

# **Cost-Benefit Analysis for Derrick Corporation**

Prepared by this agency using InformAnalytics

# Executive Summary

**INVESTOR**  
Derrick Corporation

**TOTAL INVESTED**  
\$17.5 Million

**LOCATION**  
Walter Winter Drive,  
Lancaster, NY 14086

**TIMELINE**  
10 Years

FIGURE 1

Discounted\* Net Benefits for Derrick Corporation by Year

Total Net Benefits: \$17,875,000

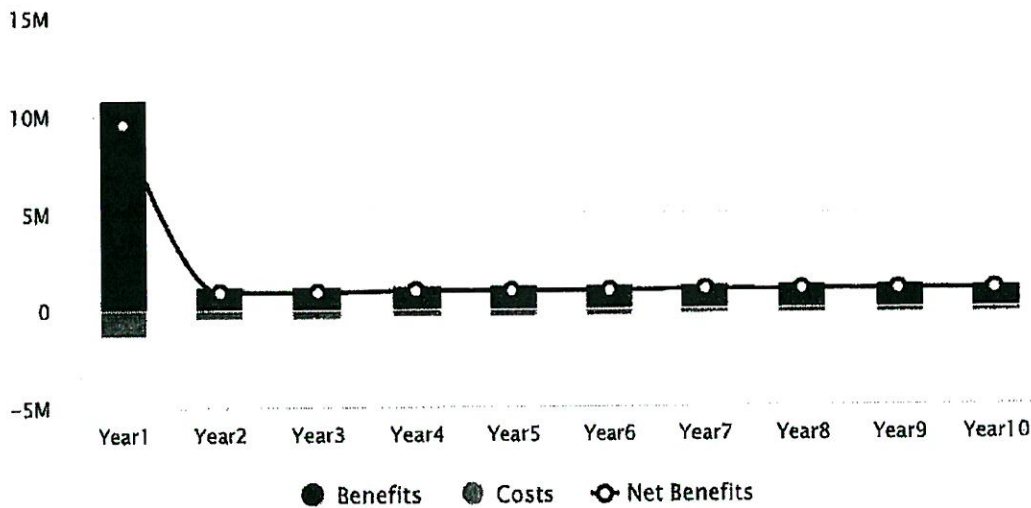


FIGURE 2

Total Jobs

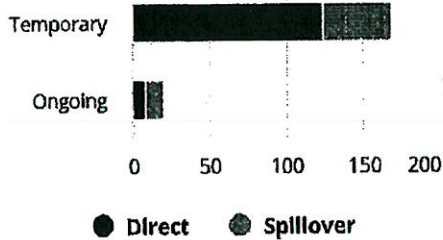
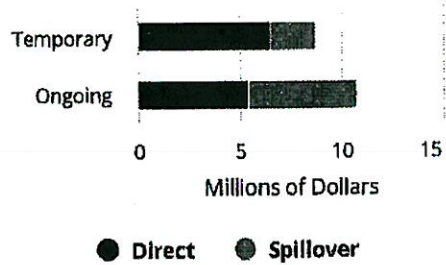


FIGURE 3

Total Payroll



# Proposed Investment

Derrick Corporation proposes to invest \$17.5 million at Walter Winter Drive, Lancaster, NY 14086 over 10 years. Agency staff summarize the proposed with the following: Construction of a new 270,000 SF Warehouse and Light Manufacturing Building, with assorted infrastructure.

TABLE 1

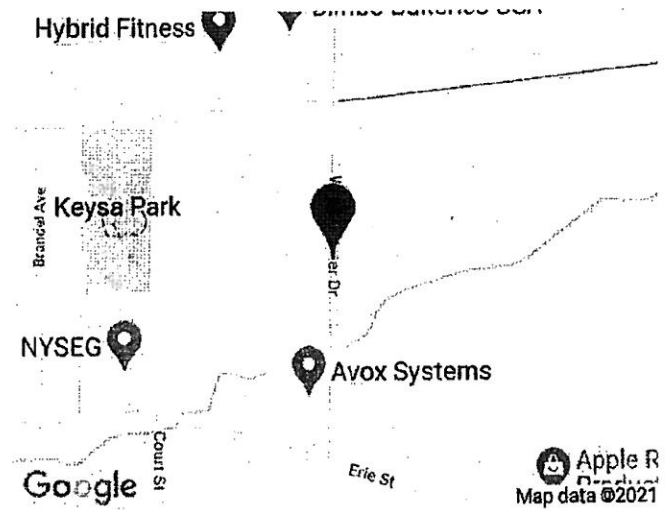
## Proposed Investments

Description	Amount
<b>CONSTRUCTION SPENDING</b>	
	\$17,000,000
<b>OTHER SPENDING</b>	
Non-Manufacturing Equipment	\$100,000
Soft Costs	\$400,000
	\$0
<b>Total Investments</b>	<b>\$17,500,000</b>
<b>Discounted Total (2%)</b>	<b>\$17,500,000</b>

May not sum to total due to rounding.

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 the agency. 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.

 TABLE 2

## Estimated Costs or Incentives

The agency is considering the following incentive package for Derrick Corporation.

Description	Nominal Value	Discounted Value*
Property Tax Exemption	\$3,681,000	\$3,392,000
Sales Tax Exemption	\$741,000	\$741,000
Mortgage Recording Tax Exemption	\$131,000	\$131,000
<b>Total Costs</b>	<b>\$4,554,000</b>	<b>\$4,264,000</b>

May not sum to total due to rounding.

\* Discounted at 2%

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>\$13,599,000</b>	<b>\$8,324,000</b>	<b>\$21,923,000</b>
To Private Individuals	\$12,418,000	\$8,191,000	\$20,609,000
Temporary Payroll	\$6,534,000	\$2,268,000	\$8,801,000
Ongoing Payroll	\$5,885,000	\$5,923,000	\$11,808,000
To the Public	\$1,181,000	\$134,000	\$1,315,000
Property Tax Revenue	\$979,000	N/A	\$979,000
Temporary Sales Tax Revenue	\$107,000	\$37,000	\$144,000
Ongoing Sales Tax Revenue	\$96,000	\$97,000	\$193,000
<b>STATE BENEFITS</b>	<b>\$793,000</b>	<b>\$489,000</b>	<b>\$1,282,000</b>
To the Public	\$793,000	\$489,000	\$1,282,000
Temporary Income Tax Revenue	\$319,000	\$111,000	\$430,000
Ongoing Income Tax Revenue	\$299,000	\$263,000	\$561,000
Temporary Sales Tax Revenue	\$92,000	\$32,000	\$124,000
Ongoing Sales Tax Revenue	\$83,000	\$84,000	\$167,000
<b>Total Benefits to State &amp; Region</b>	<b>\$14,392,000</b>	<b>\$8,813,000</b>	<b>\$23,206,000</b>
<b>Discounted Total Benefits (2%)</b>	<b>\$13,859,000</b>	<b>\$8,280,000</b>	<b>\$22,140,000</b>

May not sum to total due to rounding.

 TABLE 4

**Benefit to Cost Ratio**

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

Description	Benefit*	Cost*	Ratio
Region	\$20,918,000	\$3,833,000	5:1
State	\$1,221,000	\$432,000	3:1
Grand Total	\$22,140,000	\$4,264,000	5:1

May not sum to total due to rounding.

\* Discounted at 2%

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