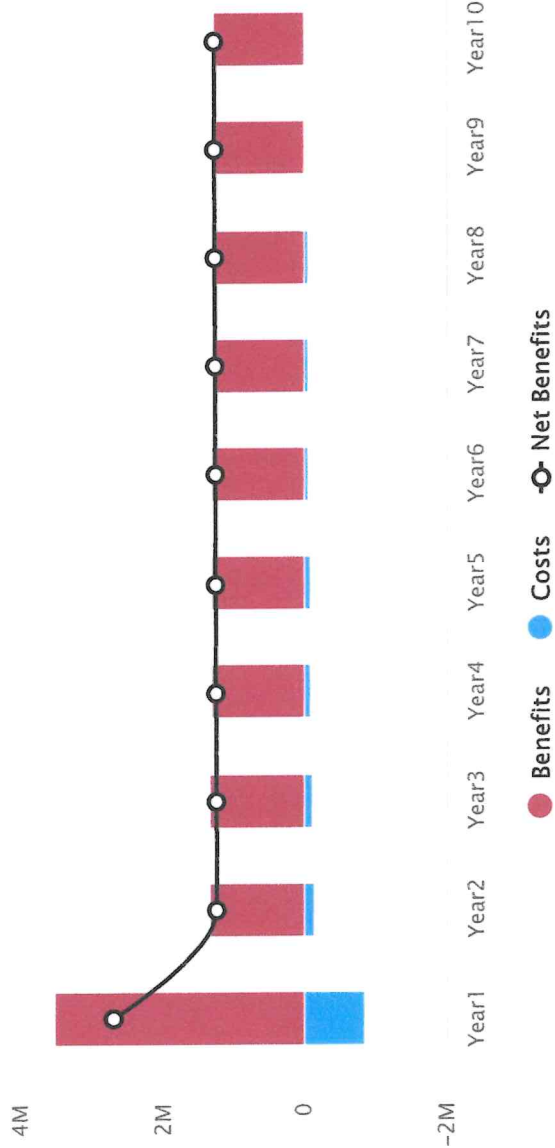
# Executive Summary

<b>INVESTOR</b> Skyline Hospitalitys	<b>TOTAL INVESTED</b> \$16.5 Million	<b>LOCATION</b> 4868 State Highway 28, Town of Hartwick, New York	<b>TIMELINE</b> 10 Years
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F1 FIGURE 1

Discounted\* Net Benefits for Hampton Inn Hotel by Year

Total Net Benefits: \$13,861,000

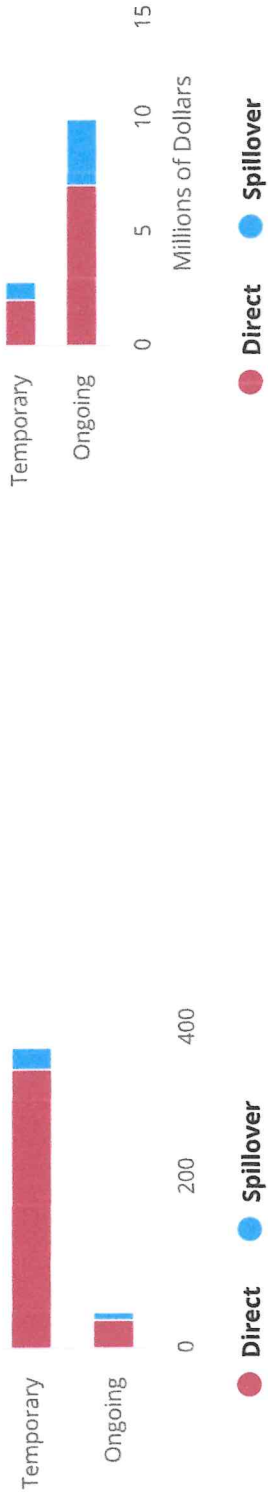


Discounted at 2%

F2 FIGURE 2

Total Jobs

F3 FIGURE 3  
Total Payroll



# Proposed Investment

Skyline Hotel proposes to invest \$16.5 million at 4868 State Highway 28, Town of Hartwick, New York over 10 years. Otsego Now staff summarize the proposed with the following: Skyline Hospitality is planning on building a 96 room, four story, 61,000 square foot hotel in the Town of Hartwick, NY.

T1 TABLE 1

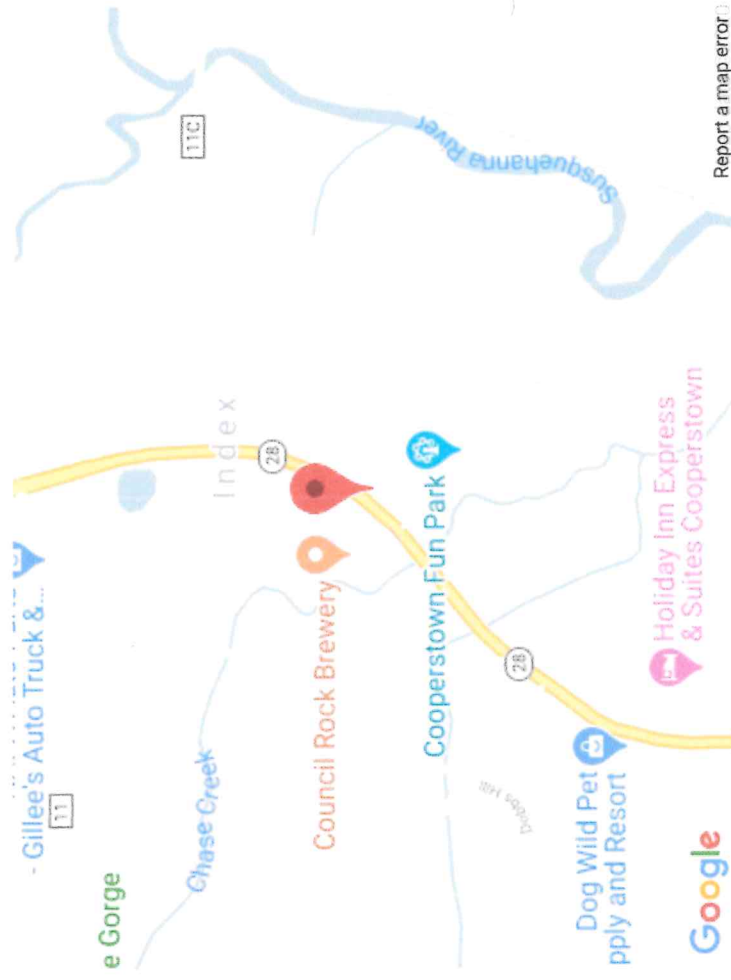
## Proposed Investments

Description	Amount
<b>CONSTRUCTION SPENDING</b>	
Job Creation: 33 new jobs	\$15,000,000
<b>OTHER SPENDING</b>	
Office Furniture	\$1,286,000
Machinery	\$95,000
Office Equipment	\$112,000
Computers	\$30,000
Other Furniture	\$25,000
<b>Total Investments</b>	<b>\$16,548,000</b>
Discounted Total (2%)	\$16,548,000

May not sum to total due to rounding.

F4 FIGURE 4

## Location of Investment



# 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 Otsego Now. 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

Otsego Now is considering the following incentive package for Skyline Hospitalities.

Description	Nominal Value	Discounted Value*
Property Tax Exemption	\$738,000	\$696,000
Sales Tax Exemption	\$604,000	\$604,000
Mortgage Recording Tax Exemption	\$97,000	\$97,000
<b>Total Costs</b>	<b>\$1,438,000</b>	<b>\$1,396,000</b>

**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
<b>REGIONAL BENEFITS</b>	<b>\$11,817,000</b>	<b>\$3,993,000</b>	<b>\$15,810,000</b>
<i>To Private Individuals</i>	<i>\$9,725,000</i>	<i>\$3,934,000</i>	<i>\$13,659,000</i>
Temporary Payroll	\$1,970,000	\$757,000	\$2,728,000
Ongoing Payroll	\$7,755,000	\$3,177,000	\$10,932,000
<i>To the Public</i>	<i>\$2,091,000</i>	<i>\$59,000</i>	<i>\$2,151,000</i>
Property Tax Revenue	\$1,945,000	N/A	\$1,945,000
Temporary Sales Tax Revenue	\$30,000	\$11,000	\$41,000
Ongoing Sales Tax Revenue	\$117,000	\$48,000	\$165,000
<b>STATE BENEFITS</b>	<b>\$264,000</b>	<b>\$204,000</b>	<b>\$468,000</b>
<i>To the Public</i>	<i>\$264,000</i>	<i>\$204,000</i>	<i>\$468,000</i>
Temporary Income Tax Revenue	\$24,000	\$25,000	\$49,000
Ongoing Income Tax Revenue	\$94,000	\$119,000	\$213,000
Temporary Sales Tax Revenue	\$30,000	\$11,000	\$41,000
Ongoing Sales Tax Revenue	\$117,000	\$48,000	\$165,000
<b>Total Benefits to State &amp; Region</b>	<b>\$12,081,000</b>	<b>\$4,197,000</b>	<b>\$16,278,000</b>
<b>Discounted Total Benefits (2%)</b>	<b>\$11,362,000</b>	<b>\$3,896,000</b>	<b>\$15,258,000</b>



T4 TABLE 4

### Benefit to Cost Ratio

The following benefit to cost ratios were calculated using the discounted totals.

Description	Benefit*	Cost*	Ratio
Region	\$14,823,000	\$998,000	15:1
State	\$435,000	\$399,000	1:1
<b>Grand Total</b>	<b>\$15,258,000</b>	<b>\$1,396,000</b>	<b>11:1</b>

**May not sum to total due to rounding.**

\* Discounted at 2%

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