

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 assesses property tax revenue sources generated from the site for all affected tax districts in the Town of Yorktown.

b. Socio-Economic

Refer to Appendix K.

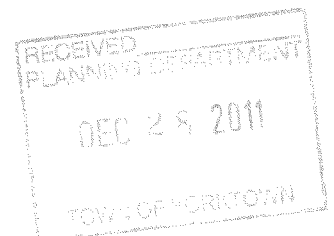
2. Potential Impacts

a. Fiscal

The following section compares the costs to the Town with fiscal benefits attributable to the proposed Costco. Table provides the result of the cost-benefit analysis. The project will generate a net annual surplus of approximately \$9,978,066: \$1,359,044 in costs will be offset by \$10,136,688 in revenues.

i) Costs

The costs to be incurred by the Town are municipal expenditures associated with servicing the proposed project while maintaining adequate public facilities and service levels in other areas of the Town. The proportional valuation technique was used to estimate the public cost implications of the proposed project at the Town of Yorktown jurisdiction level. The technique assigns costs attributable to the share of the real property value that the proposed project adds to the Town's property tax base. The technique projects the proportion of proposed Costco facility to total local non-residential property value and multiplies it by total municipal expenditures attributed to existing non-residential uses to determine additional expenditures due to the proposed development.



Proportional Cost from Proposed Costco Development

| | |
|---|--------------|
| Total Municipal Expenditures | \$49,479,058 |
| multiplied by | |
| Proportion of Non-residential Value | 8.9% |
| equals | |
| Total Expenditures Attributed to Non-residential Uses | \$4,403,636 |
| | |
| Value of New Development | \$13,500,000 |
| divided by | |
| Value of Existing Non-residential Development | \$43,743,307 |
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| equals | |
| Proportional Increase in Non-residential Value | 31% |
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| multiplied by | |
| Proportional Increase in Non-residential Value | 31% |
| | |
| equals | |
| Costs Allocated to New Facility | \$1,359,044 |

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: \$32,879.85 to the Town of Yorktown and County of Westchester (2010) and \$77,610.20 to the Yorktown Central School District (2011).

Based upon an assessed value of \$13.5 million, the proposed Costco is anticipated to generate approximately \$158,621.56 annually in property taxes: \$18,306.70 to the Town, \$18,343.11 to the County and \$121,971.75 to the Yorktown Central School District.

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 12-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 will 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 proposed Costco is expected 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*

As shown in Table, the proposed Costco will create approximately 350 temporary full-time equivalent (FTE) construction jobs at the project site with \$17,815,000 in earnings³ during the construction phase (12 month period).

Operation Phase

Once fully operational, the proposed project will 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.

As shown in Table, the project will 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.

Employment and Earnings – Indirect Impacts

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

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.

Fiscal and Economic Benefit*Construction Phase*

During the construction phase, the proposed project will 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

| Jurisdiction | Direct Impacts | | Indirect Impacts | Total Impacts |
|--------------|--------------------|---|------------------------------|---------------|
| | Sales Tax Revenues | Personal Income Tax Revenues ⁵ | Personal Income Tax Revenues | |
| 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 project will generate over \$10.1 million in direct and indirect benefits, including \$5,585,246 to New York State, \$3,918,308 to Westchester County, \$18,343 to the Town of Yorktown, \$121,972 to the Yorktown Central School District, \$5,319 to the Westchester County Peekskill Sewer District and \$487,500 to the MCTMT.

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 | |
| State | \$5,200,000 | \$328,327 | | \$56,919 | \$5,585,246 |
| County | \$3,900,000 | | 18,308 | | \$3,918,308 |
| Town | | | 18,343 | | 18,343 |
| School District | | | 121,972 | | 121,972 |
| WC Peekskill Sewer ⁶ | | | \$5,319 | | \$5,319 |
| MCTMT | \$487,500 | | | | \$487,500 |
| Total | \$9,587,500 | \$328,327 | 163,942 | \$56,919 | 10,136,688 |

b. Socio-Economic

Refer to Appendix K.

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

⁶This assumes 40 units based on comparable nearby development.

- 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. In each case, both retailers have functioned successfully; however, financial data are not available.

| | Address | City/Town | State | ZIP | Nearest Wholesale Retailer |
|--------|------------------------|------------|-------------|-------|-----------------------------|
| Costco | 625 Broadhollow Rd | Melville | New York | 11747 | BJ's-Farmingdale-0.86 miles |
| Costco | 3600 E Main St | Waterbury | Connecticut | 06705 | BJ's-Waterbury-1.5 miles |
| Costco | 2210 State Route 27 | Edison | New Jersey | 08817 | BJ's & Sam's-Edison-1 mile |
| Costco | 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 (12 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 project is anticipated 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. 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.**

Based upon the above, and the fact that businesses selling goods similar to Costco are not likely to be adversely affected by the Proposed Action in terms of displacement, it is unlikely that minority and/or low-income populations

will be adversely affected. In fact, the opposite is likely to be true, given Costco's hiring policies and wage structure.

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 in Appendix K, 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 community involvement follow:

- 1 percent of pre-tax profit is designated annually for 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.

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From 11/16/11

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Construction Phase - Direct and Indirect Impacts

| Jurisdiction | Direct Impacts | | Indirect Impacts | Total Impacts |
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| State | \$5,200,000 | \$328,327 | | \$56,919 | \$5,585,246 |
| County | \$3,900,000 | | 18,308 | | \$3,918,308 |
| Town | | | 18,343 | | 18,343 |
| School District | | | 121,972 | | 121,972 |
| WC Peekskill Sewer ⁶ | | | \$5,319 | | \$5,319 |
| MCTMT | \$487,500 | | | | \$487,500 |
| Total | \$9,587,500 | \$328,327 | 163,942 | \$56,919 | 10,136,688 |

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

⁶This assumes 40 units based on comparable nearby development.

b. Socio-Economic

Refer to Appendix K.

3. Proposed Mitigation

Since new revenues far exceed new costs, the fiscal impact is positive. Since no adverse impacts are anticipated, no mitigation measures are necessary.