

PREPARED FOR:

Nassau County Industrial Development Agency
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Economic and Fiscal Impact

EGB HOSPITALITY, LLC

Nassau County
Industrial Development Agency

FEBRUARY 6, 2023

PREPARED BY:



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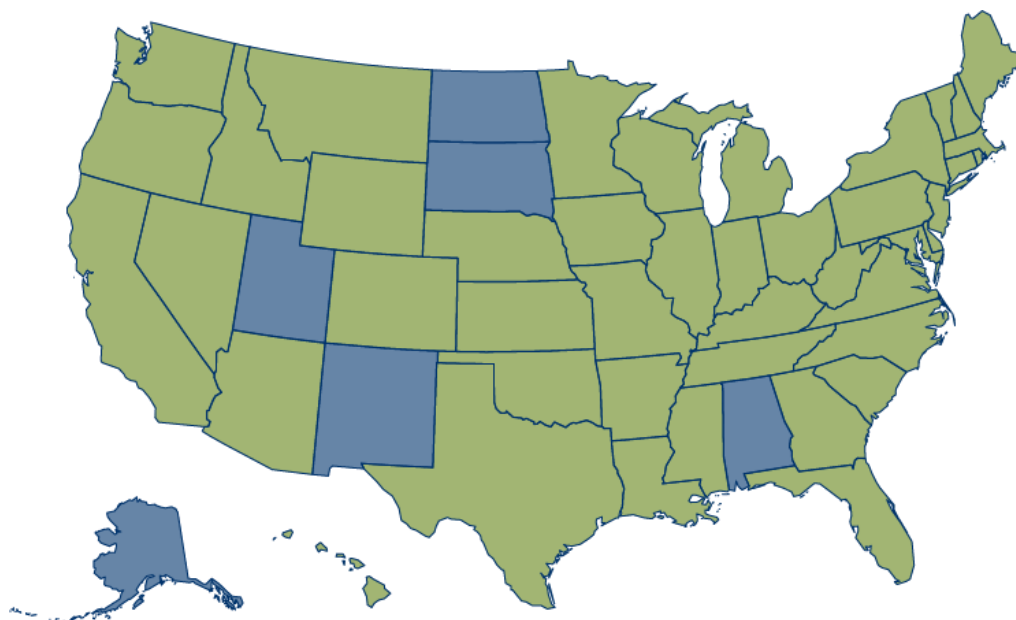
ABOUT CAMOIN ASSOCIATES

Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. Through the services offered, Camoin Associates has had the opportunity to serve EDOs and local and state governments from Maine to California; corporations and organizations that include Lowes Home Improvement, FedEx, Amazon, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of \$6 billion. Our reputation for detailed, place-specific, and accurate analysis has led to projects in 44 states and garnered attention from national media outlets including Marketplace (NPR), Crain's New York Business, Forbes magazine, The New York Times, and The Wall Street Journal. Additionally, our marketing strategies have helped our clients gain both national and local media coverage for their projects in order to build public support and leverage additional funding. We are based in Saratoga Springs, NY, with regional offices in Portland, ME; Boston, MA; Richmond, VA and Brattleboro, VT. To learn more about our experience and projects in all of our service lines, please visit our website at www.camoinassociates.com. You can also find us on Twitter [@camoinassociate](https://twitter.com/camoinassociate) and on [Facebook](https://www.facebook.com/camoinassociate).

THE PROJECT TEAM

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ABOUT THE STUDY

Camoin Associates was retained by the Nassau County Industrial Development Agency to measure the potential economic and fiscal impacts of a project proposed by EGB Hospitality, LLC which entails the renovation of a 35,000 square foot facility at 1899 Hempstead Turnpike, East Meadow, New York.

The goal of this analysis is to provide a complete assessment of the total economic, employment and tax impacts of the project on Nassau County that result from the renovation phase and on-site operations.

The primary tool used in this analysis is the input-output model developed by Lightcast. Primary data used in this study was obtained from the developer's application for financial assistance to the Nassau County Industrial Development Agency and included the following data points: renovation spending, new jobs, and sales/use tax exemption.

The economic impacts are presented in four categories: direct impact, indirect impact, induced impact, and total impact. The indirect and induced impacts are commonly referred to as the "multiplier effect." Note that previous impact reports commissioned by the Nassau County Industrial Development Agency were presented in only three categories: direct impact, indirect impact, and total impact. Prior to 2020, Camoin Associates included both the indirect and induced impacts in the "indirect impact" category. Beginning in 2020, the indirect and induced impacts will be reported separately to allow for more accurate interpretation of results.

STUDY INFORMATION

Data Source:
EGB Hospitality, LLC
Application for Assistance and the
Nassau County Industrial
Development Agency

Geography:
Nassau County

Study Period:
2023

Modeling Tool:
Lightcast

DIRECT IMPACTS

This initial round of impacts is generated as a result of spending on renovations and operations.

INDIRECT IMPACTS

The direct impacts have ripple effects through business-to-business spending. This spending results from the increase in demand for goods and services.

INDUCED IMPACTS

Impacts that result from spending by facility employees and employees of suppliers. Earnings of these employees enter the economy as employees spend their paychecks in the County on food, clothing, and other goods and services.

ECONOMIC & FISCAL IMPACT

NASSAU COUNTY INDUSTRIAL DEVELOPMENT AGENCY: **EGB HOSPITALITY, LLC**



TOTAL NUMBER OF
JOBS CREATED:

66 JOBS

35

Permanent
On-Site Jobs

8

Permanent
Indirect &
Induced Jobs

14

Direct
Construction
Jobs

9

Indirect/Induced
Construction
Jobs

Annual Sales:
\$4.0 MN

Annual Earnings:
\$3.6 MN

Assistance

SALES TAX
EXEMPTION



\$345,000

Construction:

\$5.8
MILLION
spending



\$2.1
MILLION
earnings

Average Annual
Sales Tax Revenue

\$26,814



The Project will serve as a tourism destination that attracts a significant number of new visitors from outside Nassau and Suffolk Counties.

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EXECUTIVE SUMMARY

The Nassau County Industrial Development Agency (the "Agency") received an application for financial assistance from EGB Hospitality, LLC (the "Applicant") for the proposed renovation of a 35,000 square foot facility (the "Project") at 1899 Hempstead Turnpike, East Meadow, Town of Hempstead, New York (the "Site"). The Project being proposed by the Applicant entails the renovation of the building as a destination event facility and for use as catering, concession, and restaurant operations. The Agency commissioned Camoin Associates to conduct an economic and limited fiscal impact of the Project on Nassau County (the "County").

This study analyzes the impact that the Project will have on the Nassau County economy and on local municipal revenues, net of any economic activity that would occur even if the Project were not completed. According to the Applicant, 35 jobs are estimated to be on-site within 2 years of Project completion. This study analyzes the impact that the net new jobs would have on the County economy and on municipal revenue sources.

The following is a summary of our findings from this study, with details in the following sections.

Table 1

Summary of Benefits to County

Construction Phase	
Total Jobs	23
On-Site Jobs	14
Total Earnings	\$2,144,560
On-Site Earnings	\$1,507,003
One-Time Sales Tax Revenue to County	\$ 15,950
Annual Impacts	
Total Jobs	43
Direct Jobs	35
Indirect and Induced Jobs	8
Total Earnings	\$3,605,253
Direct Earnings	\$3,000,000
Indirect and Induced Earnings	\$ 605,253
Average Annual Sales Tax Revenue to County	\$ 26,814

Source: Nassau County, Camoin Associates

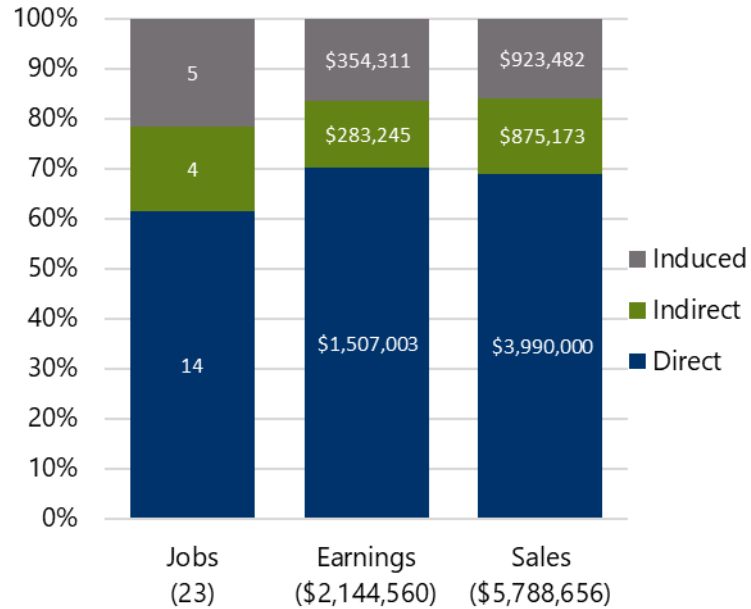
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Renovation Impact

- ◆ The renovation associated with the Project would result in approximately 14 new direct renovation jobs generating nearly \$1.5 million in direct new earnings on-site and an additional \$637,557 in indirect and induced earnings.
- ◆ Figure 1 to the right displays more detail on the economic impact of renovation.
- ◆ Sales associated with the renovation phase would be taxed, and therefore generate sales tax revenue for the County. Sales tax associated with the renovation phase of the Project is estimated to contribute approximately \$15,950 to the County.

Figure 1

Total Economic Impact - Renovation Phase



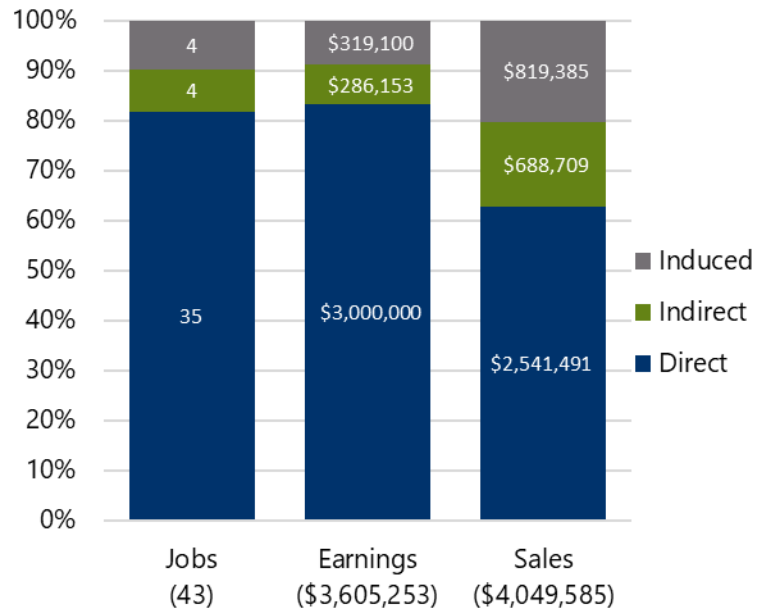
Source: Lightcast (formerly Emsi)

Annual Impact

- ◆ The Project would support 43 net new jobs in the county, with nearly \$3.6 million in associated earnings.
- ◆ Figure 2 summarizes the annual economic impact of the Project.
- ◆ Sales associated with the on-site operations are estimated to generate \$26,814 in sales tax revenue to the county annually.
- ◆ Through negotiations with the Agency, the Applicant could have access to a sales tax exemption valued at up to \$345,000. However, if we assume that the Project would not occur absent IDA benefits, this is not actually a "cost" to the county since no future revenue stream would exist without the exemptions.

Figure 2

Total Annual Economic Impact



Source: Lightcast (formerly Emsi)

ECONOMIC IMPACT ANALYSIS

The estimates of direct economic activity generated during the renovation phase and Project occupation as provided by the Applicant were used as the direct inputs for the economic impact model. Camoin Associates used the input-output model designed by Lightcast to calculate total economic impacts. Lightcast allows the analyst to input the amount of new direct economic activity (spending or jobs) occurring within the county and uses the direct inputs to estimate the spillover effects that the net new spending or jobs have as these new dollars circulate through the Nassau County economy. This is captured in the indirect and induced impacts and is commonly referred to as the "multiplier effect." See Attachment A for more information on economic impact analysis.

RENOVATION PHASE IMPACTS

The Applicant anticipates that private sector investment in the renovation of the Project would cost \$5.1 million¹. It is assumed that 78%² of the renovation spending would be sourced from within the county, representing nearly \$4.0 million in net new spending in the county associated with the renovation phase of the Project.

Table 2

Renovation Phase Spending	
Total Renovation Cost	\$ 5,100,000
Percent Sourced from County	78%
Net New Renovation Spending	\$ 3,990,000

Source: Applicant, Camoin Associates

Based on nearly \$4.0 million worth of net new direct spending associated with the renovation phase of the Project, Camoin Associates determined that there would be nearly \$5.8 million in total one-time renovation related spending supporting 23 jobs³ over the renovation period throughout the county and over \$2.1 million in earnings. Table 3 outlines the economic impacts of renovation.

Table 3

Economic Impact - Renovation Phase			
	Jobs	Earnings	Sales
Direct	14	\$ 1,507,003	\$ 3,990,000
Indirect	4	\$ 283,245	\$ 875,173
Induced	5	\$ 354,311	\$ 923,482
Total	23	\$ 2,144,560	\$ 5,788,656

Source: Lightcast (formerly Emsi), Camoin Associates

Based solely on information in the application, the project timeline should allow the Agency to reach the conclusion that there is a likelihood of accomplishing the Project in a timely manner. Although we are not renovation experts, nothing has come to our attention that would cause us to reach a contrary conclusion.

¹ Includes project costs as provided by the Applicant in Part III of the application, excluding legal and financial fees.

² According to the Applicant, 78% of renovation spending is expected to occur within Nassau County (75% of materials and 90% of labor).

³ The Applicant projects 30 direct renovation jobs, however we estimate 14 based on \$3.9 in net new renovation spending in the County.

IMPACTS OF ON-SITE EMPLOYMENT

Upon Project completion the Applicant estimates that there will be 35 new jobs on-site⁴ with an associated payroll of \$3.0 million.⁵

Using these new jobs and earnings as direct inputs into the model, Lightcast was used to calculate the economic impacts of the on-site activity. Table 4 details the impact that the on-site activity will have on Nassau County in terms of employment, earnings, and sales.

Table 4

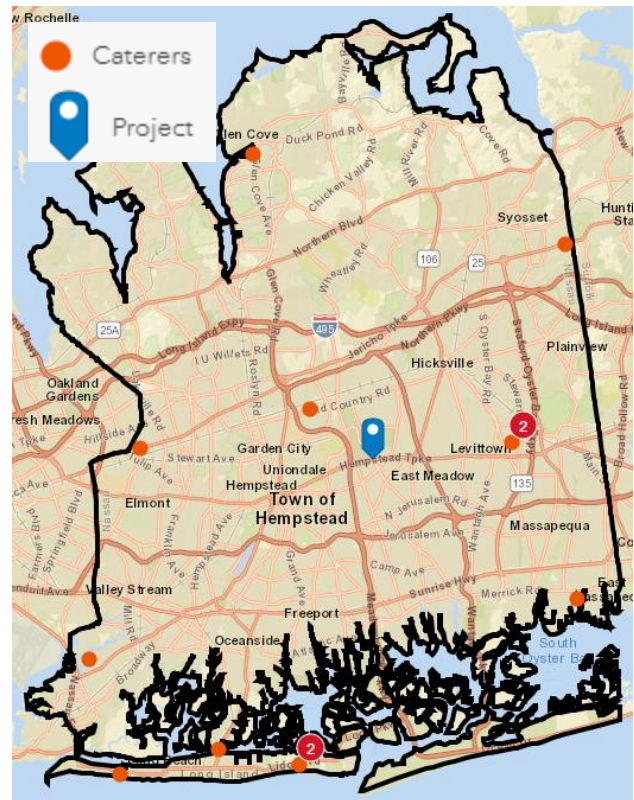
Economic Impact - On-Site Operations					
	Jobs		Earnings		Sales
Direct	35	\$	3,000,000	\$	2,541,491
Indirect	4	\$	286,153	\$	688,709
Induced	4	\$	319,100	\$	819,385
Total	43	\$	3,605,253	\$	4,049,585

Source: Lightcast (formerly Emsi), Camoin Associates

TOURISM AND VISITATION

As a catering, restaurant, and event facility the Project is expected to be a tourism destination that will attract a significant number of visitors from locations outside of Nassau and Suffolk County. The Project’s location adjacent to Eisenhower Park is unique for catering and restaurant facilities of this size and type. According to data from Esri, there are few businesses classified as caterers within central Nassau County that are the size of the proposed facility, or greater (see map in Figure 3 which displays businesses classified as caterers that are 35,000 SF or larger). The Project would fill a gap in this region that would allow the County to host national golf tournaments and other events for which catering and other amenities are lacking. All of this would result in the attraction of new visitors to Nassau County from outside of the economic development region.

Figure 3



⁴ According to Schedule C of the application.

⁵ According to Part IV of the application.

FISCAL IMPACT ANALYSIS

In addition to the economic impact of the Project on the local economy (outlined above), there would also be a fiscal impact in terms of sales tax generation. The following section of the analysis outlines the impact of the completion of the Project on the local taxing jurisdictions in terms of the cost and/or benefit to municipal budgets.

OTHER EXEMPTIONS

There are other benefits to working with the Agency including a sales tax exemption on renovation materials and furniture, fixtures, and equipment.

Table 5

Summary of Costs to County

Sales Tax Exemption	\$ 345,000
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Source: Applicant, Camoin Associates

The additional incentive offered by the Agency will benefit the Applicant but will not negatively affect the county because, without the Project, the County by definition would not be receiving any associated sales tax or mortgage tax revenue.

SALES TAX REVENUE

SALES TAX REVENUE – RENOVATION PHASE

The one-time renovation phase earnings described by the total economic impact of the renovation work (described in above section) would lead to additional sales tax revenue for the County. It is assumed that 70%⁶ of the renovation phase earnings would be spent within Nassau County and that 25% of those purchases would be taxable.

Table 6

One Time Sales Tax Revenue, Renovation

Total New Earnings	\$	2,144,560
Amount Spent in County (70%)	\$	1,501,192
Amount Taxable (25%)	\$	375,298
County Sales Tax Rate		4.25%
New County Tax Revenue	\$	15,950

Source: Nassau County, Camoin Associates

As a result of the renovation phase employment, the County would receive approximately \$15,950 in new sales tax revenue from the economic impacts of renovation.

⁶ A retail leakage analysis of Nassau County suggests that a vast majority of the goods and services that employees will be purchasing are available within the county (food, clothing, vehicles, computers, etc.), but there still will be some outside spending on travel and through purchases made online and in neighboring counties. Based on third party proprietary retail spending data, 70% is a reasonable assumption for the amount of in-county spending. (Source: Esri Business Analyst Online Retail Market Profile)

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SALES TAX REVENUE – EMPLOYEE EARNINGS

The earnings generated by on-site jobs that will occur as a result of building occupation at the Project (described under Impacts of On-Site Employment) would lead to additional annual sales tax revenue for the county. It is assumed that 70% of the earnings would be spent within Nassau County and that 25% of those purchases will be taxable. Table 7 displays the annual tax revenue that the County would receive.

Table 7

Annual Sales Tax Revenue, On-Site Operations		
Total New Earnings	\$	3,605,253
Amount Spent in County (70%)	\$	2,523,677
Amount Taxable (25%)	\$	630,919
County Sales Tax Rate		4.25%
New County Tax Revenue	\$	26,814

Source: Nassau County, Camoin Associates

ATTACHMENT A: WHAT IS ECONOMIC IMPACT ANALYSIS?

The purpose of conducting an economic impact study is to ascertain the total cumulative changes in employment, earnings and output in a given economy due to some initial "change in final demand". To understand the meaning of "change in final demand", consider the installation of a new widget manufacturer in Anytown, USA. The widget manufacturer sells \$1 million worth of its widgets per year exclusively to consumers in Canada. Therefore, the annual change in final demand in the United States is \$1 million because dollars are flowing in from outside the United States and are therefore "new" dollars in the economy.

This change in final demand translates into the first round of buying and selling that occurs in an economy. For example, the widget manufacturer must buy its inputs of production (electricity, steel, etc.), must lease or purchase property and pay its workers. This first round is commonly referred to as the "Direct Effects" of the change in final demand and is the basis of additional rounds of buying and selling described below.

To continue this example, the widget manufacturer's vendors (the supplier of electricity and the supplier of steel) will enjoy additional output (i.e. sales) that will sustain their businesses and cause them to make additional purchases in the economy. The steel producer will need more pig iron and the electric company will purchase additional power from generation entities. In this second round, some of those additional purchases will be made in the US economy and some will "leak out". What remains will cause a third round (with leakage) and a fourth (and so on) in ever-diminishing rounds of industry-to-industry purchases. Finally, the widget manufacturer has employees who will naturally spend their wages. Again, those wages spent will either be for local goods and services or will "leak" out of the economy. The purchases of local goods and services will then stimulate other local economic activity. Together, these effects are referred to as the "Indirect Effects" of the change in final demand.

Therefore, the total economic impact resulting from the new widget manufacturer is the initial \$1 million of new money (i.e. Direct Effects) flowing in the US economy, plus the Indirect Effects. The ratio of Total Effects to Direct Effects is called the "multiplier effect" and is often reported as a dollar-of-impact per dollar-of-change. Therefore, a multiplier of 2.4 means that for every dollar (\$1) of change in final demand, an additional \$1.40 of indirect economic activity occurs for a total of \$2.40.

Key information for the reader to retain is that this type of analysis requires rigorous and careful consideration of the geography selected (i.e. how the "local economy" is defined) and the implications of the geography on the computation of the change in final demand. If this analysis wanted to consider the impact of the widget manufacturer on the entire North American continent, it would have to conclude that the change in final demand is zero and therefore the economic impact is zero. This is because the \$1 million of widgets being purchased by Canadians is not causing total North American demand to increase by \$1 million. Presumably, those Canadian purchasers will have \$1 million less to spend on other items and the effects of additional widget production will be cancelled out by a commensurate reduction in the purchases of other goods and services.

Changes in final demand, and therefore Direct Effects, can occur in a number of circumstances. The above example is easiest to understand: the effect of a manufacturer producing locally but selling globally. If, however, 100% of domestic demand for a good is being met by foreign suppliers (say, DVD players being imported into the US from Korea and Japan), locating a manufacturer of DVD players in the US will cause a change in final demand because all of those dollars currently leaving the US economy will instead remain. A situation can be envisioned whereby a producer is serving both local and foreign demand, and an impact analysis would have to be careful in calculating how many "new" dollars the producer would be causing to occur domestically.

Leading action to grow your economy

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