

## COST/BENEFIT ANALYSIS

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

Project Applicant: **Small City Brewing Company, LLC [Project 4001-26-01]**

### Project Types and Evaluation Criteria:

Below is a list of various project types and the criteria by which projects will be evaluated by the Agency. The Agency, in its discretion, shall evaluate each project 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 Project

- a. For Manufacturing/Warehousing/Distribution Projects, the Agency should consider the following criteria, as applicable:
  - i. The information provided in the Cost Benefit Analysis;
  - ii. The capital investment being made by the applicant;
  - iii. The impact, if any, from local labor construction for the project;
  - iv. Wage rates (above median wage for the area);
  - v. Regional wealth creation (percent of sales or customers from outside the area);
  - vi. In region purchases (percentage of overall purchases for project);
  - vii. Research and development;
  - viii. Investments in energy efficiency;
  - ix. Land use factors; and
  - x. Retention/flight risk of applicant.

### **Project Description:**

**Small City Brewing Company, LLC. (SCBC) is a startup company established with the goal of creating a brewery and brewpub in Ogdensburg, New York. The primary shareholders, William and Maureen Hosmer, are also the owners and operators of Hozmerica, LLC, which manages Hosmer's Marina, JJ's on the River, and Sweet Emilie's Coffee & Ice Cream.**

**SCBC was originally formed in 2022 under the name River Street Brewing Company with plans to build the brewery at a different site. In 2024, the company rebranded as Small City Brewing Company and shifted its development plans to a vacant 5,000-square-foot warehouse located at 110 Lake Street, Ogdensburg, owned by Hozmerica, LLC.**

**The project's initial phase focuses on fully rehabilitating the building and upgrading all utilities to support brewery operations. Approximately 1,350 square feet will be dedicated to light manufacturing, where a 5-BBL brewhouse will be installed for craft beer production. SCBC will produce and serve beer both on-site and for off-premise sales. At present, there are no other breweries or brewpubs operating in Ogdensburg, positioning SCBC to fill a unique gap in the local market.**

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### Estimated COST of Agency Assistance

#### ESTIMATED EXEMPTIONS:

##### 1. Sales and Use Tax Exemption

a. Amount of Project Cost Subject to Tax:		453,697
	Sales and Use Tax Rate	8%

b. <b>Estimated Exemption:</b>		<b>\$ 36,296*</b>
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*Recommending approval of up to \$40,000 to account for potential cost increases		<b>\$ 40,000</b>
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##### 2. Mortgage Recording Tax Exemption

a. Projected Amount of Mortgage:		500,000
	Mortgage Recording Tax Rate	0.75%

b. <b>Estimated Exemption:</b>		<b>\$ 3,750</b>
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##### 3. Real Property Tax Exemption

	<b>No Property Tax Exemption is being sought for this project.</b>	<b><u>48.078-4-26.1</u></b>
a. Investment in Real Property		<u>650,244</u>
b. Pre-project Assessment		<u>65,000</u>
c. Projected Post-project Assessment		<u>400,000</u>
d. Equalization Rate (for reference only)		<u>100</u>
e. Increase in Assessed Value of Property		<u>325,000</u>
f. Total Applicable Tax Rates per \$1,000		<u>45.26</u>
g. Ten Year Total Taxes		<u>147,090</u>
h. PILOT Payments with Standard IDA PILOT	(g x .25)	<u>N/A</u>
i. <b>Net Exemption Amount</b>	<b>(g – h)</b>	<b><u>N/A</u></b>

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

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

<b>TOTAL ESTIMATED EXEMPTIONS</b>	<b>\$ 43,750</b>
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**Comments:** Amount of project cost subject to sales tax was determined by totaling construction material, site work, furniture and fixtures, non-exempt machinery and equipment, and any other costs assumed to be subject to sales tax without IDA involvement. This work will be for the building envelope and the manufacturing portions of the project. There is no PILOT being requested for the project. With a projected assessment of \$400,000 (based on an increase of 50% of the project cost for investment in the property), the project would generate \$18,100 in property tax payments each year, an increase of over \$14,700 from the current property taxes paid for the building.

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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.

- A:** Insert the number of full time and part time jobs that currently exist within your company at the time of application.
- B:** Indicate the average annual wage for each job type listed in A (full time, part time, or other).
- C:** Indicate the average annual Benefit for each job type listed in A (full time, part time, or other).
- D:** Insert the number of jobs to be created during year 1 of the project for each job type (full time, part time, or other).
- E:** Insert the number of jobs to be created during year 2 of the project for each job type (full time, part time, or other).
- F:** Insert the number of jobs to be created during year 3 of the project for each job type (full time, part time, or other).
- G:** The total number of jobs to be created for each job type (full time, part time, or other) will automatically calculate.

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	0			1			1
Independent Contractor							
Other:							
<b>Total</b>		\$	\$	1			1
<b>Part Time</b>							
Management							
Professional							
Administrative	0	\$		1			1
Production	0	\$		1	1		2
Independent Contractor							
Other:							
<b>Total</b>		\$	\$	2	1		3

#### Comments:

The job numbers above are related only to the production portion of the brewery business and are calculated as 2 FTE jobs based on the hours of the part-time employees. The City of Ogdensburg has received a Restore NY Grant the project for \$914,335. Final project buildout and job numbers as well as any retail components of the project are not included as they are outside of this IDA project scope.

**ESTIMATED OTHER BENEFITS:**

<input checked="" 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 <u>\$44,000</u> .
<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 <u>\$N/A</u> .
<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 is <u><b>There will be no PILOT but estimated tax annual payments will be over \$18,000 based on a projected \$400,000 assessment, an increase of over \$14,700 based on the current assessed value of the property.</b></u>
<input checked="" type="checkbox"/>	<b>Construction Jobs</b>	This project will help generate approximately <u>10 (including subcontractors)</u> construction jobs.
<input checked="" type="checkbox"/>	<b>Community and Regional Benefit</b>	<ul style="list-style-type: none"> <li>• <b>Supports regional tourism/wine and beer trail development</b></li> <li>• <b>Supports series of other businesses (marina, bait shop, restaurant, coffee/ice cream shop) owned by Hozmerica, LLC on adjacent properties which employ approximately 20 Full-time equivalent employees</b></li> <li>• <b>Rehabilitation of an under-utilized (vacant) property in the marina district in the City of Ogdensburg</b></li> <li>• <b>Project supports the following Objectives and/or Action Steps within the 2022 St. Lawrence County Economic Development Strategy (“CEDS”):</b> <ul style="list-style-type: none"> <li>• <b>Encourage and work with entrepreneurs and businesses that can supply products and services which give County residents a locally produced or delivered choice.</b></li> <li>• <b>Redevelop unused or underutilized commercial and manufacturing properties and assist existing manufacturers and related businesses to modernize and expand.</b></li> <li>• <b>Assist in the development of more vibrant and attractive downtown and gateway locations within the communities of the County.</b></li> <li>• <b>Collaborate closely with local existing economic development organizations and trusted intermediaries (e.g., accountants and bankers) to focus on assisting startups.</b></li> </ul> </li> </ul> <p><b>Additionally, both Manufacturing and Food Processing are listed as key sectors of the St. Lawrence County economy in the CEDS and this project crosses over into both sectors.</b></p>