

## PROJECT EVALUATION and COST/BENEFIT ANALYSIS

(As required by Section 869-A3 of New York General Municipal Law)

Project Applicant: **TJA-NY-1454 CR 15 Oswegatchie, LLC**

**Project #4001-21-10**

Project Types and Evaluation Criteria: The Agency, in its discretion, shall evaluate each project type below based on the totality of applicable factors, taking into account the total economic impact, and no one factor may be determinative. In any case where a project may be categorized by more than one type listed below, the evaluative criteria for each applicable project type should be applied to the applicable component of the project.

- 1) Manufacturing/Warehousing/Distribution Projects
- 2) Agricultural/Food Processing Projects
- 3) Adaptive Reuse/Community Development Projects
- 4) Tourism Projects
- 5) Other Retail Projects
- 6) Back Office/Data or Call Center Projects
- 7) **Energy Production Projects**
- 8) Affordable Housing Projects
- 9) Senior Housing Projects
- 10) Market Rate Housing Projects
- 11) Other Projects

### Energy Production Projects

For Energy Production Projects, the Agency should consider the following criteria, as applicable:

- The information provided in the Cost Benefit Analysis;
- The capital investment being made by the applicant;
- The impact, if any, from local labor construction for the project;
- Wage rates (above median wage for area);
- In region purchases (percentage of overall purchases for project)
- Advances renewable energy production/transmission goals;
- How the project advances renewable energy production/transmission goals; and
- The need being met for the municipality and/or region.

**Source Renewables, LLC** is a solar development company, is developing plans for a 5.00 MW-AC solar array to be installed on approximately 28+- acres of agricultural field located on a tax parcel at 1454 County Route 15, in the Town of Oswegatchie. The total site acreage at the project location (tax parcel IDs: 86.002-1-8) is 227.60 acres. This property currently has an assessed tax value of \$193,800, providing approximately \$4,851 in property tax payments. (The improvements will be tax parcel ID: 86.002-1-8/.1)

Activities include the installation of a ground-mounted solar energy system comprised of Tier 1 modules in a fixed tilt setup, equipment pads for transformers, and a gravel access road. The system will be installed to maximize production and output, while minimizing the disturbance of any soils. The entirety of the solar system will be installed to grade, with minimal excavation for equipment pads and conductors. At the end of the project life, the solar system will be decommissioned, and the property will be restored to its existing condition.

**Source Renewables, LLC** is developing multiple community solar projects across upstate New York and will participate in the NYSEDA NY-Sun Initiative to provide clean energy to local businesses and residences. The community solar credits generated by the project will be sold to local residents and small businesses at a discount to retail electricity prices, providing a long-term economic impact to subscribers. The value of these solar credits results in a savings of up to 10-15% on the energy portion of the electricity bill.

In addition to revenue provided to local landowners and taxing jurisdictions, there are a number of other benefits provided by community solar project development. Solar projects generate clean renewable energy that feeds the local utility grid. Through monetary crediting, that energy can be shared with customers in the same utility service area, providing direct savings on local utility bills in the form of dollar-value credits.

Projects such as this one support the goals of the New York State Climate Leadership and Community Protection Act (as summarized by the New York State Tug Hill Commission document, “*Planning for Offsite Solar Energy Projects*, February 2020):

The purpose of the Climate Act is to adopt measures to put New York on a path to reduce statewide greenhouse gas emissions by 85% percent by 2050 and net zero emissions in all sectors of the economy, through the development of a scoping plan. The goals of the Climate Act are (1) greenhouse gas emissions reduction, (2) renewable energy development, (3) improved energy efficiency, (4) a clean energy economy, and (5) resilient and distributed energy systems.<sup>1</sup>

Specifically related to solar energy, the law states that New York will:

- Increase the Renewable Energy Standard to 70% by 2030
- Double the target for distributed solar power to 6 gigawatts by 2025
- Install 3 gigawatts of statewide energy storage capacity by 2030

The above targets do not include utility-scale solar, which is estimated to increase by 5 gigawatts by 2025. For reference, one megawatt (MW) of energy can power approximately 150 homes, conservatively. To produce 1 MW of solar energy, approximately five to seven acres of solar panels are needed. Theoretically, a 4 MW project (i.e. 24 acres of solar panels) could power all the homes in the village of Adams. To meet Climate Act goals, it is estimated that between 34,000 to 68,000 acres of land is needed for solar panels in New York State, or at least 1.7 square miles of solar panels per county if equally distributed among the 62 counties.

Further background information on community-scale solar projects from the same report includes:

For purposes of this paper, community-scale solar includes projects that take advantage of NYSEDA’s NY-Sun community solar incentives. To qualify, individual projects must be 5 MW or less but may be grouped together in a series of  $\leq 5$  MW projects. These projects sell energy to local subscribers and provide taxing jurisdictions with payments in lieu of taxes (PILOT) agreements in the \$2,000-\$5,500 per MW range. The electricity generated from community solar projects does not count toward meeting the goals of the state’s Renewable Energy Standard (RES). A 2 MW community solar project would typically include approximately 10 acres of panels. Local examples of community solar projects would be the proposed Nexamp projects in the towns of Adams (4.6 MW) and LeRay (4.9 MW), where 600-700 National Grid subscribers would be able to subscribe to each array.

Evidence for regional alignment of projects such as this proposed solar facility is found within the *North Country 2019 Progress Report* created by the North Country Regional Economic Development Council, which specifically highlights clean energy development in the Implementation of Key Regional Priorities section of the Report:

## CLEAN ENERGY

### Strategy:

Increase renewable energy generation, distribution, storage capacity and clean energy jobs, and reduce community and business costs through energy efficiency improvements.

Forty-four percent of New York State's existing renewable generation capacity is coming from the North Country, supporting about 2,000 direct and indirect jobs. The North Country continues to support the development of various forms of renewable energy to support jobs, advance the clean energy goals of New York, and to reduce energy costs for the region's businesses and residents.

## COST/BENEFIT ANALYSIS

(As required by Section 869-A3 of New York General Municipal Law)

Project Applicant: Project Applicant: **TJA-NY-1454 CR 15 Oswegatchie, LLC**

**Project #4001-21-10**

### Estimated COST of Agency Assistance

#### 1. Sales and Use Tax Exemption

|   |                        |                   |
|---|------------------------|-------------------|
| a. Amount of Project Cost Subject to Tax: |                        | \$ 708,015        |
|   | Sales and Use Tax Rate | 8%                |
| <b>b. Estimated Exemption:</b>            |                        | <b>\$ 50,000*</b> |

#### 2. Mortgage Recording Tax Exemption

|                                  |                             |             |
|----------------------------------|-----------------------------|-------------|
| a. Projected Amount of Mortgage: |                             | \$ N/A      |
|                                  | Mortgage Recording Tax Rate | 0.75%       |
| <b>b. Estimated Exemption:</b>   |                             | <b>\$ 0</b> |

#### 3. Real Property Tax Exemption

Property Location: Town of Oswegatchie

|   |  |                     |
|---|--|---------------------|
| a. Investment in Real Property            |  | 8,122,505           |
| b. Pre-project Assessment                 |  | 193,800             |
| c. Projected Post-project Assessment      |  | \$ 992,538 **       |
| d. Equalization Rate (for reference only) |  | 100%                |
| e. Increase in Assessed Value of Property |  | 798,738             |
| f. Total Applicable Tax Rates per \$1,000 |  | \$30.55             |
| g. Estimated Taxes over PILOT Period      | (\$24,401 over 30 yrs using post project assessment) | 732,030             |
| h. PILOT Payments over PILOT Period       |  | \$933,885           |
| <b>i. Net Exemption Amount</b>            | <b>(g – h)</b>                                       | <b>(\$ 201,855)</b> |

#### 4. Interest Exemption [Bond Only]

|                                     |                                |        |
|-------------------------------------|--------------------------------|--------|
| a. Total Estimated Interest Expense | (Assuming Taxable interest)    |        |
| b. Total Estimated Interest Expense | (Assuming Tax Exempt Interest) |        |
| c. Interest Exemption               | (a – b)                        | \$ N/A |

#### TOTAL ESTIMATED EXEMPTIONS

**(\$ 151,855)**

\*The proposed sales tax exemption is based on an exemption amount of \$10,000/MW, not a full exemption on all purchases.

The property has a current assessed value of approximately \$193,800 providing approximately \$4,851 in property tax payments. The base value of the property would not be impacted by the PILOT.

\*\* Post-project value was estimated using the recently provided New York State Final-Rates and Appraisal Model. As continuing guidance and information is provided for this model, estimates may change. However, this projected value is within the range of project values estimated for similar projects within the area. The project would be subject to NYS RPTL 487 without the proposed IDA PILOT, which would result in no added value to the assessment for 15 years. Proposed PILOT Payments of \$5,000 per MW for the 5MW system result in payments of \$25,000 to the Town, School, and County in year 1 with 2% escalator for years 1-20 and decrease of 2% for years 21-30 for a total 30-year PILOT payment of \$933,885.

Due to the unique nature of the proposed project, the proposed PILOT represents a deviation from the standard IDA PILOT as outlined in the St. Lawrence County Industrial Development Agency's Uniform Tax Exemption Policy. Per that Policy, the IDA has sought and received the consent of the local affected taxing jurisdictions for the proposed PILOT.

## COST/BENEFIT ANALYSIS

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### Estimated BENEFIT of Agency Assistance

#### EMPLOYMENT COMPARISON:

Do not include construction jobs relating to the Project.

- Full Time: Permanent employee who works 30 or more hours each week and does so on a regularly-scheduled basis.
- Part Time Temporary/Seasonal: Any employee who works fewer than 30 hours each week, and does so on an occasional, temporary, or as-needed basis.

| Jobs                   | (A)          | (B)                 | (C)                         | (D)                           | (E)                           | (F)                           | (G)                    |
|------------------------|--------------|---------------------|-----------------------------|-------------------------------|-------------------------------|-------------------------------|------------------------|
|                        | Current Jobs | Average Annual Wage | Average Annual Benefit Cost | Number of Jobs Created Year 1 | Number of Jobs Created Year 2 | Number of Jobs Created Year 3 | Total New Jobs Created |
| <b>Full Time</b>       |              |                     |                             |                               |                               |                               |                        |
| Management             |              | \$                  | \$                          |                               |                               |                               |                        |
| Professional           |              | \$                  | \$                          |                               |                               |                               |                        |
| Administrative         |              | \$                  | \$                          |                               |                               |                               |                        |
| Production             |              | \$                  | \$                          |                               |                               |                               |                        |
| Independent Contractor |              | \$                  | \$                          |                               |                               |                               |                        |
| Other:                 |              | \$                  | \$                          |                               |                               |                               |                        |
| <b>Total</b>           |              | <b>\$</b>           | <b>\$</b>                   |                               |                               |                               |                        |
| <b>Part Time</b>       |              |                     |                             |                               |                               |                               |                        |
| Management             |              | \$                  | \$                          |                               |                               |                               |                        |
| Professional           |              | \$                  | \$                          |                               |                               |                               |                        |
| Administrative         |              | \$                  | \$                          |                               |                               |                               |                        |
| Production             |              | \$                  | \$                          |                               |                               |                               |                        |
| Independent Contractor |              | \$                  | \$                          |                               |                               |                               |                        |
| Other:                 |              | \$                  | \$                          |                               |                               |                               |                        |
| <b>Total</b>           |              | <b>\$</b>           | <b>\$</b>                   |                               |                               |                               |                        |

**Project applicant projects 3 part time jobs in the application. This represents indirect maintenance work and is not included as permanent job creation by the Agency.**

**ESTIMATED OTHER BENEFITS:**

|                                     |   |  |
|-------------------------------------|---|--|
| <input type="checkbox"/>            | <b>Sales Tax Revenue (New Product)</b>      | This project will result in the manufacturing or selling of a new product, and the estimated amount of annual sales taxes that will be generated on retail sales of the new project is \$ .  |
| <input type="checkbox"/>            | <b>Sales Tax Revenue (Existing Product)</b> | This project will result in increased production or sales of an existing product, and the estimated amount of annual sales tax that will be generated on the retail sales of the increased production is \$ .  |
| <input checked="" type="checkbox"/> | <b>Real Property Taxes</b>                  | The amount of annual real property taxes that will be payable on the project at the end of the PILOT Agreement will be determined based on the assessed value assigned to the project at that time. The base value of the underlying property is expected to have no significant change in value.  |
| <input checked="" type="checkbox"/> | <b>Construction Jobs</b>                    | This project will help generate approximately 50 construction jobs.  |
| <input checked="" type="checkbox"/> | <b>Community and Regional Benefit</b>       | <ul style="list-style-type: none"> <li>• <i>Additional revenue to taxing jurisdictions</i></li> <li>• <i>Renewable energy development in support of NYS CLCPA</i></li> <li>• <i>Community Solar Project offering local electric bill savings</i></li> <li>• <i>Aligns with Implementation of Key Regional Priority items highlighted in NCREDC 2019 Progress Report</i></li> <li>• <i>Local purchases of building supplies, concrete, aggregate</i></li> </ul> |