Issue #6

Section 805 (4) requires the consideration of the burden on and benefits to the public. What are the positive and negative impacts of the project (including fiscal impacts to the governmental units)? What are the impacts of the project on the municipalities' electric systems' ability to meet future demand? To what extent will energy conservation mitigate demand impacts? What are the assumptions and guarantees that the Big Tupper ski area can be renovated and retained as a community resource; what are the current and expected market conditions relating to available housing for the project's workforce; what are the impacts of the proposed project on the local housing market?

What are the positive and negative impacts of the project (including fiscal impacts to the governmental units)?

- The Applicant provides an overview of revenues to expenses:
  - The Project Sponsor project-related expenses are fully covered by project-related revenue in each of the build-out period.
  - The town and Village and associated service providers have a net positive fiscal position at the conclusion of each year through the development of the project.
  - The net positive position grows to an estimated $11,220,090 by the fifteenth (last year) of the build-out period. (Exhibit 81, page 58)

- The detailed projections by the Applicant were contested in hearing testimony:
  - "The record does not provide reliable support for the Project Sponsor's positive fiscal impact projections. This deficiency makes it difficult to assess the extent to which, or at what pace, the affected municipalities might benefit from the proposed project. APA Project Hearing Staff Closing Statement, page 56

What are the positive and negative impacts of the project (including fiscal impacts to the governmental units)?

- The continued public use of the Big Tupper Ski Area is one of the biggest potential benefits of the proposed project to the local community from the proposed project. APA Staff Closing Statement, September 23, 2011, page 59

- Benefits to the Town and School District with increased property tax revenue upon the purchase by the Applicant of the Project site. The Town of Tupper Lake and Joint Town and Village Planning Board- Reply Post Hearing, page 11

What are the positive and negative impacts of the project (including fiscal impacts to the governmental units)?

(CONTINUED)

- When completed the town's real property tax base is projected to increase by more than $500 million, and the net new revenue to the town, county and school district solely from ACR project PILOT payments is projected to be $11.2 million a year. Additional revenues will also be realized form increased sales taxes and other sources. (Exhibit 204, page 3)

- The Town of Tupper Lake will benefit from increased property tax revenues generated by the proposed project, both after purchase of the project site and from the development of the large Eastern Great Camp lots, since the fiscal impacts of those portions of the project to the Town are minimal. APA Project Hearing Staff Closing Statement, September 23, 2011, page 56

What are the positive and negative impacts of the project (including fiscal impacts to the governmental units)?

(CONTINUED)

- Financing through a PILOT will necessarily involve the Town and School District in any negotiation with the project sponsor on the PILOT. The Town of Tupper Lake and Joint Town and Village Planning Board- Reply Post Hearing, page 11

- In the event that bonds are foreclosed upon, the properties that were subject to the PILOT will be returned to the tax roll. The revenues that were being used to pay for the bonds would then be paid to the taxing jurisdiction directly. There is no direct risk to the municipality if the bonds are foreclosed upon. The Town of Tupper Lake and Joint Town and Village Planning Board- Reply Post Hearing, pages 11 -12

What are the positive and negative impacts of the project (including fiscal impacts to the governmental units)?
(CONTINUED)

The applicant projects $38,000,000 in annual residential sales.

"The projected sales volume of $38,000,000 per years were extremely unlikely to occur. $5,000,000 per year is much more likely."
David Norden pre-filed testimony. Pages 50-51

What are the positive and negative impacts of the project (including fiscal impacts to the governmental units?

(CONTINUED)

- The benefits that might be derived from the Project (Agency standard) appear to outweigh the potential burdens in the Planning Board view. The jurisdiction over the PILOT will lie with the FCIDA, which as stated will confer with the Town and school district. The Town of Tupper Lake and Joint Town and Village Planning Board- Reply Post Hearing, page 12

- Revitalization of the "sagging 'Main Street" economy in Tupper Lake through "limited commercial facilities located at the project site." "The Agency can conclude that benefits might be derived from this projected flow of commerce to these businesses such as:

  (i) increased value of the businesses and the real estate they occupy,

  (ii) increased assessed valuations,

  (iii) increased employment by these in town/village businesses. "

  (The Town of Tupper Lake and Joint Town and Village Planning Board- Reply Post Hearing, page 12.)

NEW YORK STATE Adirondack parkagency

What are the positive and negative impacts of the project (including fiscal impacts to the governmental units?

(CONTINUED)

- The Applicant's Fiscal and Economic Impact Analysis, cites a projection of 100,000 visitors to the resort on an annual basis. These visitors are estimated to spend approximately $22.6 million on an annual basis. Resort spending is projected in six categories and is projected to require 70,368 square feet of commercial space:
  - Lodging
  - Food
  - Shopping
  - Transportation Related
  - Recreation
  - Other Retail

  (Exhibit 85, pages 45 – 46)

Estimated Economic Benefit of ACR Proposal:

- Estimated value of the residential elements is projected to be $581,521,106.

- Projection of $129.1 million to be paid out in construction wages. Applicant Closing Statement (September 23, 2011 page 136 – 137)

Applicant's Estimated Non-Residential Benefit:

- The non-residential elements of the project will consist of the following proposed investments:
- $16,025,358 -Construction of lifts and new base lodge, renovation of trails, West Face expansion
- $10,760,882 –Marina renovation, restaurant construction, hotel/inn, support buildings
- The estimated investments of non-residential construction $26,786,240

(Exhibit 85, page 39)

Employment:

- 4,166 full-time equivalent construction laborers over 15 years
- Average 278 jobs per year
- Average annual wage of $30,988 per year/ projected to be $8.6 million over 15 years
- Use of multiplier of 2.24 for construction wages with resulting impact of construction wages on the regional economy $129.1 million. (Applicant Closing Statement, September 23, 2011, page 137)
- The resort complex is anticipated to employ 524 persons within four job categories with an estimated payroll of $4,640,000. (Exhibit 85, page 43- 44)

- Shanna Ratner, witness for Protect! questioned the sales prices for the units and the use of the economic multiplier that was used by The LA Group. She also questioned the job creation impacts of the project. (Project Hearing Transcript Pages 2100-2115)

Education

- Tupper Lake Central School District 2009 enrollment: 934 students.
- Ten percent of all dwellings will be converted to primary, year-round residences.
- It is estimated that 54 residences will be converted to year-round occupancy.
- Based on these multipliers, these estimated 54 residences would generate 23 school-aged children upon build-out.
- In 2009, cost per pupil in Tupper Lake Central School District was $18,106. An estimated 2.75% per year increase over the proposed 15 year build-out would increase the cost per student to an estimated $26,471. Therefore, the additional annual cost resulting from the 23 students additional students is $616,313.
- This estimate of additional enrollment is within the existing capacity of the school as the past peak enrollment in the mid 1990's was 1,210 students.

(Exhibit 85, page 54-55)

If the pace of the development is slower than the predicted 15 year build out, then the benefits that accrue will likewise be slower. However, given the phased in approach to infrastructure, the conditions proposed by the Agency and the conditions and ongoing input that the Planning Board will have, these negative impacts are outweighed by the benefits the Project offers.

(The Town of Tupper Lake and Joint Town and Village Planning Board-Reply Post Hearing, pages 11 -12)

What are the impacts of the project on the municipalities' electric systems' ability to meet future demand?

- "From our point of view, the Village's Electric Department is capable of providing electric service to all of the AC & R project amenity facilities and housing, including construction power required during the building of the project." (Pre-filed Testimony John Bouck and Curtis Wilson, page 11)

- "However, it can be inferred from their answer to a similar question that the project will not have any impact since the Village is not a generator of power and serves its customers associated with 'wholesale purchased power.'" (APA Project Hearing Staff Closing Statement, September 23, 2011, page 58)

To what extent will energy conservation mitigate demand impacts?

- The project (residential and non-residential uses) will not use electricity as a space-heating fuel.
- All construction (residential and non-residential) will incorporate Energy Start efficiency measures.
- Energy audits for all new construction (residential and non-residential) will be available through NYPA.
- The existing time-use of municipal electric utility rate structure developed by the Village and the NY Power Authority will provide a strong monetary incentive for ski area electricity use to minimize/eliminate the impact on wholesale power supply costs during the winter season peak load hours and therefore minimize/eliminate any impact on the other customers of the municipal electric consultant.

(Exhibit 81 Applicant's Updated Information for Adjudicatory Hearing page 59)

What are the assumptions and guarantees that the Big Tupper ski area can be renovated and retained as a community resource?

- The April 15, 2009 Agreement between the Village of Tupper Lake and Preserve Association, Big Tupper LLC includes seven commitments from the Project Sponsor with regards to the ski area. With regards to continued public use of the ski area, the agreement states "for as long as the Ski Area is operating during the first fifty (50) years after its initial operating under APA Permit for the ACR (APA Project No. 2005-100), the down-hill skiing will be open to the public.

(APA Project Hearing Staff Closing Statement September 23, 2011 pages 59 -60)

What are the assumptions and guarantees that the Big Tupper ski area can be renovated and retained as a community resource?

- The ski area is a principal winter amenity without which the sale of all but 24 of the 453 planned ACR townhouses would be unlikely under the best of conditions. Therefore, it will be emphasized by the ACR. Given the economy and the history of the ski area, funding for the ski area improvements will be internally generated until enough units have been sold to create revenue stream that allows for conventional financing.

(Exhibit 81 Applicant's Updated Information for Adjudicatory Hearing, page 46)

What are the assumptions and guarantees that the Big Tupper ski area can be renovated and retained as a community resource?

(CONTINUED)

- It is clear from the record that the Project Sponsor will only follow through on the renovation of the Ski Area if the project's residential development succeeds. (APA Project Hearing Staff Closing Statement September 23, 2011 page 60)

- "The revenue from ski area operations is only a minor element of the overall revenue picture…therefore the revenue generated is a direct function of the value associated with the varying product types offered in the project." (Applicant Reply Statement, page 60.)

What are the assumptions and guarantees that the Big Tupper ski area can be renovated and retained as a community resource?

(CONTINUED)

- The possibility of an escrow account for Ski Area renovations is "supported by the Village of Tupper Lake" which "…supports the concept of 'funds from the sale of the eight Great Camp Lots and 16 smaller Great Camp Lots (being) placed into escrow for capital improvements and operations of the ski area with the understanding that the Planning Board will be involved in the final calculations of the escrow account." (The Town of Tupper Lake and Joint Town and Village Planning Board- Reply Post Hearing, page 14 – 15)

- To maximize the viability of the ski center the planned improvements are scheduled early in the phasing plan. In recognition fo the fact that the ski are alone is unlikely to be a viable business, the ACR has committed to require the owners of all but 67 lots in the ACR to pay a minimum f $1,000 a year to be used for the operation of the ski area. (Exhibit 81, page 45)

What are the current and expected market conditions relating to available housing for the project's workforce?
What are the impacts of the proposed project on the local housing market?

- The majority of the positions at the proposed Resort project are expected to be filled by persons from within the existing workforce in the region as the majority of these positions will require skill levels that are readily available among the unemployed or under employed persons within the regional workforce. Therefore, demand for housing by workers at the resort will be insignificant. (Exhibit 81, page 60)
- The Applicant's participation in the Tri-Lakes Housing Assessment Project in June 2010 revealed there is ample available housing in the region; existing housing stock was found to have generally fair conditions and if rehabilitated could continue to meet the needs within the market; the assessment recommended growth in employment opportunities as long-term sustainable solution to the maintenance of home affordability. (Exhibit 81 Applicant's Updated Information for Adjudicatory Hearing, page 60)

What are the current and expected market conditions relating to available housing for the project's workforce?
What are the impacts of the proposed project on the local housing market?

- Shanna Ratner, witness for Protect the Adirondacks! challenged the Applicant's position. in relation to where workers will come from and the impact on housing needs and employment benefits. (Pre-file Testimony, June 1, 2011 Hearing)
- The recommendation of additional affordable housing is one that the Planning Board can review as the project unfolds. (The Town of Tupper Lake and Joint Town and Village Planning Board- Reply Post Hearing, page 16)
- In its consultant's report, the Village of Tupper Lake's analysis tends to support that of the Project Sponsor, concluding that the "risk to the Village of a significant detrimental change in its housing characteristics and costs are not high." (APA Project Hearing Staff Closing Statement September 23, 2011 page 63)

Market Information:

Market and sales information presented by the applicant through Terry Elsemore and Jim Martin was questioned in witness testimony by David Norden for Protect! Mr. Norden posed questions about brand recognition, lack of proximity to metro markets and the planned use of ski upgrades. (Pre-file testimony and June 8, 2011 Hearing)