

## **Financial Assistance Application – SUNEAST VALLEY SOLAR, LLC Cost / Benefit Analysis**

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The information included herein is taken from the attached Tioga County Industrial Development Agency (IDA) “Application for Financial Assistance” and various correspondence and conversations between representatives of the Tioga County Department of Economic Development and Planning, Tioga County Industrial Development Agency, County of Tioga, Town of Owego, Tioga County Real Property Office and SUNEAST VALLEY SOLAR, LLC (the “Company”).

SED NY HOLDINGS, LLC is the 100% owner of the applicant SUNEAST VALLEY SOLAR, LLC.

### **PROJECT SUMMARY**

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SUNEAST VALLEY SOLAR, LLC proposes the installation of a ground-mounted utility scale solar energy generation system located at 2593 Montrose Turnpike, Owego, New York that will generate 20MW of power (the “Project”). The SUNEAST VALLEY SOLAR, LLC Project will add local generation to the grid contributing toward grid reliability and resilience. The Project will generate power that will help New York State meet its goal of 70% renewable energy by 2030.

### **PROJECT DETAIL**

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|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Proposed Site:    | Three (3) properties located at 2593 Montrose Turnpike in the Town of Owego. Tax map ID #'s representing the project area are: 140.00-1-29.111, 140.00-1-35.1, and 140.00-1-36.111 and represent approximately 168 acres. The proposed Project will require the necessary approvals from local code enforcement, NYSEG and NYSERDA. Applicable laws of the New York State Environmental Quality Review Act (SEQRA) shall be followed. |
| Job Creation:     | Anticipated permanent fulltime workforce by Company within Tioga County, NY is one (1) with an estimated payroll of \$76,000.                                                                                                                                                                                                                                                                                                         |
| Product:          | Project creates ten (10) solar arrays with the capacity to generate 20 MW of electricity.                                                                                                                                                                                                                                                                                                                                             |
| Project Schedule: | Construction is anticipated to begin in January 2024 and be completed by August 2024.                                                                                                                                                                                                                                                                                                                                                 |

**ESTIMATED PROJECT BUDGET**


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|                                  |                   |
|----------------------------------|-------------------|
| Land                             | \$ 545,256        |
| Construction of Building         | \$ 120,000        |
| Manufacturing Equipment          | \$ 18,841,137     |
| Other Equipment                  | \$ 1,586,106      |
| Labor, Connection Fees, CM, etc. | \$ 24,109,404     |
| Engineering                      | \$ 170,000        |
| Legal Fees                       | \$ 255,588        |
| Financial Charges                | \$ 1,055,169      |
| Agency Fee                       | <u>\$ 466,827</u> |
| Estimated Project Total          | \$47,148,487      |

**Tioga County IDA**

Based on the taxable items related to the construction, equipment and materials purchases anticipated at \$38,465,147.00, and allowing for the already granted sales tax exemption on the State portion, and using the assumption that all materials would be purchased within Tioga County, NY, the Company has requested a sales tax savings estimated at \$1,538,605.88 (local portion only).

**Mortgage tax abatement in the amount of \$248,844.00 has been requested by the Company.**

**Total estimated local share sales tax savings for the project is: \$1,538,605.88.**

**ECONOMIC IMPACT****A) Permanent Fulltime Employment Impact:**

In determining permanent fulltime employment impact to the area, we have utilized the direct-effect employment multiplier provided by the US Department of Commerce, Economics and Statistics Administration, Bureau of Economic Analysis (2013). The following estimates employment impact for Tioga County, New York.

| <b>Estimated Employment Impact<br/>Tioga County, NY</b> |        |
|---------------------------------------------------------|--------|
| Job Creation                                            | 1      |
| Multiplier                                              | 1.5207 |
| Total Employment Impact to<br>Tioga County, NY          | 1.5207 |

*Note: Multiplier = Electric power generation, transmission and distribution*

**Employment Impact Summary:**

1. In Tioga County, New York, the project will create one (1) permanent fulltime equivalent position (FTE).
2. The additional indirect permanent fulltime job creation in Tioga County, NY is 0.5207 FTE.

**B) Earnings Impact on an Annual Basis for Permanent Fulltime Employees:**

In determining annual earnings (wages) impact for permanent fulltime employees, we have utilized the direct-effect earnings multiplier provided by the US Department of Commerce, Economics and Statistics Administration, Bureau of Economic Analysis (2013). The following estimates annual earnings impact for Tioga County, New York.

| <b>Estimated Annual Earnings Impact<br/>Tioga County, NY</b> |          |
|--------------------------------------------------------------|----------|
| Annual Earnings (1 full time equivalent)                     | \$76,000 |
| Multiplier                                                   | 1.1724   |
| Total Earnings Impact to Tioga County, NY                    | \$89,102 |

*Note: Multiplier = Electric power generation, transmission and distribution*

**Annual Earnings Impact Summary:**

1. In Tioga County, New York, the project will create \$76,000 in annual earnings for one permanent fulltime employee.
2. Indirect results include creating ~\$13,102 in additional annual employee earnings in Tioga County, NY.

**C) Construction Employment Impact:**

In determining employment impact to the area, we have utilized the direct-effect employment multiplier provided by the US Department of Commerce, Economics and Statistics Administration, Bureau of Economic Analysis (2013). The following estimates employment impact for Tioga County, New York.

| <b>Estimated Construction Employment Impact<br/>Tioga County, NY</b> |        |
|----------------------------------------------------------------------|--------|
| Job Creation                                                         | 55     |
| Multiplier                                                           | 1.2963 |
| Total Employment Impact to<br>Tioga County, NY                       | 71     |

### ***Construction Employment Impact Summary***

1. This project will create approximately 55 construction jobs.
2. Additional indirect results include creating ~ 16 jobs in Tioga County, NY.

### **PROPOSED PAYMENT-IN-LIEU-OF-TAX (PILOT)**

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The following PILOT has been determined:

| <b>Year</b>         | <b>Estimated Real<br/>Property Tax**</b> | <b>PILOT<br/>Payment Amount*</b> | <b>Real Property Tax<br/>Abatement</b> |
|---------------------|------------------------------------------|----------------------------------|----------------------------------------|
| <b>Construction</b> | <b>\$0</b>                               | <b>\$0</b>                       | <b>\$0</b>                             |
| 1                   | \$209,802.77                             | \$200,000.00                     | \$9,802.77                             |
| 2                   | \$213,998.83                             | \$204,000.00                     | \$9,998.83                             |
| 3                   | \$218,278.80                             | \$208,080.00                     | \$10,198.80                            |
| 4                   | \$222,644.38                             | \$212,241.60                     | \$10,402.78                            |
| 5                   | \$227,097.27                             | \$216,486.43                     | \$10,610.84                            |
| 6                   | \$231,639.21                             | \$220,816.16                     | \$10,823.05                            |
| 7                   | \$236,272.00                             | \$225,232.48                     | \$11,039.52                            |
| 8                   | \$240,997.44                             | \$229,737.13                     | \$11,260.31                            |
| 9                   | \$245,817.39                             | \$234,331.88                     | \$11,485.51                            |
| 10                  | \$250,733.73                             | \$239,018.51                     | \$11,715.22                            |
| 11                  | \$255,748.41                             | \$243,798.88                     | \$11,949.53                            |
| 12                  | \$260,863.38                             | \$248,674.86                     | \$12,188.52                            |
| 13                  | \$266,080.64                             | \$253,648.36                     | \$12,432.28                            |
| 14                  | \$271,402.26                             | \$258,721.33                     | \$12,680.93                            |
| 15                  | \$276,830.30                             | \$263,895.75                     | \$12,934.55                            |
| 16                  | \$282,366.91                             | \$269,173.67                     | \$13,193.24                            |
| 17                  | \$288,014.25                             | \$274,557.14                     | \$13,457.11                            |
| 18                  | \$293,774.53                             | \$280,048.28                     | \$13,726.25                            |
| <b>Total</b>        | <b>\$4,492,362.50</b>                    | <b>\$4,282,462.46</b>            | <b>\$209,900.04</b>                    |

**\*Note: lump sum PILOT payment amount is based on \$10,000/MW X 20 MW and includes a 2% annual escalation over the eighteen (18) year agreement**

**\*\*Note:** Real Property Taxes estimated for \$4,375,823 total assessment based on a 2023 Town, County, and 2022-23 School + 2%, combined tax rate of 47.945900 and increased by 2% each following year. For this estimate, year 1 is anticipated to be 2024.

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**According to this estimated PILOT financial model, over a period of eighteen (18) years, SUNEAST VALLEY SOLAR, LLC would be afforded an estimated real property tax abatement of \$209,900.04.**

#### **BREAKDOWN OF PROPOSED PILOT PAYMENT**

| <b>Year</b>                | <b>Total PILOT Payment*</b> | <b>Town Amount</b>  | <b>County Amount</b> | <b>School Amount</b> |
|----------------------------|-----------------------------|---------------------|----------------------|----------------------|
| <b>Construction Period</b> | <b>\$0</b>                  | <b>\$0</b>          | <b>\$0</b>           | <b>\$0</b>           |
| <b>1</b>                   | <b>\$200,000.00</b>         | <b>66,666.67</b>    | <b>66,666.67</b>     | <b>66,666.67</b>     |
| <b>2</b>                   | <b>\$204,000.00</b>         | <b>68,000.00</b>    | <b>68,000.00</b>     | <b>68,000.00</b>     |
| <b>3</b>                   | <b>\$208,080.00</b>         | <b>69,360.00</b>    | <b>69,360.00</b>     | <b>69,360.00</b>     |
| <b>4</b>                   | <b>\$212,241.60</b>         | <b>70,747.20</b>    | <b>70,747.20</b>     | <b>70,747.20</b>     |
| <b>5</b>                   | <b>\$216,486.43</b>         | <b>72,162.14</b>    | <b>72,162.14</b>     | <b>72,162.14</b>     |
| <b>6</b>                   | <b>\$220,816.16</b>         | <b>73,605.39</b>    | <b>73,605.39</b>     | <b>73,605.39</b>     |
| <b>7</b>                   | <b>\$225,232.48</b>         | <b>75,077.49</b>    | <b>75,077.49</b>     | <b>75,077.49</b>     |
| <b>8</b>                   | <b>\$229,737.13</b>         | <b>76,579.04</b>    | <b>76,579.04</b>     | <b>76,579.04</b>     |
| <b>9</b>                   | <b>\$234,331.88</b>         | <b>78,110.63</b>    | <b>78,110.63</b>     | <b>78,110.63</b>     |
| <b>10</b>                  | <b>\$239,018.51</b>         | <b>79,672.84</b>    | <b>79,672.84</b>     | <b>79,672.84</b>     |
| <b>11</b>                  | <b>\$243,798.88</b>         | <b>81,266.29</b>    | <b>81,266.29</b>     | <b>81,266.29</b>     |
| <b>12</b>                  | <b>\$248,674.86</b>         | <b>82,891.62</b>    | <b>82,891.62</b>     | <b>82,891.62</b>     |
| <b>13</b>                  | <b>\$253,648.36</b>         | <b>84,549.45</b>    | <b>84,549.45</b>     | <b>84,549.45</b>     |
| <b>14</b>                  | <b>\$258,721.33</b>         | <b>86,240.44</b>    | <b>86,240.44</b>     | <b>86,240.44</b>     |
| <b>15</b>                  | <b>\$263,895.75</b>         | <b>87,965.25</b>    | <b>87,965.25</b>     | <b>87,965.25</b>     |
| <b>16</b>                  | <b>\$269,173.67</b>         | <b>89,724.56</b>    | <b>89,724.56</b>     | <b>89,724.56</b>     |
| <b>17</b>                  | <b>\$274,557.14</b>         | <b>91,519.05</b>    | <b>91,519.05</b>     | <b>91,519.05</b>     |
| <b>18</b>                  | <b>\$280,048.28</b>         | <b>93,349.43</b>    | <b>93,349.43</b>     | <b>93,349.43</b>     |
| <b>Total</b>               | <b>\$4,282,462.48</b>       | <b>1,427,487.49</b> | <b>1,427,487.49</b>  | <b>1,427,487.49</b>  |

**\*Note:** Disbursement projection is based on equal distribution of 1/3 to each municipality: Town, County, and School.

**JUSTIFICATION FOR DEVIATION FROM UNIFORM PILOT POLICY**

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The following additional points should be considered as justification for deviation from the IDA's Uniform PILOT Policy:

- Real Property Tax Law Section 487 provides for only a maximum fifteen (15) year exemption from real property taxation for the increase in value resulting from the installation of a qualifying system.
- The Company has stated that the financing of new solar projects is traditionally accomplished on a project-financed basis, with a lending community that typically lends on a long-term basis. Project financing is enhanced by having a long-term PILOT, due to the increased assurance of debt coverage during the full term of the borrowing.

**SUMMARY**

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- The Company is investing \$47.15+ million in capital improvements in Tioga County.
- The Company will create one (1) new fulltime permanent job with an anticipated \$76,000 in annual wage earnings. The estimated annual indirect additional employee earnings in Tioga County resulting from the Project are ~\$13,102.
- The Company is bringing 55 temporary construction jobs to Tioga County.
- The Company is stimulating 16 additional indirect jobs resulting from construction in Tioga County.
- The Company is requesting real property tax abatement estimated at \$209,900.04 over the eighteen (18) year PILOT period.
- The Company is requesting local sales tax savings estimated at \$1,538,605.88 for construction, materials and equipment purchases.
- Mortgage tax abatement in the amount of \$248,844.00 has been requested by the Company.
- The proposed project will allow a potential savings to local electricity consumers estimated at \$7,836,120 over the eighteen (18) year PILOT term; this calculation is based on a 10% savings on an average cost of .10/kWh, thus reducing the cost by .01/kWh to .09/kWh.
- The Project will add local generation to the grid contributing toward grid reliability and resilience

- The Company is agreeing to compensate a local landowner with estimated \$75,000 annual rental income, translating into \$1.35 million over the eighteen (18) year lease agreement term for approximately 40 acres. 100% of the existing real property taxes on this portion of the project area will remain in place.
- Recent studies established by the NY Public Service Commission (PSC) have indicated that added benefits of generating clean energy include anticipated reductions in healthcare costs, declines in the cost and impact of climate change factors and other such societal benefits.