

III. EXISTING CONDITIONS, IMPACTS AND MITIGATION

Q. Fiscal and Socioeconomic Impacts

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The following fiscal impact analysis estimates and compares expected new revenues generated by the proposed development project against the public costs to service the project.

1. Existing Conditions

a. Fiscal

This section identifies the property tax revenue sources generated from the existing site for the Town of Yorktown.

Property Tax Revenues

The current real property taxes generated by the existing site are \$110,490.05: \$16,424.49 to the Town of Yorktown, \$16,455.36 to Westchester County (2010) and \$77,610.20 to the Yorktown Central School District (2011).

b. Socio-Economic

Refer to Appendix VII.K. A summary of analyses prepared by Applicant's consultant follows:

Retail Market Analysis

According to the Applicant, a retail market analysis supports demand for the proposed project.

In 2015, households residing in the inner market (5 mile radius) area closest to the project site are projected to have the potential to spend \$424,941,769 in convenience-oriented retail products. Households comprising the middle market (8 mile radius) area report a 2015 spending potential of \$1,034,835,789. Finally, it is estimated that households within the outer market area have the potential to spend over \$1,583,485,550 in apparel and home furnishing retail establishments.

In order to determine the amount of unmet spending potential (lost sales) in the consumer market areas, the total household-based spending potential for the nine types of retail products was then compared with the estimated sales volumes for these categories. For example, expenditure potential for those categories that are supported by households residing within the inner market area is compared with the estimated annual sales of retailers found within the corresponding market area for the same merchandise categories. The same analysis is conducted for the categories in the middle and outer market areas, respectively. The difference between the total expenditure potential that is available, less currently achieved sales, represents the amount of lost sales or

“leakage” that can potentially be recaptured by the proposed Costco. It is expected that there will be \$931,010,275 leaking out of the outer market area. There is an additional \$773,493,955 of unmet spending potential forecast for those categories in the middle market area, and another \$63,408,087 of unmet spending potential leaking from the inner market area.

Sales productivity estimates for each merchandise category are then applied to the unmet spending potential estimates derived above. By 2015 the outer market area can support an additional 3,589,559 square feet of additional space in the household furnishings, housing related and personal, and apparel categories. The amount of additional supportable space for the middle market area categories is expected to be about 3,394,153 square feet. Finally, the analysis shows that the inner market area can support an additional 161,670 square feet once the Costco project is expected to be in its stabilized year of operation. In total, the consumer market areas can support over 7 million square feet of additional space.

Commercial Character Assessment

There are 198 retail establishments (excluding vacancies) in the Study Area, which includes the commercial hamlets of Yorktown Heights, Mohegan Lake, Shrub Oak, Jefferson Valley and Crompond (sections of Route 202 going west of the proposed Costco toward Peekskill. Of the retail establishments inventoried, the survey results indicated the presence of 98 “relevant retail” establishments that carry all or part of Costco’s product line (most of which attract shoppers on a convenience-oriented basis rather than destination-oriented basis)—a substantial proportion of the retailers observed in the Study Area. These establishments are not concentrated in any one part of the Study Area, but are scattered within hamlet shopping centers, including the Jefferson Valley Mall and Yorktown Green and the Triangle Shopping Centers in Yorktown Heights, and BJs Shopping Center in Crompond.

Within the Study Area there are three community shopping centers—BJs Shopping Center in Crompond, the Triangle Shopping Center and Yorktown Green in Yorktown Heights—and one regional shopping center—the Jefferson Valley Mall in Jefferson Valley. Otherwise, most retail establishments are less than 10,000 sf, and neighborhood and convenience centers are less than 75,000 square feet. The largest retail destinations in Yorktown are the Toys R Us, Sears and Macy’s stores in Jefferson Valley, the BJs/Staples Shopping Center in Crompond, and the two shopping centers in Yorktown Heights, which have a K-Mart and TJ Maxx. Most of the other retail centers do not contain major anchors.

2. Potential Impacts

a. Fiscal

The following section compares the costs to the Town with fiscal benefits attributable to the proposed Costco.

i) Costs

The Town incurs costs to maintain public facilities and servicing developments, etc. over the entire Town. In the Yorktown Police Department's letter of May 25, 2011, the Police Chief indicated that the Department has historically been understaffed. It was further indicated that the Proposed Action could result in an increase of 106 annual calls for service. This translates to an average increase of two additional calls for service per week. It is the Applicant's opinion that these two weekly calls could be handled by existing personnel and/or redistribution of existing manpower. Should the Town Board determine that additional personnel would be warranted, the Applicant believes the demand would be a reflection of the overall town needs, attributed to current conditions with only a minor increase resulting from Proposed Action and therefore the Project should not be burdened by costs that are in fact Town-wide costs.

ii) Benefits

The benefits are broken out into one-time and recurring. One-time benefits derive from construction activity at the site that will generate sales and income taxes. Recurring benefits include property, sales and income taxes that will be collected during the operation phase of the project, while recurring costs are the additional personnel and/or other on-going costs that will be required to service the project.

Property Tax Revenues

The current real property taxes generated by the site are \$110,490.05: \$16,424.49 to the Town of Yorktown, \$16,455.36 to Westchester County (2010) and \$77,610.20 to the Yorktown Central School District (2011).

Based upon an assessed value of \$25 million, the Applicant anticipates the proposed Costco to generate approximately \$797,195 annually in property taxes: \$92,248 to the Town, \$91,657 to the County and \$613,290 to the Yorktown Central School District in addition to \$113,608 in Special District taxes.

Sales Tax Contributions

As a town, Yorktown does not receive a percentage of sales tax directly, as would a City or Village. The Town's share is a small percentage of what the County receives in its share of sales tax revenue from purchases made in the Town. The following sales tax rates were utilized to estimate direct sales tax benefits during the 14-month construction phase of the project and during the first year of operation:

New York State	4.0 percent of taxable retail sales
Westchester County	3.0 percent of taxable retail sales
MCTMT	0.375 percent of taxable retail sales
	7.375 percent

Construction Phase

Based upon an estimated cost of \$7,500,000¹ for purchase of construction materials, the proposed project is expected to generate an estimated \$553,125 in sales tax revenues during the construction phase: \$300,000 to the State, \$225,000 to the County and \$28,125 for the Metropolitan Commuter Transportation Mobility Tax (MCTMT).

Sales Tax during Construction Phase

	New York State	Westchester County	MCTMT	Total
Sales Tax	\$300,000	\$225,000	\$28,125	\$553,125

Operation Phase

The Applicant expects the proposed Costco to generate in its first year an estimated \$5,200,000² in New York State sales taxes, \$3,900,000 in Westchester County sales taxes and \$487,500 in MCTMT sales taxes, or a \$9,587,500 positive net gain in sales tax revenues (combined State, County and MCTMT sales taxes).

Sales Tax during First Year Operations – Direct Impacts Only

	New York State	Westchester County	MCTMT	Total
Sales Tax	\$5,200,000	\$3,900,000	\$487,500	\$9,587,500

¹Source: Costco Wholesale.

²This is based upon average warehouse sales of \$130 million.

Employment and Earnings – Direct (Site-Specific) Impacts

Construction Phase

The Applicant expects the proposed Costco to create approximately 350 temporary full-time equivalent (FTE) construction jobs at the project site with \$17,815,000 in earnings³ during the construction phase.

Operation Phase

Once fully operational, the Applicant expects the proposed project to create approximately 200 permanent direct jobs with annual earnings of approximately \$8,207,680. Earnings for direct jobs created by the project were estimated using an average hourly wage of \$19.73⁴ for regular full-time employees.

Employment and Earnings – Direct Impacts

	Employment (FTEs)	Earnings
Construction Phase (One-Time)	350	\$17,815,000
Operation Phase (Annual Recurring)	200	\$8,207,680

Indirect (Off-Site) Spending

Indirect impacts include jobs, earnings and spending that are generated in the local economy as a result of the direct on-site project activity. Indirect (spin off) impacts are typically generated elsewhere in the local economy at off-site locations. These impacts were estimated using RIMS II regional multipliers (based on national annual input-output data and regional data) specified by the Bureau of Economic Analysis, U.S. Department of Commerce. The relevant employment and earnings multipliers were applied to the retail and construction sectors to estimate the indirect employment and earnings that would be generated throughout the local economy as a result of new jobs and earnings associated with the project during the construction and operation phases.

The Applicant expects the project to create 81 temporary FTE jobs with \$3,088,620 in earnings during the construction phase, and an additional 45 permanent indirect jobs at off-site locations earning \$1,422,981 per year.

³Median annual wage for construction occupations is \$50,900. Wage data by occupation are based on the NYS Occupational Employment Statistics (OES) survey, which collects information from approximately 57,000 businesses. Data were collected in 2006, 2007, 2008 and 2009, and then updated to 2010 by making cost-of-living adjustments.

⁴Source: Costco Wholesale.

Employment and Earnings – Indirect Impacts

	Employment (FTEs)	Earnings
Construction Phase (One-Time)	81	\$3,088,620
Operation Phase (Annual Recurring)	45	\$1,422,981

Fiscal and Economic Benefit

Construction Phase

During the construction phase, the Applicant expects the proposed project to generate \$553,125 in one-time direct sales taxes, and \$712,600 in direct (site-specific) and \$123,545 in indirect (off-site) personal income taxes.

Construction Phase - Direct and Indirect Impacts

	Direct Impacts		Indirect Impacts	Total Impacts
	Sales Tax Revenues	Personal Income Tax Revenues ⁵	Personal Income Tax Revenues	
Jurisdiction				
State	\$300,000	\$712,600	\$123,545	\$1,136,145
County	\$225,000			\$225,000
MCTMT	\$28,125			\$28,125
Total	\$553,125	\$712,600	\$123,545	\$1,389,270

Operation Phase

During the first year of operation, the Applicant expects the project to generate almost \$10.9 million in direct and indirect benefits⁶, including \$5,585,246 to New York State, \$4,006,108 to Westchester County, \$88,143 to the Town of Yorktown, \$105,842 to special districts appearing on the Yorktown tax bills (for a total of \$193,985 accruing to the Town) and \$599,454 to the Yorktown Central School District. The Applicant expects Costco’s positive impact on the taxes within the Hunterbrook Sewer district (\$47,744) to account for 16.3 percent of the sewer tax revenues within that district, thus lowering annual sewer tax liability for residents within that district.

⁵New York State income tax rate (lowest bracket) is four percent.

⁶ This does not include approximately \$475,000 in SEQRA and inspection fees to the Town of Yorktown.

Operation Phase – Direct and Indirect Impacts

Jurisdiction	Year-One Revenues					Total
	Direct Impacts		Indirect Impacts			
	Sales Tax Revenues	Personal Income Tax Revenues	Property Tax Revenues	Personal Income Tax Revenues	Sewer Tax	
State	\$5,200,000	\$328,327		\$56,919		\$5,585,246
CO County Tax	\$3,900,000		\$91,657		\$22,140 ⁷	\$4,013,7970 10,459
TO Town Tax			\$92,248			\$92,248
Yorktown Central School District (1)			\$613,290			\$613,290
Yorktown Special Districts:						
F0061 Lake Mohegan Fire District			\$41,148			\$41,148
G0084 Westchester County Refuse			\$8,896			\$8,896
Hunter Brook Sewer District			\$47,813			\$47,813
OP099 Open Space & Conserv			\$30			\$30
P0065 Advanced Life Support			\$2,506			\$2,506
W0100 Yorktown Consolidated Water District.			\$13,215			\$13,215
MCTMT	\$487,500					\$487,500
Total	\$9,587,500	\$328,327	\$910,803	\$56,919	\$22,140	\$10,905,689

(1) Yorktown Special District Subtotal = \$113,608

b. Socio-Economic

Refer to Appendix VII.K.

The retail market analysis prepared by the Applicant’s consultant concludes that for the three consumer market areas, there is over \$1.7 billion in lost annual sales or “leakage” that can be potentially captured by the proposed Costco.

The results of the commercial character assessment prepared by the Applicant’s consultant also suggest that the proposed Costco is not expected to adversely impact the commercial character of the Study Area. The trade area for most of the retailers (large grocery supermarkets excluded) tends to

⁷ County Sewer District revenues of \$22,140 include a County Sewer “buy in” cost of \$98,900 amortized over the first 10 years (\$9,890) of operation and an annual cost of \$12,250.

be much smaller than Costco’s trade area, attracting customers on a convenience-oriented rather than destination-oriented basis. Most of the retailers serve the immediate area in which they are located. In addition, a large portion of the retail establishments offers unique products, which are not likely to be replicated by Costco, a volume wholesaler of goods.

About 12 of the stores identified in the survey of “relevant retail” establishments could reasonably be defined as anchors that carry all or part of the proposed Costco’s product line—making up only a small share of the total businesses in the Study Area. In addition, five “partial anchors” were identified: two are located in the Jefferson Valley Mall, one is in Yorktown Heights and two are in Crompond. All of these retail establishments have considerable sales volume and the Applicant asserts that they would not likely be endangered. Further, the market analysis shows leakage from the Study Area that can be captured by the proposed Costco.

Anchors that would be direct competitors to the Costco are national retailers. As such, they are competing on a national level and, according to the Applicant, generally will not close and cede the market to a rival. According to the analysis of the Applicant’s consultants, none of the anchors in the Study Area appear to be vulnerable to the type of competition scenario presented by the Proposed Action. The proposed Costco may intercept sales from the BJs anchor located on Route 202; however, the Applicant expects the impact to be minimal, as BJs has a loyal customer base, and BJs and Costco stores frequently co-exist in other markets. Further, the Applicant asserts that the Study Area can absorb additional retail space, based on the findings of the market analysis. Therefore, the Applicant claims that the proposed Costco store will not have an adverse effect on the overall strength and character of the commercial areas in which businesses that sell goods similar to those carried by Costco (the Study Area) are located.

- c. Provide a list of locations where Costco is currently operating within close proximity to another wholesale club retailer. Indicate where and to what extent the proximate wholesale club retailers have or have not remained economically viable despite their proximity.**

Below is a list of locations where Costco operates in proximity to another wholesale retailer. The Applicant asserts that in each case, both retailers have functioned successfully; however, financial data are not available.

Address	City/Town	State	ZIP	Nearest Wholesale Retailer
625 Broadhollow Rd	Melville	New York	11747	BJ's-Farmingdale-0.86 miles
3600 E Main St	Waterbury	Connecticut	06705	BJ's-Waterbury-1.5 miles
2210 State Route 27	Edison	New Jersey	08817	BJ's & Sam's-Edison-1 mile
245 Stafford Park Blvd	Manahawkin	New Jersey	08050	BJ's-Manahawkin-0.75 miles

Source: Costco

- d. Discuss the anticipated employee base for the Proposed Action, including both construction and post-construction operations. Analyze the population of potential employees within the local area and the potential for hiring of same during construction and post-construction phases of the Proposed Action.**

Anticipated employee base for the Proposed Action:

As described in the “Potential Impacts” section above, during the construction phase, the proposed project will create approximately 350 temporary full-time equivalent (FTE) construction jobs at the project site during the construction phase (14 month period). Once fully operational, the project will create approximately 200 permanent direct jobs. In addition, indirect impacts include jobs that are generated at off-site locations in the local economy as a result of the direct on-site project activity. The Applicant anticipates the project to create 81 temporary FTE jobs during the construction phase, and an additional 45 permanent indirect jobs at off-site locations.

Population of potential employees within the local area and potential for hiring of same:

What follows is a breakdown of employment status in Yorktown, Cortlandt and Peekskill based upon the U.S. Census Bureau’s 2010 Census. The employed civilian labor force in Yorktown was approximately 62.4 percent, with an unemployment rate of 7.0 percent. In Cortlandt, the employed civilian labor force was approximately 65.7 percent, with an unemployment rate of 7.6 percent. The employed civilian labor force in Peekskill was approximately 73.8 percent, with an unemployment rate of 9.4 percent. Both Cortlandt and Yorktown do not have a significant non-white population. However, the City of Peekskill, with an African American population of 23.6 percent, has a 14.2 percent unemployment rate in this category, one of the highest in Westchester County.

Employment Status, 2008-2010 American Community Survey, 3-Year Estimates

	Population 16 years and over	In labor force	Employed	Unemployment rate
Yorktown Town	27,908	67.1%	62.4%	7.0%
<i>White alone, not Hispanic or Latino</i>	23,693	67.2%	62.4%	7.2%
Cortlandt Town	32,713	65.7%	60.8%	7.6%
<i>Hispanic or Latino (of any race)</i>	3,250	80.0%	72.2%	9.8%
Peekskill City	18,721	73.8%	66.8%	9.4%
<i>White alone, not Hispanic or Latino</i>	7,550	71.2%	66%	7.3%
<i>Black or African American</i>	3,835	70.8%	60.8%	14.2%

Source: U.S. Census Bureau, 2010 American Community Survey.

Costco makes an effort to recruit primarily from the community in which it is located. Costco has a low turnover rate of 10 percent and only 6 percent for employees with more than one-year experience. Costco employment grows as sales increase. In addition, Costco pays among the highest wages in the industry. Its US average hourly wage is \$20.07. As a result, substantial disposable income is generated within the community. The Applicant asserts that it is likely that a large number of employees will reside in Yorktown, Cortlandt and Peekskill, thereby positively influencing these communities' unemployment rates.

- e. **Analyze the potential for any groups of people, particularly minority and/or low-income populations, to bear a disproportionate share of any adverse aspects of the Proposed Action. This analysis is to be guided by the New York State Department of Environmental Conservation Policy CP-29 Environmental Justice and Permitting, as issued by the NYSDEC on March 19, 2003.**

It should be noted, moreover, that there are no environmental justice areas located nearby the proposed project. The closest environmental justice area is approximately 6 miles from the site. Conversely, the proposed project may generate employment opportunities created for the residents of these communities.

The market study and commercial character assessment (Appendix VII.K) demonstrate that the proposed project will not adversely impact existing businesses and their employees, including minority and/or low-income populations. The retail market analysis prepared by the Applicant's consultant shows that there is ample demand for the project. As discussed above, the analysis shows leakage from the Study Area that can be captured by the proposed Costco. By 2015, the outer market area can support an additional 3,589,559 square feet of additional space in the household furnishings, housing related and personal, and apparel categories. The amount of additional supportable space for the middle market area categories is expected to be about 3,394,153 square feet, and the inner market area can support an additional 161,670 square feet. The analysis demonstrates that for the three market areas, there is more than sufficient market share to absorb the proposed Costco store, thus suggesting that Costco would not adversely affect the commercial viability of competing enterprises within the market areas.

This is consistent with the results of the commercial character assessment prepared by Applicant's consultant, which indicates that the proposed Costco is not expected to adversely impact the overall strength and character of the commercial areas in which businesses that sell goods similar to those carried by Costco (the Study Area) are located.

3. Proposed Mitigation

Describe mitigation measures as appropriate, including, to the extent permitted by law, hiring preferences and training programs for local workers; assistance to local organizations concerned with preserving and maintaining affected areas (e.g., Business Improvement Districts); direct funding assistance for the preservation and maintenance of affected areas; etc.

Given the above, and the results of the commercial character assessment prepared by the Applicant's consultant in Appendix VII.K, the Applicant asserts that no mitigation measures are required. Still, Costco helps the community by providing jobs, curbing retail leakage and generating property taxes. Some examples of Costco's nationwide community involvement follow:

- 1 percent of pre-tax profit is designated annually for local charitable organizations.
- Adopt-a-School Reading Program
Costco employees volunteer to help students in first through fifth grades improve their reading skills. Currently, there are 125 programs across the United States and Canada, with over 1,600 volunteers working one-on-one with students.

- **Children’s Hospital Campaigns**
In 2010, Costco locations helped to raise \$16 million for 170 children's hospitals across the U.S. and Canada.
- **United Way Campaign 2010-11**
All North America locations participated in raising over \$15.4 million (including company match).
- **Fresh Start Backpack Program**
Since 1993, more than 3.7 million backpacks have been donated to children in need in the U.S., Canada, Mexico, Taiwan, Korea, Japan, Puerto Rico and the U.K.
- **Communities in Schools**
Communities in Schools is a nationwide nonprofit organization, which partners with families, schools and community leaders to create a support system for students. Costco supports CIS both financially and through employee volunteer efforts.
- **Costco Scholarship Fund**
Over 1,000 scholarships have been awarded to qualified students.

Costco will work with the Town of Yorktown to implement programs that are appropriate for the greater community.