

# Tompkins County Industrial Development Agency

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*Administration provided by Ithaca Area Economic Development*

## TOMPKINS COUNTY INDUSTRIAL DEVELOPMENT AGENCY

### SOUTHWORKS APPLICATION MATERIALS

For

June 12, 2024 Meeting

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# Tompkins County Industrial Development Agency

Administration provided by Ithaca Area Economic Development

## Southworks – Community Benefits Overview

5/13/24

### Project Overview

SouthWorks provides an exemplary opportunity to create a model development in Ithaca. It is unprecedented to have a 95-acre site within 5 minutes of a downtown area available for total and purposeful redevelopment. The scale and complexity of the project is something that has never been seen in Tompkins County. Its current state represents approximately a decade of work to remediate the site to a residential standard, and it will take an additional decade or more to transform the site into a real neighborhood.

The development team seeks to transform an abandoned and derelict site through adaptive reuse to not only create jobs, housing and public gathering spaces but also serve as a beacon for thoughtful, inclusive development that addresses the needs of the Ithaca community.

The project team is planning an over \$580 million project spanning ten to fifteen years to develop the SouthWorks site to its fullest potential under the approved Generic Environmental Impact Statement as follows: creation of 915 housing units, adaptive reuse of 820,000 square feet of industrial buildings, and approximately 900,000 square feet of new construction. In total, the project will create a mixed-use, mixed-income neighborhood of approximately 1.7 million square feet, including residential, retail, commercial, industrial, and research and development space.

Following is a list of the key elements the SouthWorks team plans to address, which are more fully described in the project overview provided by the applicant:

- Adaptive Reuse
- Infrastructure
- Environmental Remediation
- Sustainability
- Mixed Income Housing
- Workforce Development
- Business Growth and Retention
- Public Amenities (micro-mobility connector and open space)

This project would not happen but for the contemplated tax incentives to help with the property tax burden as the full economic impacts are realized. In a 2023 third-party commissioned report by EConsult Solutions an economic impact study was developed based on a projected budget of \$378 million, which is now estimated to be \$580+ million. The economic benefits and job creation far exceed the proposed tax incentives. The report, with additional details, is included as part of the application package. The total estimated economic impact is:

<b>Geography</b>	<b>Construction Impacts (One Time)</b>	<b>Annual Impacts at Stabilization</b>
City of Ithaca	\$218.4 million	\$159.4 million
Town of Ithaca	\$159.4 million	\$406.7 million
Tompkins County	\$500.1 million	\$724.3 million

The development team designed a comprehensive and ambitious sustainability strategy for the site that focuses on energy, water, waste, and mobility. The team worked with Buro Happold, an internationally recognized environmental firm, to formulate specific strategies and goals that will align with and further the goals Ithaca has set out. Such strategies will serve to benefit not only the project but Ithaca as a whole by reducing energy usage, preventing flooding, reducing truck traffic, and lowering municipal costs. The SouthWorks team will ensure development on the site is net-zero-ready, as well as ensuring it reduces water use, waste generation, and consumption of fossil fuels. Additional details are available in the executive summary by Buro Happold included in the application (the full report is available upon request).

### **Proposed Incentive**

The need for public subsidy is born out of the site's inherent challenges and the development team's aspirations to make it a high-impact, inclusive development. While it would be far easier, and financially feasible, to fully demolish the existing industrial buildings and limit the new development to market-rate ground-up development, the project team is committed to building a mixed-use, mixed-income, adaptive-reuse neighborhood that addresses the needs of the Ithaca community.

The requested PILOT deviates from the TCIDA's standard abatement outlined in the Uniform Tax Exemption Policy. An IDA can offer more than the standard abatement based on an analysis of the impact on the economy and the needs of the applicant. General Municipal Law allows for such deviation as long as each of the effected taxing authorities are notified of the reasons for deviation from the standard policy and given an opportunity to review and comment before final IDA approval.

The applicant is requesting that the TCIDA consider an incentive that includes a sitewide PILOT at the current assessed value of \$3,506,000 for fifteen years. Over the course of those fifteen years, as the site is developed, the commensurate value of land and improvements will be removed from the sitewide PILOT and incorporated into its own twenty-year PILOT with the following phased in schedule: Five years at 90% abatement; three years at 80% abatement; then two years each at 70%, 60%, 50%, 40%, 30%, and 20% abatement.

A comparison of the standard vs. proposed abatement is provided with this overview. A full financial package including an explanation of the financial assumptions used in the analysis was submitted and reviewed by staff.

The standard mortgage recording tax and sales tax incentive is requested. The applicant intends to comply with the Local Labor Utilization Policy and the Workforce Housing Policy (providing a 20% set aside of affordable units on site). Some portions of the project may be subdivided and/or sold to outside entities that develop and manage affordable rental housing to achieve these results.

An administrative fee of \$35,060 (1% of current assessed value), plus attorney's fees at cost, is proposed to be paid when the sitewide PILOT is put in place and sales tax documents are issued. Subsequent PILOTs will be assessed a fee based on costs of that improvement per the fee policy outlined in the TCIDA Uniform Tax Exemption Policy (an administrative fee of 1%; and an additional 1/3 of the administrative cost in attorney fees).

### **Considerations on Process**

This is likely the largest redevelopment project that will happen in our lifetimes in the City of Ithaca. The size and scale and timeline are such that the TCIDA may wish to consider some or all the following actions as part of its process prior to accepting the application as complete and conducting a public hearing.

**Financial Reasonability Review** – Hire a consultant to provide an independent third-party review of the project proforma and proposed incentive. This could include testing the underlying assumptions, providing

an objective review of the estimated return on investment, evaluating the internal rate of return against the current market and similar projects, and providing an opinion on the need for and reasonableness of the financial assistance. The TCIDA's application certification page allows for the costs to be paid by the applicant for any third-party analysis or review in conjunction with an application.

**Working Group Review** – Establish a working group to review the underlying pro forma and the proposed incentive to gain a common understanding of the proposal and provide comment to the TCIDA. A working group could consist of representatives from each of the taxing jurisdictions (county, school district, city and town), the TICDA, TCIDA administrative staff and counsel, County Assessment, and the applicant and applicant counsel. This could give more opportunity for a representative from each of the taxing jurisdictions to develop an understanding of the assumptions and the incentive than the standard letter notifying them of the deviation and providing opportunity to comment. The TCIDA used this process with the original, and two subsequent, PILOTs requested for Milliken Station/Cayuga Operating Company (i.e. the former power plant).

**Economic Impact Analysis** – Hire a consultant to provide an independent third-party analysis of the economic impact of the project. The analysis prepared by the applicant's consultant, EConsult Solutions, and included in the application, was produced using data based on a project budget of \$378 million. The current project budget has increased by 53% to over \$580 million. The economic benefits and job creation in the EConsult analysis far exceed the proposed tax incentives. It would stand to reason that an updated analysis would yield the same result, however it may be fruitful for the TCIDA to consider a more accurate picture of the benefits because of the increase in project costs. The TCIDA's application certification page allows for the costs to be paid by the applicant for any third-party analysis or review in conjunction with an application.

### **Cost-Benefit Analysis**

- Extent to which project would create and/or retain private sector jobs
  - 3,940 jobs in the City and Town of Ithaca during the term of construction; \$128.3 million in employee compensation in the City and Town of Ithaca during the term of construction (source: EConsult Solutions).
  - 1,115 direct employees with \$85.8 million in direct employee compensation annually on site after project completion ((source: EConsult Solutions)
- Estimated value of tax exemption

63,055,060	Property Tax Abatement
20,074,476	Sales Tax Abatement
1,763,808	Mortgage Recording Tax Abatement
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**84,893,343 Total IDA Incentives**

14.44% IDA Incentives as a % of Project Costs

- Estimate of private sector investment to be generated by the project – \$587,935,921
- Likelihood of completing project in a timely manner – A ten-year process to remediate the site has been completed. A site management plan in conjunction with the record of decision issued by the department of environmental conservation was put in place in 2022. The City of Ithaca and Town of Ithaca completed an environmental review on the full, proposed maximum build out contemplated by the applicant. Zoning is in place in both the City and Town (planned unit development zone and

planned development zone, respectively). Preliminary site plan approval was granted by the City. It is anticipated that site plan amendments and construction / demolition permits will be received in 2025. This is the largest project the applicant team has ever undertaken, and they do anticipate a 10-to-15-year construction period.

- Extent to which project would generate additional sources of revenue for local taxing jurisdictions – an estimated \$44.2 million in new property taxes will be paid over the term of the projected incentive.

- Other benefits that might result from the project:

Sustainability – All construction on-site will be net-zero-ready (with the exception of industrial/ manufacturing uses when required by the tenant, the entire project will be fully electrified). Working with Buro Happold and Taitem Engineering, the project team devised sustainability goals and targets in the areas of energy, water and stormwater, materials and waste, mobility and additional focus areas. The sustainability goals are further outlined on page 9 of the application (green building practices) and the executive summary of the Buro Happold study provided with the application (full report available upon request)

Key elements and objects are more fully detailed in the justification memo and the application submitted by the project team. These benefits include:

- Adaptive reuse of a once bustling manufacturing facility
- Updating of all the infrastructure throughout the site
- Extensive environmental remediation / clean-up to residential standards and a site management plan that ensures long term monitoring
- Mixed income housing
- Construction workforce development and incubation of construction companies during construction
- Business growth and retention facilitated by a technology innovation center that will provide flexible space for small growing businesses to remain in Ithaca and offer an attractive ecosystem and neighborhood amenities.
- Public amenities planned include opportunities for circulation and recreation, connecting the site to the surrounding neighborhoods, open space, and the development of the missing link in the Gateway Trail connecting the South Hill Recreation Way with the Black Diamond Trail and Buttermilk Falls State Park.

**SouthWorks**  
Ithaca, NY  
**Requested PILOT Summary**

**Requested 20-Year PILOT**

<b>Assumptions</b>	
Current Assessment	\$3,506,000
Increase in Assessment (City)	\$86,294,307
Increase in Assessment (Town)	\$62,417,164
Annual Tax Rate/Assessment Increase	2%

	County	City	Town	School
<b>Millage Rate</b>	5.6543030	11.9800000	2.0769330	16.2211730

Municipality		acres	bldg s.f.	Improvement		total value	address
				land value	value		
town	40.-3-3	63.3	306,886	\$345,000	\$1,155,000	\$1,500,000	810 Danby Rd
town- RR	40.-3-14.2	3.26	n/a	\$6,000	\$0	\$6,000	Stone Quarry Rd
city	106.-1-8.2	31.57	462,839	\$550,000	\$1,450,000	\$2,000,000	620-640 Aurora St S
<b>Totals</b>				\$901,000	\$2,605,000	\$3,506,000	

Year	Percentage Abated	Percentage Paid	City Taxable Value	Town Taxable Value	County Tax	City Tax	Town Tax	School Tax	New Taxes Pre-Abatement	New Taxes Abated	New Taxes Paid	Existing Taxes Paid	Total Taxes Paid
0													
1	90%	10%	\$86,294,307	\$62,417,164	\$840,860	\$1,033,806	\$129,636	\$2,412,274	\$4,416,576	\$3,974,919	\$441,658	\$103,783	\$545,441
2	90%	10%	\$88,020,193	\$63,665,507	\$857,677	\$1,054,482	\$132,229	\$2,460,520	\$4,504,908	\$4,054,417	\$450,491	\$105,859	\$556,350
3	90%	10%	\$89,780,597	\$64,938,817	\$874,830	\$1,075,572	\$134,874	\$2,509,730	\$4,595,006	\$4,135,505	\$459,501	\$107,976	\$567,477
4	90%	10%	\$91,576,209	\$66,237,594	\$892,327	\$1,097,083	\$137,571	\$2,559,925	\$4,686,906	\$4,218,215	\$468,691	\$110,136	\$578,826
5	90%	10%	\$93,407,733	\$67,562,346	\$910,174	\$1,119,025	\$140,322	\$2,611,123	\$4,780,644	\$4,302,580	\$478,064	\$112,338	\$590,403
6	80%	20%	\$95,275,888	\$68,913,593	\$928,377	\$1,141,405	\$143,129	\$2,663,346	\$4,876,257	\$3,901,006	\$975,251	\$114,585	\$1,089,837
7	80%	20%	\$97,181,406	\$70,291,864	\$946,945	\$1,164,233	\$145,991	\$2,716,613	\$4,973,782	\$3,979,026	\$994,756	\$116,877	\$1,111,633
8	80%	20%	\$99,125,034	\$71,697,702	\$965,884	\$1,187,518	\$148,911	\$2,770,945	\$5,073,258	\$4,058,606	\$1,014,652	\$119,214	\$1,133,866
9	70%	30%	\$101,107,534	\$73,131,656	\$985,201	\$1,211,268	\$151,890	\$2,826,364	\$5,174,723	\$3,622,306	\$1,552,417	\$121,599	\$1,674,016
10	70%	30%	\$103,129,685	\$74,594,289	\$1,004,905	\$1,235,494	\$154,927	\$2,882,891	\$5,278,217	\$3,694,752	\$1,583,465	\$124,031	\$1,707,496
11	60%	40%	\$105,192,279	\$76,086,175	\$1,025,003	\$1,260,203	\$158,026	\$2,940,549	\$5,383,782	\$3,230,269	\$2,153,513	\$126,511	\$2,280,024
12	60%	40%	\$107,296,124	\$77,607,898	\$1,045,503	\$1,285,408	\$161,186	\$2,999,360	\$5,491,457	\$3,294,874	\$2,196,583	\$129,041	\$2,325,624
13	50%	50%	\$109,442,047	\$79,160,056	\$1,066,413	\$1,311,116	\$164,410	\$3,059,347	\$5,601,287	\$2,800,643	\$2,800,643	\$131,622	\$2,932,266
14	50%	50%	\$111,630,888	\$80,743,257	\$1,087,742	\$1,337,338	\$167,698	\$3,120,534	\$5,713,312	\$2,856,656	\$2,856,656	\$134,255	\$2,990,911
15	40%	60%	\$113,863,505	\$82,358,122	\$1,109,497	\$1,364,085	\$171,052	\$3,182,945	\$5,827,579	\$2,331,031	\$3,496,547	\$136,940	\$3,633,487
16	40%	60%	\$116,140,776	\$84,005,285	\$1,131,686	\$1,391,366	\$174,473	\$3,246,604	\$5,944,130	\$2,377,652	\$3,566,478	\$139,679	\$3,706,157
17	30%	70%	\$118,463,591	\$85,685,390	\$1,154,320	\$1,419,194	\$177,963	\$3,311,536	\$6,063,013	\$1,818,904	\$4,244,109	\$142,472	\$4,386,581
18	30%	70%	\$120,832,863	\$87,399,098	\$1,177,407	\$1,447,578	\$181,522	\$3,377,767	\$6,184,273	\$1,855,282	\$4,328,991	\$145,322	\$4,474,313
19	20%	80%	\$123,249,520	\$89,147,080	\$1,200,955	\$1,476,529	\$185,153	\$3,445,322	\$6,307,958	\$1,261,592	\$5,046,367	\$148,228	\$5,194,595
20	20%	80%	\$125,714,511	\$90,930,022	\$1,224,974	\$1,506,060	\$188,856	\$3,514,228	\$6,434,118	\$1,286,824	\$5,147,294	\$151,193	\$5,298,487
<b>Total:</b>									<b>\$107,311,187</b>	<b>\$63,055,060</b>	<b>\$44,256,127</b>	<b>\$2,521,661</b>	<b>\$46,777,788</b>

**Project Costs** 587,935,921

<b>Sales Taxes Abatement</b>			
Category	Value	Modifier	Taxes
Construction	414,051,575	60%	19,874,476
FF&E	2,500,000	100%	200,000
<b>total</b>			<b>20,074,476</b>

<b>Mortgage Recording Tax Abatement</b>	
Mortgage	705,523,105
<b>Tax</b>	<b>1,763,808</b>

<b>Summary</b>	
63,055,060	Property Tax Abatement
20,074,476	Sales Tax Abatement
1,763,808	<b>Mortgage Recording Tax Abatement</b>
<b>84,893,343</b>	Total IDA Incentives
14.44%	IDA Incentives / Project Costs

<b>Fees</b>	
IDA	\$4,165,516
IDA Attorney	\$2,082,758
CITAP app	\$0
IDA app	\$1,000
<b>Total</b>	<b>\$6,249,274</b>

**PILOT Notes**

- At approval, parcels will be placed under PILOT (the Base PILOT) at current assessed value (\$3,506,000).
- As each improvement is completed, the Base PILOT will be amended to remove that improvement, which will then be placed into a PILOT with the above referenced 20-year schedule.
- Any modifications to the project description in the TCIDA application for financial assistance that exceed a 10% threshold change in use, and any modifications that require additional SEQR/CEQRO review would need to be presented to the TCIDA for approval.
- A flat fee of \$35,060 (1% of current assessed value), plus attorney's fees at cost, will be assessed upon the base PILOT approval and issuance of sales tax documents. Subsequent PILOTs will be assessed a fee based on costs of that improvement per the fee policy outlined in the TCIDA Uniform Tax Exemption Policy (an administrative of 1% of hard construction costs; and an additional 1/3 of the administrative cost in attorney fees).

SouthWorks  
Ithaca, NY  
Standard Pilot

**Standard 10-Year PILOT (for comparison to requested 20-year PILOT)**

Assumptions	
Current Assessment	\$3,506,000
Increase in Assessment (City)	\$86,294,307
Increase in Assessment (Town)	\$62,417,164
Annual Tax Rate/Assessment Increase	2%

	County	City	Town	School
Millage Rate	5.6543030	11.9800000	2.0769330	16.2211730

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town- RR	40.-3-14.2	3.26	n/a	\$6,000	\$6,000	Stone Quarry Rd
city	106.-1-8.2	31.57	462,839	\$550,000	\$1,450,000	620-640 Aurora St S
<b>Totals</b>			\$901,000	\$2,605,000	\$3,506,000	

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0													
1	100%	0%	\$86,294,307	\$62,417,164	\$840,860	\$1,033,806	\$129,636	\$2,412,274	\$4,416,576	\$4,416,576	\$0	\$103,783	\$103,783
2	90%	10%	\$88,020,193	\$63,665,507	\$857,677	\$1,054,482	\$132,229	\$2,460,520	\$4,504,908	\$4,054,417	\$450,491	\$105,859	\$556,350
3	80%	20%	\$89,780,597	\$64,938,817	\$874,830	\$1,075,572	\$134,874	\$2,509,730	\$4,595,006	\$3,676,005	\$919,001	\$107,976	\$1,026,977
4	70%	30%	\$91,576,209	\$66,237,594	\$892,327	\$1,097,083	\$137,571	\$2,559,925	\$4,686,906	\$3,280,834	\$1,406,072	\$110,136	\$578,826
5	60%	40%	\$93,407,733	\$67,562,346	\$910,174	\$1,119,025	\$140,322	\$2,611,123	\$4,780,644	\$2,868,387	\$1,912,258	\$112,338	\$2,024,596
6	50%	50%	\$95,275,888	\$68,913,593	\$928,377	\$1,141,405	\$143,129	\$2,663,346	\$4,876,257	\$2,438,129	\$2,438,129	\$114,585	\$2,552,714
7	40%	60%	\$97,181,406	\$70,291,864	\$946,945	\$1,164,233	\$145,991	\$2,716,613	\$4,973,782	\$1,989,513	\$2,984,269	\$116,877	\$3,101,146
8	30%	70%	\$99,125,034	\$71,697,702	\$965,884	\$1,187,518	\$148,911	\$2,770,945	\$5,073,258	\$1,521,977	\$3,551,281	\$119,214	\$3,670,495
9	20%	80%	\$101,107,534	\$73,131,656	\$985,201	\$1,211,268	\$151,890	\$2,826,364	\$5,174,723	\$1,034,945	\$4,139,778	\$121,599	\$4,261,377
10	10%	90%	\$103,129,685	\$74,594,289	\$1,004,905	\$1,235,494	\$154,927	\$2,882,891	\$5,278,217	\$527,822	\$4,750,396	\$124,031	\$4,874,426
11	0%	100%	\$105,192,279	\$76,086,175	\$1,025,003	\$1,260,203	\$158,026	\$2,940,549	\$5,383,782	\$0	\$5,383,782	\$126,511	\$5,510,293
12	0%	100%	\$107,296,124	\$77,607,898	\$1,045,503	\$1,285,408	\$161,186	\$2,999,360	\$5,491,457	\$0	\$5,491,457	\$129,041	\$5,620,499
13	0%	100%	\$109,442,047	\$79,160,056	\$1,066,413	\$1,311,116	\$164,410	\$3,059,347	\$5,601,287	\$0	\$5,601,287	\$131,622	\$5,732,909
14	0%	100%	\$111,630,888	\$80,743,257	\$1,087,742	\$1,337,338	\$167,698	\$3,120,534	\$5,713,312	\$0	\$5,713,312	\$134,255	\$5,847,567
15	0%	100%	\$113,863,505	\$82,358,122	\$1,109,497	\$1,364,085	\$171,052	\$3,182,945	\$5,827,579	\$0	\$5,827,579	\$136,940	\$5,964,518
16	0%	100%	\$116,140,776	\$84,005,285	\$1,131,686	\$1,391,366	\$174,473	\$3,246,604	\$5,944,130	\$0	\$5,944,130	\$139,679	\$6,083,809
17	0%	100%	\$118,463,591	\$85,685,390	\$1,154,320	\$1,419,194	\$177,963	\$3,311,536	\$6,063,013	\$0	\$6,063,013	\$142,472	\$6,205,485
18	0%	100%	\$120,832,863	\$87,399,098	\$1,177,407	\$1,447,578	\$181,522	\$3,377,767	\$6,184,273	\$0	\$6,184,273	\$145,322	\$6,329,595
19	0%	100%	\$123,249,520	\$89,147,080	\$1,200,955	\$1,476,529	\$185,153	\$3,445,322	\$6,307,958	\$0	\$6,307,958	\$148,228	\$6,456,187
20	0%	100%	\$125,714,511	\$90,930,022	\$1,224,974	\$1,506,060	\$188,856	\$3,514,228	\$6,434,118	\$0	\$6,434,118	\$151,193	\$6,585,310
<b>Total:</b>									<b>\$107,311,187</b>	<b>\$25,808,604</b>	<b>\$81,502,583</b>	<b>\$2,521,661</b>	<b>\$83,086,863</b>

Project Costs 587,935,921

**Sales Taxes Abatement**

Category	Value	Modifier	Taxes
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FF&E	2,500,000	100%	200,000
<b>total</b>			<b>20,074,476</b>

**Mortgage Recording Tax Abatement**

Mortgage	705,523,105
<b>Tax</b>	<b>1,763,808</b>

**Summary**

25,808,604	Property Tax Abatement
20,074,476	Sales Tax Abatement
1,763,808	Mortgage Recording Tax Abatement
<b>47,646,887</b>	Total IDA Incentives
8.10%	IDA Incentives / Project Costs

**Fees**

IDA	\$4,165,516
IDA Attorney	\$2,082,758
CITAP app	\$0
IDA app	\$1,000
<b>Total</b>	<b>\$6,249,274</b>

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Brad K. Schwartz  
bschwartz@zarin-steinmetz.com

May 3, 2024

**Via Email**

Heather McDaniel, Administrative Director  
Tompkins County Industrial Development Agency  
119 East Seneca Street, Suite 200  
Ithaca, New York 14850

**Re: Application for Incentives**  
**Shift Chainworks Owner 1, LLC – SouthWorks Project**

Dear Ms. McDaniel:

This firm represents Shift Chainworks Owner 1, LLC regarding the SouthWorks Project.

SouthWorks is the planned redevelopment of the former Morse Chain/Emerson Power Transmission Plant, a 95-acre vacant industrial complex in the City and Town of Ithaca. The Project would transform this remediated site into a thriving mixed-use neighborhood of mixed-income housing, and commercial, retail and manufacturing uses, together with public amenities (such as parks/recreation trails), infrastructure upgrades, and other community benefits, including new tax revenues and jobs. The Project would adaptively reuse most of the existing buildings on the site and include several additional sustainability measures and green building practices.

Our client is pleased to submit this Application for Incentives (PILOT, Sales Tax Exemption and Mortgage Recording Tax Exemption), and we respectfully request placement on the IDA's June 12 Agenda for an initial presentation and discussion. Enclosed for the IDA's review is a completed Application and other supporting materials, including a Memorandum providing further justification for the proposed incentives, and an economic impact analysis prepared by Econsult Solutions, Inc. (note that this analysis was prepared in February 2023; certain information contained therein will be updated during the IDA process).

Thank you for the IDA's attention. We look forward to appearing on June 12 and working together with the IDA on this exciting project.

Respectfully submitted,

ZARIN & STEINMETZ LLP

By: David Steinmetz

David Steinmetz  
Brad Schwartz

cc: Russell E. Gaenzle, Esq. / Stephen Maier, Esq.  
SouthWorks Development Team



# SOUTH WORKS

## MEMORANDUM

**Date:** May 3, 2024

**To:** Tompkins County Industrial Development Agency  
c/o Ithaca Area Economic Development  
119 E Seneca St Suite 200  
Ithaca, NY 14850

**From:** SouthWorks – Shift Chainworks Owner 1, LLC  
c/o Shift Capital  
3400 J St Suite #G11  
Philadelphia, PA 19134

**RE:** Justification for Tax Incentives for SouthWorks Property

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The SouthWorks team requests that the 95-Acre SouthWorks site be placed under a PILOT at the current assessed value of \$3,506,000 for fifteen years. Over the course of those fifteen years, the project team commits to developing the SouthWorks site to its fullest potential under the approved GEIS: Creation of 915 housing units, adaptive reuse of 820,000 square feet of industrial buildings, and approximately 900,000 square feet of new construction. In total, the project will create a mixed-use, mixed-income neighborhood of approximately 1.7 million square feet, including residential, retail, commercial, industrial, and research and development space. As each subproject is completed, the commensurate value of land and improvements will be removed from the sitewide PILOT and incorporated into its own twenty-year PILOT with the following schedule: five years at 90% abatement, three years at 80% abatement, then two years each at 70%, 60%, 50%, 40%, 30%, and 20% abatement. While this is a longer, larger PILOT agreement than is typical for the Ithaca area, it represents only 11% of total project costs. Even after incorporating IDA abatements of sales and mortgage recording taxes, IDA Incentives account for less than 15% of total project costs.

These incentives are essential to the viability and velocity of the SouthWorks project. A project of this nature, size, and transformational capacity can have profound and long-lasting impacts on Ithaca and its surroundings, but also faces significant challenges due to its history, goals, and sheer scale. The SouthWorks team looks forward to working with the Tompkins County IDA to bring this transformative project to fruition.

### **Project Overview**

SouthWorks provides an exemplary opportunity to create a model development in Ithaca. It is unprecedented to have a 95-acre site within 5 minutes of a downtown area available for total and

purposeful redevelopment. The scale and complexity of the project is something that has never been seen in Tompkins County. Its current state represents approximately a decade of work to remediate the site to a residential standard, and it will take an additional decade or more to transform the site into a real neighborhood.

The development team seeks to transform an abandoned and derelict site through adaptive reuse to not only create jobs, housing and public gathering spaces but also serve as a beacon for thoughtful, inclusive development, building on the priorities of Ithaca. The need for public subsidy is born out of the site's inherent challenges and our team's aspirations to make it a high-impact, inclusive development. While it would be far easier to fully demolish the existing industrial buildings and limit the new development to market-rate ground-up development, the project team is committed to building a mixed-use, mixed-income, adaptive-reuse neighborhood that addresses the needs of the Ithaca community. Below is a summary of key elements & benefits, as well as the corresponding challenges and cost drivers for SouthWorks.

### **Key Elements & Objectives**

#### **Adaptive Reuse**

The site has been abandoned for over a decade and was constructed from 1906 to 1970. During that time, as manufacturing needs evolved and grew, new buildings were added on to existing buildings creating one giant complex cluster. This makes modern uses hard to achieve. The simplest path by far would be to demolish all existing industrial buildings, but the development team is committed to adaptive reuse of these historic resources. To create a viable development in the historic core, selective demolition to facilitate light and air as well as pedestrian circulation is required. This kind of selective removal poses significant financial risk to the development entity, given the interrelated structures that compose the complex.

#### **Infrastructure**

As one might assume given the age of the factory complex, the existing infrastructure is outdated and obsolete. The site start-up costs for improving infrastructure, making necessary energy upgrades to support both the project and the surrounding neighborhood, and coordinating with municipalities, will be extensive and expensive. The 50-year-old water main, thought to have been repairable, has had over 100 breaks and is situated on bedrock. The full water main and fire loop will need complete replacement. Electrification and compliance with Ithaca's energy goals will require extensive upgrades to infrastructure across the core. Stormwater at the site will need to be carefully managed, with steep slopes and elevation changes on the order of 350 feet. With Ithaca College and the South Hill Business Park located above the site, and the neighborhood below in the city that has been adjusted to be a flood zone, it will require extensive coordination. A thorough and detailed evaluation of the site's infrastructure needs is currently being conducted as part of an Appalachian Regional Commission grant (\$250,000).

#### **Environmental Remediation**

In addition to the extensive remediation already conducted over the last 10 years, additional remediation of asbestos, lead, and PCBs inside the existing buildings is required for construction. The site has a 4,000-page Site Management Plan from the Department of Environmental Conservation (DEC) and their consultants WSP Global. Every time a shovel goes in the ground, third party monitoring is required and an extensive permitting and reporting process is required. Furthermore, vapor mitigation systems must be integrated into the design of the existing buildings.

Any remediation undertaken by the development team is not eligible for the Brownfield Cleanup Program. In addition, any environmental contamination not identified and documented by the prior owner's environmental consultants becomes the responsibility of the development team. This potential liability risk is one of the largest barriers to development, limiting access to capital and requiring as much de-risking as possible.

### **Sustainability**

The development team has developed a comprehensive and ambitious sustainability strategy for the site that focuses on energy, water, waste, and mobility. The team worked with Buro Happold, an internationally recognized environmental firm, to formulate specific strategies and goals that will align with and further the goals Ithaca has set out. Such strategies will serve to benefit not only the project but Ithaca as a whole by reducing energy usage, preventing flooding, reducing truck traffic, and lowering municipal costs. The SouthWorks team will ensure development on the site is net-zero-ready, as well as ensuring it reduces water use, waste generation, and consumption of fossil fuels. Additional details are available in the attached executive summary by Buro Happold, with the full report available upon request.

### **Mixed Income Housing**

The site plan anticipates building or retrofitting approximately 915 new units of housing. In keeping with our vision for a thriving neighborhood, our plan is to offer mixed-income housing ranging from affordable units to market rate options. The team is also exploring creating "workforce" housing. This "missing middle" housing would be available for those who may not qualify for traditional affordable housing, but who are unable to afford market-rate rents in the area (serving those earning 80-120% of Area Median Income). As there are limited subsidies for workforce housing, yet an identified need in the community, this is a key area where local incentives such as those administered by the IDA can make possible the kind of development that meets community needs.

### **Workforce Development**

The site will be under construction for over 10 years. With this comes a need for construction companies and a construction workforce. Building 21, a 40,000 square foot office building downhill from the primary complex and integrated into Ithaca's street grid on Turner Place, will be devoted to a construction accelerator and a construction workforce training program. The SouthWorks team has signed a letter of intent with a workforce development tenant for three of the four floors of the building, and is exploring supportive uses, such as a possible daycare, for the remaining floor.

Additionally, US Ceiling, a partner on the development team, has a strong track record of hiring and growing small subcontracting businesses. US Ceiling helps grow these businesses by mitigating their risks, paying them weekly, and helping to manage cash flow. Some of these companies started at \$30,000 annually and some are now making close to \$1 million annually. Developing businesses and a workforce that lives and works locally is a key goal of the project.

### **Business Growth and Retention**

Ithaca is a place for incubation of businesses in technology and other industries. However, retention of these businesses is relatively low as they tend to relocate to common innovation centers such as Denver, Austin, and Boston – in part because of a lack of available space for their businesses to stay and grow in Ithaca. SouthWorks is in a unique position to provide an abundance of space for small, growing businesses to remain in Ithaca, and offer an attractive ecosystem and neighborhood amenities.

The development team's strategy is based on survey data from graduates of Cornell's programs CREA, REV, Praxis, and the Center for Life Science Ventures. There is market demand but serving this sector comes with several challenges, including:

- Startup and early-stage businesses need to keep rent costs low
- Startup and early-stage businesses are not able to commit to long lease terms
- Startup and early-stage firms are not credit tenants
- The space for a subsector of these startups – such as those focused on life sciences that need high end lab space – is expensive to build (\$1,000+ per square foot).

The development team is excited to create a home and ecosystem for startups and early stage companies which will help contribute to a thriving Ithaca in the long term.

#### **Public Amenities: Micro-mobility connector and open space**

The site is 95 acres with 32 developable acres. This allows for a plethora of opportunities for circulation and recreation at the site. A central objective in planning the site is to promote its connection to the surrounding neighborhoods with an emphasis on micro-mobility. The goal is to transform the currently walled-off site into a key circulatory connector on South Hill.

The site has over 4 miles of internal roads and will require sidewalks and extensive infrastructure upgrades. These are normally municipal costs, but the SouthWorks team is responsible for providing this infrastructure through a mix of public and private non-municipal sources. The site also has four new major intersections that will connect with Rt96B. In addition to promoting micro-mobility, the development team will work with TCAT to ensure public transit options are also incorporated into the site.

A key feature of the site plan is also ample open space to allow for residents and visitors to gather and enjoy the outdoors. The development team will construct the missing link in the Gateway Trail passes which will connect the South Hill Recreation Way with the Black Diamond Trail and Buttermilk Falls State Park, allowing for walking and biking throughout the city and a new level of connectivity.

#### **Economic and Employment Impacts – EConsult (third party study)**

This project would not happen but for the contemplated tax incentives to help with the property tax burden as the full economic impacts are realized. In a 2023 third-party commissioned report by EConsult Solutions (attached), the following data was produced based on a project budget of \$378 million, now estimated to be \$580+ million. The economic benefits and job creation far exceed the proposed tax incentives.

Estimated Total Economic Impact:

- City of Ithaca - \$218.4 million (One-Time) + \$159.4 million (Annual)
- Town of Ithaca - \$159.4 million (One-Time) + \$406.7 million (Annual)
- Tompkins County - \$500.1 million (One-Time) + \$724.3 million (Annual)
- New York State - \$553 million (One-Time) + \$843 million (Annual)

The indirect impacts that result from direct construction expenditures include spending on goods and services among vendors within the specified geography. For example, a construction company hired to

work in SouthWorks may purchase materials from a local manufacturer, thereby creating indirect impacts in the local economy. As purchasing continues to recirculate throughout the economy, spending spreads beyond the local geography in which the direct spending occurred (in this case, City of Ithaca and Town of Ithaca) and into surrounding geographies, causing indirect impacts to grow in broader geographies (Tompkins County and the State).

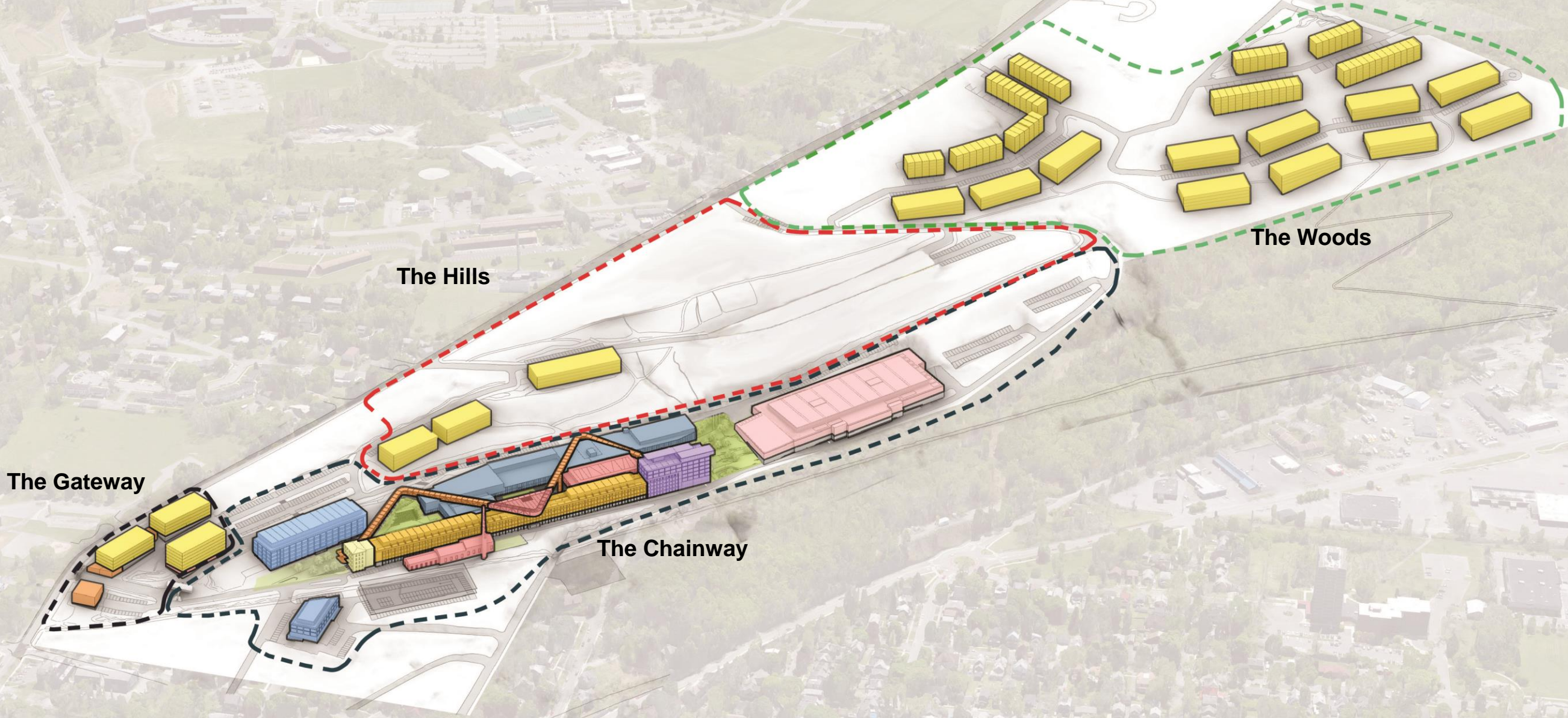
Additionally, direct construction expenditures are used in part to hire employees, who then spend their wages on goods and services in the local economy. These expenditures make up the induced impacts from direct spending. For example, a contractor working on the construction of SouthWorks may buy lunch from a local restaurant. As with indirect impacts, induced impacts grow as spending recirculates and spreads to larger geographies beyond the geography in which the direct spend occurred.

#### Estimated Jobs During 10-year Construction Period

- City of Ithaca – 2,310 FTE
- Town of Ithaca – 1,630 FTE
- Tompkins County – 4,650 FTE
- New York State – 5,180 FTE

#### Estimated Permanent Jobs Supported Annually (Direct & Indirect)

- City of Ithaca – 950 FTE
- Town of Ithaca – 510 FTE
- Tompkins County – 2,320 FTE
- New York State – 2,860 FTE



The Hills

The Woods

The Gateway

The Chainway

**Tompkins County Industrial Development Agency /  
Tompkins County Development Corporation  
Application for Incentives**

Date: April 29, 2024

**I. APPLICANT INFORMATION (company receiving benefit)**

Name of Company/Applicant: Shift Chainworks Owner 1, LLC  
 Owner: Shift Capital, LLC  
 Address: 620 South Aurora Street  
 City: Ithaca State: NY Zip: 14850  
 Primary Contact (First, Last): Robert Lewis  
 Phone: (423)838-3547 Email: rlewis@shiftcapital.us Fax: ( ) -

**If a separate company will hold title to/own the property, please provide the name and contact information for that entity:**

Name of (Holding) Company: Shift Chainworks Owner 1, LLC (same as above)  
 Owner: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
 Primary Contact (First, Last): \_\_\_\_\_  
 Phone: ( ) - Email: \_\_\_\_\_ Fax: ( ) -

Describe the terms and conditions of the lease between the applicant and the owner of the property:  
  
 There is no lease; the applicant is the owner of the property.

**Select the type of incentives being requested (select all that apply):**

- Tax-Exempt Bonds  Taxable Bonds
- Real Property Tax Exemption
  - Standard Tax Exemption (7-year)
  - Other (attach justification)
  - CIITAP:  7-year
  - CIITAP:  10-year (requires determination of financial need – see CIITAP for details)
- Sales Tax Exemption  Mortgage Recording Tax Exemption

**Applicant Attorney:** Zarin & Steinmetz LLP

Address: 81 Main Street, Suite 415

City: White Pl. State: NY Zip: 10533

Primary Contact (if different from above:): David Steinmetz & Brad Schwartz

Phone: (914)682-7800 Email: bschwartz@zarin-steinmetz.com Fax: ( ) -

**Applicant Accountant:** \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Primary Contact (if different from above:): \_\_\_\_\_

Phone: ( ) - Email: \_\_\_\_\_ Fax: ( ) -

**Applicant Engineer/Architect (if known):** Mutliple, TBD

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Primary Contact (if different from above:): \_\_\_\_\_

Phone: ( ) - Email: \_\_\_\_\_ Fax: ( ) -

**Applicant Contractor (if known):** Multiple, TBD

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Primary Contact (if different from above:): \_\_\_\_\_

Phone: ( ) - Email: \_\_\_\_\_ Fax: ( ) -

**II. BUSINESS HISTORY**

Year company was founded: 2022 NAICS Code: 531110

Type of ownership (i.e., C-Corp, LLC): LLC

*Describe in detail company background, products, customers, goods, and services:*

The SouthWorks development team is a partnership that brings together extensive experience in development, construction, and placemaking, along with proven track records in delivering equitable community-serving projects. The values-aligned team is led by SHIFT Capital, a nationally recognized neighborhood investment group who executes real estate projects and financing strategies that create equitable and mixed-income communities for the long-term. SHIFT is partnering with L Enterprises, US Ceiling Corp and Xylem bringing together a diverse team across disciplines, generations, and project experiences with a collective vision to create places and spaces where people come first, and communities thrive.

**SHIFT Capital (majority partner)**



SHIFT Capital, led by Brian Murray, is a Certified B Corporation missioned to build just and equitable neighborhoods that create shared and sustainable economic opportunity and growth that impacts and unites people, businesses, neighborhoods, and cities. Shift is an integrated long-term commercial real estate investor. The Company has a proven track record and a strong reputation for equitable real estate development. Shift owns and manages just under 2 million square feet of real estate, with \$358 million of assets under management, including commercial, residential, mixed-use, and vacant land. SHIFT is experienced in every level of real estate development, including investment management, impact measurement, development, construction, leasing, property management, and community engagement. The Company has developed a reputation for transforming former manufacturing facilities into heavily demanded work and residential properties.

#### Select Projects – SHIFT Capital

##### *Sharswood Ridge*

2077 Ridge Avenue Philadelphia PA - 200,000 square feet with grocery store, urgent care, banking; garage and surface parking; 98 mixed market rate and affordable residences. Project Cost: \$52,000,000 Status: Completed 2022

##### *MaKen Studios North*

3525 I Street Philadelphia PA - 112,295-square-foot adaptive reuse of an industrial building transformed into 74 studios and offices housing makers, artists, and community-serving organizations, and full-floor FAME event space. Project Cost: \$21,000,000 Status: Completed 2017

##### *MaKen Studios South*

3401 I Street Philadelphia PA - 146,000-square-foot adaptive reuse of an industrial building transformed into 26 studios and offices housing light manufacturing, and community-serving and non-profit organizations. Project Cost: \$24,000,000 Status: Completed 2021

##### *J-Central*

3400 J Street Philadelphia PA - 155,000-square-foot adaptive reuse of a historic industrial building transformed into 116 mixed-income loft styled residences and 34,000 square feet of ground floor retail and workspaces. Project Cost: \$26,000,000 Status: Completed 2021

#### **L Enterprises**

L Enterprises (through its subsidiary Unchained Properties, LLC), led by David Lubin (125 employees), have over 50 years of development, adaptive reuse, and property management experience, focused in New York's Southern Tier and Pennsylvania. He currently holds over 500k square feet of real estate in his portfolio. For the SouthWorks Project, David has led the strategy and site planning on the site for more than a decade, investing \$5.7 million to advance the Project to its current stage.

#### Select Projects – David Lubin

##### *Harold's Square*

125 East State St. Ithaca, NY - Harold's Square is a 12-story structure with 180,000 square feet of total space on the Ithaca Commons. It includes 43 one-bedroom units, 29 two-bedroom units, six micro-units and commercial space including 70,000 square feet of retail and 47,000 sq ft of office space.

##### *Hampton and Hilton Garden Inns*

Hilton Garden Inn located in Big Flats, Hampton Inns in Big Flats and Oneonta. Approximately 115,000 sq. ft.

##### *Valley View Business Park*

525-acre business park and residential development in Athens Township, Pennsylvania, which secured multiple occupants including Mill's Pride lumber mill (now MASCO), Camco, a tool and die manufacturer, and the Chesapeake Energy Corporation residential training facility and corporate headquarters. This project brought 600 jobs to the area.

##### *Guthrie and Medical*

115,000 sq. ft. of medical offices with an ambulatory surgical center in Big Flats.

## **US Ceiling Corp (MWBE)**

US Ceiling Corp, led by Melissa James-Geska, is an award-winning New York State Certified Minority- and Woman-owned Business Enterprise, committed to creating inclusive, equitable employment opportunities and communities that thrive. The Company's workforce development program, USC Academy, provides skilled trades and soft skills training, promoting the construction industry to those looking for a viable career path while strengthening in the USC team.

### Select Projects – US Ceiling Corp

#### *The House of Alpha- Ithaca, NY*

US Ceiling Corp is acting as general contractor for the founding chapter of Alpha Phi Alpha's™ physical residence hall and program house, the "House of Alpha," located in Ithaca's Cornell Heights Historic District. The project is a historic renovation of a 15-bedroom, 11,000 square foot residence for the Alpha Light Fund. Alpha Light Fund Inc. [alphalightfund.org] is a 501c3 nonprofit organization committed to supporting initiatives and projects that improve the lives of young African Americans and Black communities.

#### *Bull's Head Revitalization- Rochester, NY*

USC is a part of the development team (along with Shift Capital) - DevelopROC- that was selected by the City of Rochester, NY to develop a 12-acre urban revitalization mixed use development in the historic Bull's Head neighborhood in downtown Rochester, NY.

#### *Aptitude Rochester- Roc River Apartments – Rochester, NY*

USC is a self-performing subcontractor who performed the drywall, insulation, acoustical ceiling installation and air sealing for six student housing buildings that include 202 housing units on a 37-acre parcel in Rochester, NY near the RIT campus.

#### *Paychex Junior Achievement Discovery Center- Rochester, NY*

USC is a self-performing subcontractor who performed the framing, drywall, insulation, acoustical ceilings, and finish carpentry scopes of work in the Eastman Business Park at Kodak Center in Rochester, NY. At this center, students learn how to manage budgets and understand their local economy.

## **Xylem Projects (MWBE)**

Xylem Projects, led by Nnenna Lynch, is a mission-driven real estate development and investment firm dedicated to preserving housing and creating high-impact mixed-use projects that enable people and neighborhoods to prosper. Lynch previously was the head of Development at Georgetown Company where she oversaw almost \$2B worth of development. Guided by the four pillars of community enrichment, design, sustainability, and innovation, Xylem seeks to make investments that help communities thrive. Xylem is a New York City and New York State Certified Minority- and Woman-owned Business Enterprise.

### Select Project – Xylem Projects

#### *Carmen Villegas Apartments*

The 28-story Carmen Villegas Apartments (CVA) will offer 216-units of affordable senior housing, ground floor commercial, and community facility space in the East Harlem neighborhood of Manhattan. Named for prominent local activist, the late Carmen Villegas, this corner lot development will be a high-profile testament to the vibrancy of the neighborhood, and a support for those who have spurred the area's vitality for so long. The development will be built to Passive House standards and utilize geothermal and solar energy; it will include a second phase sustainable retrofit of the neighboring Casita Park Apartments with the goal of bringing the two buildings to net-zero operational carbon.

**Major Customers:**  
 In Ithaca, customers will include industrial and commercial businesses, along with residential tenants from a wide range of incomes, with a focus on those making moderate income (80-120% of area median income). In addition, the site will be open to the public with retail, hospitality, and recreation uses. The Gateway Trail will transverse the lower portion of the property, allowing for circulation from Ithaca’s larger trail network to state parks and Buttermilk Falls.

**Major Suppliers:**  
 We will make every effort to purchase construction materials from local suppliers.

Has your business ever received incentives that required job creation?  Yes  No

If yes, please describe: \_\_\_\_\_

Were the goals met?  Yes  No

If no, why were the goals not met? \_\_\_\_\_

Annual sales to customers in Tompkins County: NA

Percent of annual sales subject to local sales tax: NA %

Value of annual supplies, raw materials and vendor services that are purchased from firms in Tompkins County: \$35M

**III. PROJECT DESCRIPTION AND DETAILS**

Project Location (all addresses and tax parcels): 620 S Aurora Street Tax Parcel 106.-1-8.2  
 810 Danby Rd Tax Parcel 40.-3-3  
 Stone Quarry Rd Tax Parcel 40.-3-14.2

Property Size (acres): existing: 95 proposed: 95

Building Size (square feet): existing: 820,000 proposed: 1,700,000

Proposed Dates: start: Q3 2024 end: 2039

**Please provide a narrative of the Project and the purpose of the Project (new build, renovations, and/or equipment purchases, etc.). Identify specific uses occurring within the Project. Describe any and all tenants and end users:**

SouthWorks is the redevelopment of the former Morse Chain/Emerson Power Transmission plant, a 95-acre and 820,000+ square-foot vacant and dilapidated industrial complex, located in both the City and Town of Ithaca, New York. The development team's vision is to transform the former industrial site into a mixed-use neighborhood with a dynamic mix of uses including housing, commercial, retail and manufacturing to accommodate everything from tech companies to maker spaces. The existing buildings have been vacant for 12 years and will mostly be adaptively reused. In addition to the existing buildings, approximately 900,000 square feet of new development will be constructed throughout the site in both the City and Town of Ithaca. At completion, the project will provide 1.7 million square feet of residential, commercial, and industrial space.

Over the last 10 years, the site has been remediated by Emerson and L Enterprises and taken through the full SEQRA and site plan approval process. The environmental remediation was completed and approved by the New York State Department of Environmental Conservation (DEC) and approval of a Site Management Plan was received in October 2022. The Final GEIS was accepted, and the findings adopted by the City in March 2019. The new ownership team completed the closing in December 2022. The full build-out of SouthWorks will take approximately ten to fifteen years to complete.

### **Sitewide Infrastructure**

The sitewide infrastructure project includes evaluation of the existing infrastructure and developing an engineering report for the design of all infrastructure systems. The existing buildings were built in phases between 1904 and the 1970's and have aging and obsolete infrastructure that needs to be evaluated and upgraded. In addition, there will be approximately 1M square feet of new building that will need new infrastructure developed.

The investigation phase will include the following, partially funded by an Appalachian Regional Commission grant -

- Existing Conditions Survey of entire site
- Locating (including depth) and mapping of all existing utilities
- Public Water System evaluation and modeling
- Sprinkler and Fire Loop design
- Sanitary Sewer evaluation and modeling
- Storm Sewer evaluation and modeling
- Stormwater modeling and development of a Stormwater Pollution Prevention Plan (SWPPP) for proposed Master Plan
- Testing and evaluation of existing energy/electric infrastructure and future development network including energy generation
- Heating and cooling systems
- Transportation – Roadways and circulation, Traffic Demand Management Plan.
- Broadband and telecommunications systems planning and design.
- Natural gas evaluation for tenant uses only for manufacturing or light industrial use.
- Sustainability Planning – Energy, Waste, Micro-mobility, EV charging, microgrid feasibility

Project Status – RFQ and RFP Process complete, with an engineering team led by Fagan Engineering chosen to begin work. Work began in March 2024 and a final report on infrastructure needs is expected in October 2024.

## **The Woods**

The site includes an approximately 20-acre area of woods (12 buildable) that have never been built upon or contaminated and therefore are not governed by the Site Management Plan. This subarea is expected to include a mix of townhouses and multifamily buildings for a total of 450 residential units and 365,000 square feet. A portion of the townhouses may be made available for purchase.

Project Status – The ownership team is interviewing potential partners for an initial mixed-income portion of the Woods to be financed through New York State Homes and Community Renewal. Estimated groundbreaking of Spring 2026 with a 2-year construction period.

## **The Gateway**

This project includes the design and construction of three multi-family mixed-use but mostly residential buildings (145,000 square feet and 115 units), plus the development of three existing commercial buildings (168,900 square feet) for a total of 313,900 square feet. The project includes incorporation of an Innovation Hub and a Workforce Development Center, adaptive reuse projects (one of which will be LEED), and one commercial new construction building. This subarea will include 800+ feet of the Gateway Trail.

## **The Chainway**

The Chainway project includes the adaptive reuse of 820,000 square feet of former industrial buildings into a dynamic mix of industrial, commercial, and residential spaces. Industrial spaces are available for lease now, with the select buildings identified below planned for renovation as tenants are secured. The Chainway will include approximately 600,000 square feet of industrial and commercial space alongside approximately 200,000 square feet of rental residential space with additional amenity and circulation spaces. Initial subprojects based on tenant interest are outlined below:

### Tenant Based Projects within the Chainway

- Building 21 – 43,400 square feet – Renovation of space for a workforce and office center
- Building 33 – 22,000 square feet – Renovation of loading docks
- Building 34 – 148,100 square feet - Renovation of space for manufacturing/warehousing
- Building 35 – 25,100 square feet - Renovation of space for a construction tenant
- Building 1 – 16,000 square feet - Renovation of space for office use

## **The Hills**

This subarea sits above the Chainway near Aurora Street, overlooking the historic structures and the city. After being used to stage and support construction across the rest of the site, this subarea will become home to approximately 200 units of housing across three or more multifamily buildings.

Is there a likelihood that the Project would not be undertaken but for the financial assistance provided by the Agency?  Yes  No

If yes, describe the reasons why the Agency's financial assistance is necessary and the effect the Project will have on the Applicant's business or operations. Focus on competitiveness issues, project shortfalls, etc.:

SouthWorks provides a clear opportunity to create a transformational and model development in Ithaca. The development team seeks to transform an abandoned and derelict site to create a project that not only creates jobs, housing and public gathering spaces but is a beacon for thoughtful, inclusive development building on the priorities of Ithaca. It is rare to have a 95-acre site within five minutes of a downtown area available for total and purposeful redevelopment. The scale and complexity of the project is something that has never been seen in Tompkins County.

However, the scope and scale of this site bring with it accompanying challenges. It has taken over a decade for the development team to even close on the property, after executing a purchase agreement on the project in 2013. It will take an additional approximate seven to ten years to complete the project. The site will require significant infrastructure work to make redevelopment possible, and the financial burden of that work is unpredictable and significant. Additionally, any adaptive reuse project entails additional risks and costs, and the risks and costs of repurposing an 820,000 square foot amalgamation of buildings constructed from 1906 to 1970 are profound.

#### **Key Priorities**

- Adaptive Reuse of Site and Building Infrastructure
- Environmental Remediation
- Sustainability and Climate Change
- Mixed-Income Housing

#### **Other Economic Challenges**

- Workforce Development Center
- Tech Transfer Hub – Space for Start-Up Ecosystem: Low Rents and Short Leases
- Public Amenities: Parks and Recreation that drives costs and provides no revenue
- Cultural Center Development
- Infrastructure Development Cost

These key priorities and economic challenges are further detailed in the attached justification memo.

If no, provide a narrative indicating why the Project should be undertaken by the Agency: N/A

If the Applicant is unable to obtain financial assistance for the Project what will be the impact on the County/City/Town/Village?

Absent financial assistance, the project will not occur as a full neighborhood development. The 3,940 FTE temporary jobs created over the course of the project will not be created. The 1,115 permanent jobs created by the operational neighborhood will likewise not be created (job estimates from 2023 Econsult study, attached).

Alternatives could include the following:

1. Sub-dividing and selling portions of the property for development, likely resulting in market rate housing development, and forgoing much of the adaptive reuse and community driven development.
2. Chainway/Factory is not developed. Given the extent of the cost of this portion of the redevelopment, it would remain abandoned.
3. Demolition of core buildings by a new developer. Any new owner would need to start their environmental due diligence and repeat the site plan approval process.
4. Doing nothing and leaving the site. More than \$500MM in direct development costs will not be realized. There will be no increase in the property tax base, costing Ithaca's taxing jurisdictions \$46 million. There will be no increase in the housing supply, costing Ithaca 915 housing units. There will be no increase in permanent onsite jobs, costing Ithaca 1,115 jobs from stabilized operations and \$85MM in annual employee compensation (Econsult study, attached). There will be a lost opportunity for a new live/work/play neighborhood and adaptive reuse of the existing buildings.

### **Describe what green building practices you plan to use:**

The development will use principles from LEED (Zero Energy, Zero Waste, and Neighborhood Development), International Living Future Institute (ILFI), Passive House, WELL (Building Certification and Communities), TRUE (Zero Waste and Construction), and Living Building certifications, on both individual building construction and sitewide. Sitewide sustainability certifications take a holistic approach across a broad range of focus areas beyond building addressing areas such as scale, location, design, infrastructure, air and water quality, equity, placemaking, as well as community health and happiness.

The Ithaca Energy Code Supplement requires all new buildings to meet net-zero energy requirements by 2026 as part of the Green New Deal. The Town of Ithaca and Tompkins County have identified clear targets and pathways to achieve similar goals.

Working with Buro Happold and Taitem Engineering as environmental consultants on the SouthWorks project, we were able to devise the following Sustainability Goals and Targets in the areas of Energy, Water and Stormwater, Materials and Waste, Mobility, and additional focus areas. Potential methods to achieve these goals are also shown below, and more information is available in the attached report from Buro Happold.

#### **ENERGY**

##### Goals

- Ensure all construction on site is net-zero-ready
- Reduce reliance on fossil fuels
- Prioritize onsite renewable energy sources such as solar, wind, geothermal, and maximizing waste heat capture
- Reduce energy consumption through passive design and energy efficient technologies

**Targets**

- Net Zero Energy – Produce as much renewable energy as is needed onsite in one year, and if possible, Net Positive Energy

**Methods**

- Passive design
- Full electrification (except for industrial/manufacturing uses when required by a tenant)
- Heat pumps/Electric HVAC
- District thermal network
- Geothermal energy
- Solar PV
- Batter Storage
- Hydrogen production

**WATER****Goals**

- Reduce potable water demand and maximize water use efficiency
- Manage and reuse stormwater onsite, prioritizing green infrastructure

**Targets**

- Meet all non-potable water demands with recycled water

**Methods**

- Low flow water fixtures
- Water efficient appliances and equipment
- Rainwater capture and reuse
- Greywater recycling

**MATERIALS AND WASTE****Goals**

- Minimize waster generation and optimize material reuse
- Maximize diversion/reduce waste sent to landfill
- Maximize onsite organic waste treatment
- Prioritize sustainable building materials and minimize construction and demolition waste

**Targets**

- Achieve 75% total waste diversion from landfill
- Divert 100% of organics from landfill
- Divert 50% of construction and demolition waste

**Methods**

- Sustainable procurement strategy
- Multi-stream waste collection and informative signage
- Centralized waste collection operations
- On-site organics treatment
- Construction and demolition waste management
- Work with local re-use organizations such as Ithaca Re-Use to minimize demolition waste

**MOBILITY****Goals**



- Promote the use of alternative modes of transportation, such as bike, shuttle, and other micro mobility options for overall trips
- Provide a safe and accessible environment for everyone in and surrounding the project
- Enhance connectivity to the surrounding community through infrastructure improvements including pedestrian connections such as the Gateway Trail.

**Targets**

- Achieve ~80% sustainable mode usage on site internal trips
- Increase objective and perceived safety amongst all user groups and residents
- Increase external trip sustainable mode choice options by 50%

**Methods**

- Shared mobility hubs (bikeshare, carshare, scooters etc.)
- Protected micro mobility and pedestrian routes
- Adequate bike parking and storage
- Extended bus operations on site
- EV charging

**ADDITIONAL FOCUS AREAS**

- Celebrating the sites unique ecology and geology
- Supporting the local economy
- Providing career opportunities
- Providing training and jobs to local and underrepresented groups
- Supporting the existing residents and businesses in the local community

The full report by Buro Happold outlines the detailed plans and Key Performance Indicators that will be measured to achieve these goals. The executive summary is attached to this application, and the full report is available upon request.

In addition, we are working with a Federal Earmark from Senator Schumer’s office with the City of Ithaca and Standard Hydrogen to explore opportunities for hydrogen production and bus charging or grid supplementation at the site. The team will also be working with the City of Ithaca, Town of Ithaca, and Tompkins County to assess the adjacent neighborhood conditions, to see where collaboration and enhancements can make sense.

These are ambitious sustainability goals and will allow the site to be a model for future neighborhood development.

Will this project result in a regular increase in overnight visitors to your facility (e.g. for training programs)?  Yes  No

The site will include hospitality, recreation, and retail uses that will create an as-yet-undetermined increase in visitors, including overnight visitors.

If yes, number of visitors per year:     TBD    

Average duration of stays (days):     TBD    

**Occupancy**

Select Project type for all end users at Project site (select all that apply):

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Industrial            | <input checked="" type="checkbox"/> Service*, ** |
| <input type="checkbox"/> Acquisition of existing facility | <input type="checkbox"/> Back office             |

- Housing
- Multi-tenant
- Commercial
- Retail\*, \*\*

- Mixed use
- Facility for aging
- Civic facility (not for profit)
- Other

\* For Purposes of this question, the term "retail sales" means (1) sales by a registered vendor under Article 28 of the Tax Law of New York (the "Tax Law") primarily engaged in the retail sale of tangible personal property (as defined in Section 1101(b)(4)(i) of the Tax Law, or (2) sales of a service to customers who personally visit the project location.

\*\* If Applicant checked "retail" or "service," complete the Retail Questionnaire contained in Section X.

List the name(s), nature of business of proposed tenant(s), and percentage of total square footage to be used for each tenant (additional sheets may be attached, if necessary):

<b>Business</b>	<b>Nature of Business</b>	<b>% of total square footage</b>
1. <u>Housing</u>	<u>Mixed Income</u>	<u>1,000,000 (59%)</u>
2. <u>Commercial</u>	<u>All uses inc. tech</u>	<u>450,000 (26.5%)</u>
3. <u>Industrial/Manu.</u>	<u>Light manufacturing</u>	<u>250,000 (14.5%)</u>

**IV. PROJECT COSTS AND FINANCING**

	Amount (\$)
Land and/or Building Acquisition: <u>95</u> acres <u>820,000</u> square feet	<u>\$6,800,000</u>
New Building Construction: <u>900,000</u> square feet	<u>\$216,482,000</u>
Building Addition(s): <u>0</u> square feet	<u>\$0</u>
Infrastructure Work:	<u>\$51,730,000</u>
Reconstruction/Renovation: <u>800,000</u> square feet	<u>\$145,840,000</u>
Manufacturing Equipment:	<u>\$0</u>
Non-Manufacturing Equipment (furniture, fixtures, etc.):	<u>\$2,500,000</u>
Soft Costs (professional services, etc.):	<u>\$164,584,000</u>
Other (Specify): _____	<u>\$</u>
<b>TOTAL:</b>	<b><u>\$587,936,000</u></b>

Have any of the above costs been paid or incurred as of the date of this application?  Yes  No

If yes, describe particulars:  
 The applicant has spent approximately \$9MM in pre-development expenses. Additionally, the prior owner has spent tens of millions of dollars in environmental remediation expenses.

**Sources of Funds for Project Costs**

Bank Financing	<u>\$352,762,000</u>
Equity	<u>\$181,974,000</u>

Tax Exempt Bond Issuance (if applicable)	\$0
Taxable Bond Issuance (if applicable)	\$0
Public Sources (Include sum total of all state and federal grants and tax credits)	\$53,200,000

Identify each State and federal grant/credit:

<u>State: NYSERDA, ESD, DOT</u>	<u>\$15,000,000</u>
<u>Federal Tax Credits, including LIHTC</u>	<u>\$10,000,000</u>
<u>Housing and Community Renewal</u>	<u>\$21,100,000</u>
<u>Grants, Including URI/DRI</u>	<u>\$7,100,000</u>

Total sources of funds for Project costs: \$587,936,000

Project refinancing of existing debt only (estimated): \$0

Amount of anticipated financing from a lending institution: \$ 352,762,000

*Note: The applicant must inform the TCIDA/TCDC at the time of issuance of commitment letter if the financing will exceed the amount stated here.*

**V. VALUE OF INCENTIVES**

**Property Tax Exemption:** *(Agency staff will fill out property tax exemption information based on information submitted by the applicant).*

Please see attachment.

**Assumptions:** \$\_\_\_\_\_ Value of increase in assessment  
 \_\_\_\_\_ Annual increase in assessment/tax rate

**New taxes paid:** \$ \_\_\_\_\_ **Taxes Abated:** \$ \_\_\_\_\_

Year	County	School	City/Town	Village	Total	County	School	City/Town	Village	Total
1										
2										
3										
4										
5										
6										
7										

Total  
s

If the applicant is requesting incentives that are greater than the Agency's Standard Tax Exemption (7 years), please provide a description of the incentive and a justification:

Please see attached justification memo.

**Sales and Use Tax Benefit:**

Gross amount of costs for goods and services that are subject to State and local sales and use tax – said amount to benefit from the Agency's sales and use tax exemption benefit:

\$  
250,931,000

Estimated State and local sales and use tax benefit (product of sales and use tax amount as indicated above multiplied by 8%)

\$  
20,074,500

*Note: The estimate provided above will be provided to the New York State Department of Taxation and Finance and represents the maximum amount of sales and use tax benefit that the Agency may authorize with respect to the application.*

**Mortgage Recording Tax Benefit:**

Mortgage Amount (include construction/permanent/bridge financing/refinancing):

\$  
705,523,000

Estimated mortgage recording tax exemption benefit (product of mortgage amount as indicated above multiplied by .0025):

\$  
1,764,000

**Complete for bond applicants only:** *(Projected 25 year borrowing term)*

	<b>Without Bonds</b>	<b>With Bonds</b>
First Year Debt Service	\$ _____	\$ _____
Total Debt Service	\$ _____	\$ _____

**Percentage of Project costs financed from public sector:**

A. Total Project Cost	<u>\$587,936,000</u>
B. Estimated Value of PILOT	<u>\$63,055,000</u>
C. Estimated Value of Sales Tax Incentive	<u>\$20,074,500</u>
D. Estimated Value of Mortgage Tax Incentive	<u>\$1,764,000</u>
E. Total Other Public Incentives	<u>\$53,200,000</u>

Calculation of percentage of Project costs financed from public sector: 23.5%  
(Total B + C + D + E above / Total Project Cost)

**VI. EMPLOYMENT INFORMATION**

*Note: Annual employment reporting will be required during the course of the abatement.*

Describe the benefits you offer to your employees:

Describe the internal training and advancement opportunities you offer to your employees:

**Employment Plan** – There will be indirect permanent employment on the site in this community development project, rather than direct, on-site employment by the applicant. The 2023 Econsult Study, attached, estimates 1,115 permanent jobs from operations at an average compensation of \$76,990 per year.

Occupation in Company	Current (Retained) Permanent FTE* Jobs		Projected New Permanent FTE* Jobs			
	Average Annual Salary Ranges/ Hourly Wage	Number of Employees	Year 1	Year 2	Year 3	Total New Jobs
Professional						
Clerical						
Sales						
Services						
Construction						
Manufacturing						
High Skilled						
Medium Skilled						
Basic Skilled						

<b>Other (describe)</b>						
<b>Total</b>						

\* Full Time Equivalent (FTE) employee is equal to 40 hours a week worked. Two or more Part-time employees whose total weekly hours add up to 40 hours are counted as one FTE.

What percentage of your current positions are occupied by women? \_\_\_\_\_ %

What percentage of your current positions are occupied by minorities? \_\_\_\_\_ %

Estimated percentage of new hires who would be unemployed at time of hire \_\_\_\_\_ %

Estimate the number of residents of the labor market area in which the Project is located that will fill the projected new jobs to be created. *(The Agency defines the labor market area as Tompkins County and the contiguous counties; Cayuga, Seneca, Schuyler, Chemung, Tioga, and Cortland Counties) n/a*

Are you willing to pay a livable wage, as defined by the Alternatives Federal Credit union (AFCU) of Ithaca, NY to all employees for the duration of the abatements?  Yes  No

If no, estimate the percentage of the current workforce whose wages meet or exceed the livable wage, as defined by AFCU. \_\_\_\_\_ %

Please describe your strategy for ensuring diversity in hiring: The ownership entity includes two MWBEs: US Ceilings Corp and Xylem Projects. In addition, the ownership entity seeks to partner with a broad array of NYS certified Minority-Owned Business Enterprises (MBEs), Women-Owned Business Enterprises (WBEs), and locally owned companies in the design, development, construction, and property management of the project.

**VII. CONSTRUCTION LABOR**

*Note: Applicants will be required to comply with the Agency's Local Labor Utilization Policy.*

**Will you use contractors who:**

- Have a certified apprenticeship program  Yes     TBD     %  No
- Pay a prevailing wage  Yes     TBD     %  No
- Use local labor  Yes     75     %  No

**Estimate the number of construction jobs**     3,940    

**VIII. ENVIRONMENTAL REVIEW AND PERMITTING**

Environmental Assessment Form -  Short Form  Long Form FGEIS

Submitted to:     City of Ithaca    

Agency Name:     Planning and Development Board

Agency Address: 108 East Green StreetCity: Ithaca State: NY Zip: 14850Date of submission: 1/5/2016Status of submission: findings completed  
3/27/19

*The Applicant must comply with the State Environmental Quality Review Act (SEQRA) before the Agency can vote on proposed financial incentives. It is the applicant's responsibility to provide a copy of the-SEQRA determination by another entity.*

Please describe any short-term construction impacts or other long-term impacts to existing or adjacent businesses/tenants as well as any mitigations that were identified as part of the environmental review and or permitting process:

The City of Ithaca as lead agency, identified mitigation measures in the SEQR/CEQRA findings in the areas of: land use and zoning, land, water resources, vegetation and fauna, public health and environment, historic resources, transportation and circulation, utilities, air quality, visual and aesthetic resource, community services, open space and recreation, and construction activities. Full report available from applicant or City upon request.

**Permits:** Describe other permits required and status of approval process.

<b>Permit</b>	<b>Status</b>
1. <u>PUD/PDZ</u>	<u>Passed/Accepted, Sept. 2019 / Sept. 2021</u>
2. <u>Preliminary Site Plan Approval</u>	<u>Awarded August 2019</u>
3. <u>DEC Record of Decision (ROD)</u>	<u>Amended September 2021</u>
4. <u>Final Site Plan Approval</u>	<u>Multiple Expected Starting in 2025</u>

### Permits and approvals -

#### DEC

- Modified Boundaries - October 2018
- Amended Record of Decision - September 2021
- Approval of Site Management Plan - October 2022

#### City of Ithaca

- SEQRA - March 2019
- Planned Unit Development Zone (PUD) - September 2019
- Phase 1 Site Plan Approval - August 2019
- Subdivision Approval - August 2020

#### Town of Ithaca

- SEQRA - September 2021
- Planned Development Zone (PDZ) - September 2021

#### Future Permits

- Anticipated Construction & Demolition Permit - Spring 2025
- City and Town of Ithaca - Site Plan Amendments – projected 2025

**IX. OTHER**

Do you have anything else you would like to tell the TCIDA regarding this project?  
 The SouthWorks project is the largest redevelopment that Ithaca will undertake. It will be transformational, not only for the site, but for the community itself. It promises a vibrant new neighborhood that will support the local economy and community, providing quality jobs from those that require a high school diploma to high tech positions that support the regional industry booms. There is a commitment from the ownership team, two businesses of which are MWBE, to address concerns that plague Ithaca. Using a mission-driven development model, the site can be a model for repurposing dilapidated property purposefully using the following pillars:

1. Adaptive Reuse
2. Workforce Development
3. Mixed-income housing
4. Sustainability
5. Innovation

**X. RETAIL QUESTIONNAIRE (Fill out if end users are “retail” or “service” as identified in Section III)**

To ensure compliance with Section 862 of the New York General Municipal Law, the Agency requires additional information if the proposed Project is one where customers personally visit the project site to undertake either a retail sale transaction or to purchase services.

- A. Will any portion of the Project (including that portion of the cost to be financed from equity or other sources) consist of facilities or property that are or will be primarily used in making sales of goods or services to customers who personally visit the project site?  Yes  No

If yes, please continue. If no, do not complete the remainder of the retail questionnaire and proceed to the next section of the application.

*For Purposes of this question, the term “retail sales” means (1) sales by a registered vendor under Article 28 of the Tax Law of New York (the “Tax Law”) primarily engaged in the retail sale of tangible personal property (as defined in Section 1101(b)(4)(i) of the Tax Law, or (2) sales of a service to customers who personally visit the project location.*

- B. What percentage of the cost of the Project will be expended on such facilities or property primarily used in making sales of goods or services to customers who personally visit the Project? 26.5 %

If the answer is less than 33.33% do not complete the remainder of the retail determination and proceed to the next section of the application.

If the answer to Question A is Yes AND the answer to Question B is greater than 33.33%, indicate which of the following questions below apply to the Project:

1. Will the Project be operated by a not-for-profit corporation?  Yes  No
2. Is the Project location or facility likely to attract a significant number of visitors from outside Tompkins County?  Yes  No

If yes, please provide a third party market analysis or other documentation supporting your response.



3. Will the Project make available goods or services which are not currently reasonably accessible to the residents of the municipality within which the proposed Project would be located?  Yes  No

If yes, please provide a third party market analysis or other documentation supporting your response.

4. Will the Project preserve permanent, private sector jobs or increase the overall number of permanent, private sector jobs in the State of New York?  Yes  No

If yes, explain: \_\_\_\_\_

**XI. INTER-MUNICIPAL MOVE DETERMINATION**

The Agency is required by State law to make a determination that, if completion of a Project benefiting from the Agency financial assistance results in the removal of an industrial or manufacturing plant of the Project occupant from one area of the State to another area of the State or in the abandonment of one or more plants or facilities of the project occupant located within the State, Agency financial assistance is required to prevent the Project occupant from relocating out of the State, or is reasonably necessary to preserve the Project occupant’s competitive position in its respective industry.

Will the Project result in the removal of an industrial or manufacturing plant of the Project occupant from one area of the state to another area of the State?  Yes  No

Will the Project result in the abandonment of one or more plants or facilities of the Project occupant located within the State?  Yes  No

If yes to either question explain how notwithstanding the aforementioned closing or activity reduction the Agency’s financial assistance is required to prevent the Project from relocating out of the State or is reasonably necessary to preserve the Project occupant’s competitive position in its respective industry:

Does the Project involve relocation or consolidation of a Project occupant from another municipality:

Within New York State:  Yes  No

Within County/City/Town/Village:  Yes  No

If yes to either question above, please explain: \_\_\_\_\_

## XII. PAYMENT IN LIEU OF PROVIDING AFFORDABLE HOUSING UNITS

If this project is subject to a payment in lieu of providing affordable housing units on site per the Workforce Housing Policy, when will the payment be made?

It is the applicant's intention to develop a mix of affordable and market rate units such that at least 20% of the units are affordable as defined in the TCIDA's Workforce Housing Policy (available to households earning 80% of area median or below and subject to a regulatory agreement by another entity for a period of at least 20 years). Portions of the project may be subdivided and/or sold to outside entities that develop and manage affordable rental housing to achieve these results. Upon project completion the applicant will make a payment in lieu commensurate with any shortfalls in the 20% affordable requirement.

### REPRESENTATIONS, CERTIFICATIONS AND INDEMNIFICATION

Brian Murray (name of CEO or other authorized representative of Applicant) confirms and says that he/she is the Authorized Signatory (title) of Shift Chainworks Owner 1, LLC (name of corporation or other entity) named in the attached Application (the "Applicant"), that he/she has read the foregoing Application and knows the contents thereof, and hereby represents, understands, and otherwise agrees with the Agency and as follows:

- A. Job Listings. In accordance with Section 858-b(2) of the New York General Municipal Law, the applicant understands and agrees that, if the proposed Project receives any Financial Assistance from the Agency, except as otherwise provided by collective bargaining agreements, new employment opportunities created as a result of the proposed Project must be listed with the New York State Department of Labor Community Services Division (the "DOL") and with the administrative entity (collectively with the DOL, the "JTPA Entitle") of the service delivery area created by the Federal Job Training Partnership Act (Public Law 97-300) ("JTPA") in which the proposed Project is located.
- B. First Consideration for Employment. In accordance with Section 858-b(2) of the General Municipal Law, the applicant understands and agrees that, if the proposed Project receives any Financial Assistance from the Agency, except as otherwise provided by collective bargaining agreements, where practicable, the applicant must first consider persons eligible to participate in JTPA programs who shall be referred by the JTPA Entities for new employment opportunities created as a result of the proposed Project.
- C. Employment Reports. The Applicant understands and agrees that, if the proposed Project receives any Financial Assistance from the Agency, the Applicant agrees to file, or cause to be filed, with the Agency, at least annually or as otherwise required by the Agency, reports regarding the number of people employed at the project site, salary levels, contractor utilization, local construction labor utilization and such other information (collectively, "Employment Reports") that may be required from time to time on such appropriate forms as designated by the Agency. Failure to provide Employment Reports within 30 days of an Agency request shall be an Event of Default under the PILOT Agreement between the Agency and Applicant and, if applicable, an Event of Default under the Project Agreement between the Agency and Applicant.
- D. Local Labor Utilization Reporting. The Applicant understands and agrees that, if the proposed Project receives any Financial Assistance from the Agency, the Applicant agrees to comply with the Local Labor Utilization Policy, which requires providing documentation that construction bids were solicited from local firms and monthly construction labor reporting as outlined in the Policy.
- E. Diversity and Inclusion. The Applicant understands and agrees that, if the proposed Project receives Financial Assistance from the Agency, the Applicant agrees to comply with the Diversity and Inclusion

Policy, which requires owner-occupied facilities and facilities with on-site employees to join the Tompkins County Diversity Consortium and provide annual reports on the make up of the workforce and efforts to increase diversity and inclusion as outlined in the Policy.

- F. Hold Harmless Provision. The Applicant acknowledges and agrees that the Applicant shall be and is responsible for all costs of the Agency incurred in connection with any actions required to be taken by the Agency in furtherance of the Application including the Agency's costs of general counsel and/or the Agency's bond/transaction counsel whether or not the Application, the proposed Project it describes, the attendant negotiations, or the issue of bonds or other transaction or agreement are ultimately ever carried to successful conclusion and agrees that the Agency shall not be liable for and agrees to indemnify, defend, and hold the Agency harmless from and against any and all liability arising from or expense incurred by: (i) the Agency's examination and processing of, and action pursuant to or upon, the attached Application, regardless of whether or not the Application or the Project described therein or the tax exemptions and other assistance requested therein are favorably acted upon by the Agency, (ii) the Agency's acquisition, construction and/or installation of the Project described therein and (iii) any further action taken by the Agency with respect to the Project; including without limiting the generality of the foregoing, all causes of action and attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing.
- G. Sales Tax. In accordance with Section 874(8) of the General Municipal Law, the Applicant understands and agrees that, if the proposed Project receives any sales tax exemptions as part of the Financial Assistance from the Agency, in accordance with Section 874(8) of the General Municipal Law, the applicant agrees to file, or cause to be filed, with the New York State Department of Taxation and Finance, the annual form prescribed by the Department of Taxation and Finance, describing the value of all sales tax exemptions claimed by the applicant and all consultants or subcontractors retained by the applicant. Copies of all filings shall be provided to the Agency.

Applicant hereby understands and agrees, in accordance with Section 875(3) of the New York General Municipal Law and the policies of the Agency that any New York State and local sales and use tax exemption claimed by the Applicant and approved by the Agency in connection with the Project, may be subject to recapture and/or termination by the Agency under such terms and conditions as will be established by the Agency and set forth in transaction documents to be entered into by and between the Agency and the Applicant.

- H. Fees. By executing and submitting this Application, the applicant covenants and agrees to pay the following fees:
- (i) A non-refundable application fee of \$1,000 due at time of application submission.
  - (ii) An Administrative Fee in accordance with the "fees" section of the Agency's Uniform Tax Exemption Policy (UTEF) effective as of the date of this application, to be paid at transaction closing (unless otherwise outlined in the Project Agreement or authorizing resolution). This fee (unless otherwise outlined in the UTEF) will be equal to 1% of the project costs that are positively impacted by IDA incentives. This includes the value of construction or renovations of improvements to property that is impacted by property and sales tax abatement and the value of machinery, furniture, fixtures and equipment that are impacted by the sales tax abatement.
  - (iii) All fees, costs and expenses incurred by the Agency for (1) legal services, including but not limited to those provided by the Agency's general counsel or bond/transaction counsel, and (2) other consultants retained by the Agency in connection with the proposed Project; with all such charges to be paid by the Applicant at the closing or, if the closing does not occur, within ten (10) business days of receipt of the Agency's invoices therefore please note that the Applicant is entitled to receive a written estimate of fees and costs of the Agency's bond/transaction counsel; Agency transaction counsel fees shall be an amount equal to one-third (1/3) of the Agency's Administrative Fee set forth in (ii) above with a minimum fee of \$20,000 plus out of pocket expenditures unless otherwise agreed to in writing for smaller projects.

- (iv) The cost incurred by the Agency and paid by the Applicant, including bond/transaction counsel and the Agency's general counsel's fees and the processing fees, may be considered as a cost of the Project and included in the financing of costs of the proposed Project, except as limited by the applicable provisions of the Internal Revenue Code with respect to tax-exempt bond financing.

If the Applicant fails to conclude or consummate necessary negotiations, or fails, within a reasonable or specified period of time, to take reasonable, proper or requested action, or withdraws, abandons, cancels or neglects the Application, or if the Applicant is unable to find buyers willing to purchase the bond issue requested, or if the Applicant is unable to facilitate the sale/leaseback or lease/leaseback transaction, then, upon presentation of an invoice, the Applicant shall pay to the Agency, its agents or assigns, all costs incurred by the Agency in the processing of the Application, including attorneys' fees, if any.

- I. FOIL. The Applicant acknowledges that the Agency is subject to New York State's Freedom of Information Law (FOIL). Applicant understands that all Project information and records related to this application are potentially subject to disclosure under FOIL subject to limited statutory exclusions.
- J. Financial Review. The Applicant acknowledges that the Agency shall undertake an assessment of all material information included in connection with the Application for Financial Assistance as necessary to afford a reasonable basis for the decision by the Agency to provide Financial Assistance for the Project, including, but not limited to qualification of the proposed project under the GML (including any retail analysis, as applicable), conducting a full application review, review of applicant financial history and project pro-formas, and consideration of all local development priorities.
- K. The Applicant represents and warrants that the information contained in this Application, to the best of the Applicant's knowledge, is true, accurate and complete.
- L. The Applicant confirms and acknowledges that the owner, occupant, or operator receiving Financial Assistance for the proposed Project is in substantial compliance with applicable local, State and federal tax, worker protection and environmental laws, rules and regulations.
- M. The Applicant confirms and hereby acknowledges that as of the date of this Application, the Applicant is in substantial compliance with all provisions of Article 18-A of the New York General Municipal Law, including, but not limited to, the provisions of Section 859-a(5) and Section 862(1) of the New York General Municipal Law.
- N. The Applicant confirms and acknowledges that the submission of any knowingly false or knowingly misleading information may lead to the immediate termination of any Financial Assistance and the reimbursement of an amount equal to all or part of any tax exemption claimed by reason of the Agency's involvement in the Project.
- O. The Applicant and the individual executing this application on behalf of Applicant acknowledge that the Agency and its counsel will rely on the representations and covenants made in this application when acting hereon and hereby represents that the statements made herein do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements contained herein not misleading.

Signature:  \_\_\_\_\_

Print Name: Brian Murray

Title: Authorized Signatory

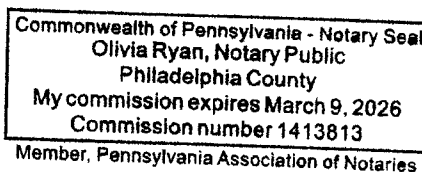
Company: Shift Chainworks Owner 1, LLC

Date: April 30, 2024

STATE OF PENNSYLVANIA )  
 ) SS.:  
COUNTY OF PHILADELPHIA )

On the 30<sup>th</sup> day of April in the year 2024 before me, the undersigned, personally appeared Brian Murray, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signatures on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Olivia Ryan  
Notary Public Olivia Ryan



**NEW YORK STATE FINANCIAL REPORTING  
REQUIREMENTS FOR INDUSTRIAL DEVELOPMENT AGENCIES**

Please be advised that the New York General Municipal Law imposes certain reporting requirements on IDAs and recipients of IDA financial assistance. Of particular importance to IDA applicants is Section 859 (copy attached). This section requires IDAs to transmit financial statements within 90 days following the end of an Agency's fiscal year ending December 31, prepared by an independent, certified public accountant, to the New York State Comptroller, the Commissioner of the New York State Department of Economic Development. These audited financial statements shall include supplemental schedules listing the following information:

1. All straight-lease ("sale-leaseback") transactions and whether or not they are obligations of the Agency.
2. All bonds and notes issued, outstanding or retired during the period and whether or not they are obligations of the Agency.
3. All new bond issues shall be listed and for each new bond issue, the following information is required:
  - a. Name of the project financed with the bond proceeds.
  - b. Whether the project occupant is a not-for-profit corporation.
  - c. Name and address of each owner of the project.
  - d. The estimated amount of tax exemptions authorized for each project.
  - e. Purpose for which the bond was issued.
  - f. Bond interest rate at issuance and, if variable, the range of interest rates applicable.
  - g. Bond maturity date.
  - h. Federal tax status of the bond issue.
  - i. Estimate of the number of jobs created and retained for the project.
4. All new straight lease transactions shall be listed and for each new straight lease transaction, the following information is required:
  - a. Name of the project.
  - b. Whether the project occupant is a not-for-profit corporation.
  - c. Name and address of each owner of the project.
  - d. The estimated amount of tax exemptions authorized for each project.
  - e. Purpose for which each transaction was made.
  - f. Method of financial assistance utilized for each project, other than the tax exemptions claimed by the project.
  - g. Estimate of the number of jobs created and retained for the project.

Please sign below to indicate that you have read and understood the above.

Signature:  \_\_\_\_\_

Print Name: Brian Murray

Title: Authorized Signatory

Company: Shift Chainworks Owner 1, LLC

Date: April 30, 2024

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**BURO HAPPOLD**

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# SouthWorks

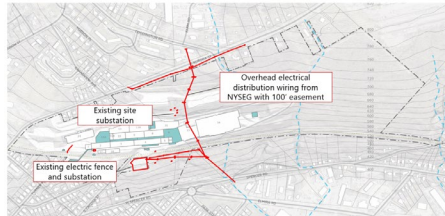
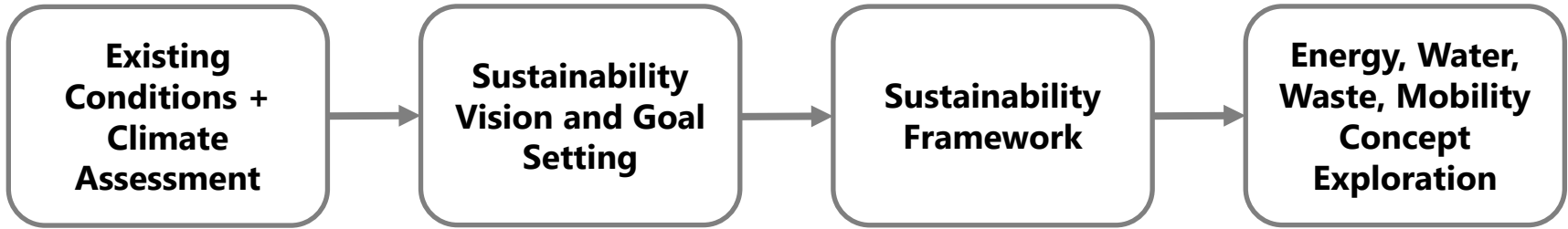
Sustainability Framework and Concepts

**June 2023**

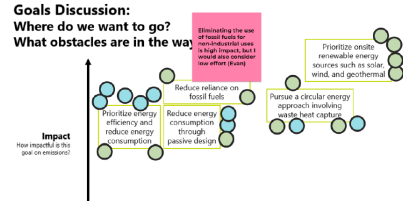
# EXECUTIVE SUMMARY



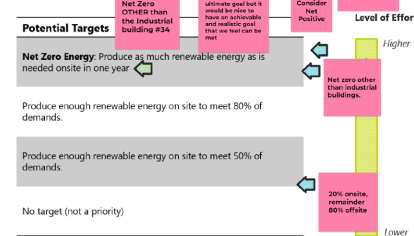
# Process Overview



### Goals Discussion: Where do we want to go? What obstacles are in the way?



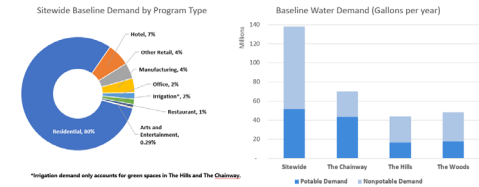
### Targets: Net Zero Energy/Prioritizing Renewables



### Southworks Sustainability Framework

Topic Area	Goal	Target
Energy	Reduce reliance on fossil fuels	Net Zero Energy - Produce as much renewable energy as is needed onsite in one year
	Prioritize onsite renewable energy sources such as solar, wind, and geothermal and maximize waste heat	Achieve a 50% EUI reduction from ASHRAE 90.1 2018 standards in all buildings
Water & Wastewater	Reduce potable water demand and maximize water use efficiency	Meet all non-potable water demands with recycled water
Materials & Waste	Manage and reuse stormwater onsite, prioritizing green infrastructure	
	Minimize waste generation and optimize material reuse	
	Maximize diversion/reduce waste sent to landfill	Achieve 75% total waste diversion from landfill

Based on NYC Local Law 84 benchmarks and average monthly irrigation rates for Syracuse, NY.



### Sustainability Strategies



# Sustainability Framework Focus Areas

## Energy

Reduce reliance on fossil fuels and prioritize onsite renewable energy

## Water & Stormwater

Reduce potable water demand, maximize efficiency and manage stormwater onsite

## Mobility

Smart site design to reduce drive-alone trips and increase multi-mode share options

## Materials & Waste

Increase diversion of waste from landfills

## Additional Focus Areas

Based on priorities from the ownership team, the following focus areas were included. The focus on Ecology & Geology should be further expanded in coordination with the landscaping plan. Initial goals were established for Local Economy & Community but can be further detailed across future phases.

### Ecology & Geology

Celebrate the unique ecology + geology of the site

### Local Economy & Community

Build on site's heritage and support the local economy of the Finger Lakes region

#### Local Economy & Community Goals

Create long-term career opportunities for people with a variety of skills

Ensure that site investments provide direct community benefit

Ensure that training and jobs are provided to local and under-represented groups

Support the existing residents and businesses in the local community

# Sustainability Goals and Targets

Topic Area	Goal	Target
Energy	Reduce reliance on fossil fuels	Net Zero Energy – Produce as much renewable energy as is needed onsite in one year
	Prioritize onsite renewable energy sources such as solar, wind, and geothermal and maximize waste heat capture	If possible, Net Positive Energy – Produce an excess of renewable energy over the course of a year
	Reduce energy consumption through passive design and energy efficient technologies	Achieve a 50% EUI reduction from ASHRAE 90.1-2016 standards in all buildings
Water	Reduce potable water demand and maximize water use efficiency	Meet all non-potable water demands with recycled water
	Manage and reuse stormwater onsite, prioritizing green infrastructure	Retain 2 times the NYS minimum runoff reduction volume
Materials & Waste	Minimize waste generation and optimize material reuse	Achieve 75% total waste diversion from landfill
	Maximize diversion/reduce waste sent to landfill	
	Maximize onsite organic waste treatment	Divert 100% of organics from landfill
	Prioritize sustainable building materials and minimize C&D waste	Divert 50% of C&D waste from landfill
Mobility	Promote the use of alternative modes of transportation, such as bike, shuttle, and other micro mobility options for overall trips	Achieve ~80% sustainable mode usage on site internal trips
	Provide a safe and accessible environment for everyone in and surrounding the project	Increase objective and perceived safety amongst all user groups and residents
	Enhance connectivity to the surrounding community through infrastructure improvements	Increase external trip sustainable mode choice options by 50%

# Local Sustainability Targets

**Town of Ithaca**



**City of Ithaca**



**Tompkins County**



**Greenhouse Gas (GHG) Emissions**

Carbon neutral by 2030

Carbon neutral by 2030

80% reduction by 2050, from 2008 levels

**Renewable Power**

100% renewable power to meet the Town's government needs by 2025

100% renewable power to meet the City's government needs by 2025

Focus of GHG emissions reductions through local renewables

**Fleet GHG Emissions**

Reduce Town fleet emissions by 50% by 2025, from 2010 levels

Reduce City fleet emissions by 50% by 2025, from 2001 levels

**Climate Smart Community certification**

Bronze Climate Smart Community (2018)

Silver Climate Smart Community (2017)

# Key Strategies

## Energy

- Passive design
- Electrification and heat pumps
- District thermal network
- Geothermal energy
- Solar PV
- Battery storage

## Water & Stormwater

- Low flow water fixtures
- Water efficient appliances and equipment
- Rainwater capture and reuse
- Greywater recycling

## Mobility

- Shared mobility hubs
- Protected micro mobility and pedestrian routes
- Adequate bike parking and storage
- Extended bus operations on site
- EV charging

## Materials & Waste

- Sustainable procurement strategy
- Multi-stream waste collection and informative signage
- Centralized waste collection operations
- On-site organics treatment
- Construction and demolition waste management

# Key Performance Indicators

Topic Area	Target	Key Performance Indicators
Energy	Net Zero Energy – Produce as much renewable energy as is needed onsite in one year	<ul style="list-style-type: none"> <li>On-site renewable generation capacity (MW)</li> <li>Amount of renewable energy produced on-site (MWh)</li> <li>Amount of renewable energy used on-site (MWh)</li> <li>Percent of energy use generated by renewables (%)</li> </ul>
	If possible, Net Positive Energy – Produce an excess of renewable energy over the course of a year	
	Achieve a 50% EUI reduction from ASHRAE 90.1-2016 standards in all buildings	<ul style="list-style-type: none"> <li>Energy use intensity by building (kBtu/sf)</li> <li>Overall site energy use intensity (kBtu/sf)</li> </ul>
Water	Meet all non-potable water demands with recycled water	<ul style="list-style-type: none"> <li>Potable water use (MGY)</li> <li>Non-potable water use (MGY)</li> <li>Percent of non-potable demand met by recycled water (%)</li> </ul>
	Retain 2 times the NYS minimum runoff reduction volume	<ul style="list-style-type: none"> <li>Runoff reduction volume (acre-ft)</li> </ul>
Materials & Waste	Achieve 75% total waste diversion from landfill	<ul style="list-style-type: none"> <li>Total waste generated (tons)</li> <li>Diversion rate by material stream (%)</li> </ul>
	Divert 100% of organics from landfill	<ul style="list-style-type: none"> <li>Compostables/organics recovery rate (%)</li> </ul>
	Divert 50% of C&D waste from landfill	<ul style="list-style-type: none"> <li>Construction waste generated (tons)</li> <li>Construction and demolition diversion rate (%)</li> </ul>
Mobility	Achieve ~80% sustainable mode usage on site internal trips	<ul style="list-style-type: none"> <li>Mode share for sustainable modes, i.e. public transit, walking, biking, carpool (%)</li> </ul>
	Increase objective and perceived safety amongst all user groups and residents	<ul style="list-style-type: none"> <li>Number of accidents caused by vehicles</li> </ul>
	Increase external trip sustainable mode choice options by 50%	<ul style="list-style-type: none"> <li>Mode share for external trips (%)</li> <li>Frequency of transit (stops/day)</li> </ul>

# Key Takeaways

## Energy

- Energy efficiency strategies at the building and district-scale, combined with solar PV and geothermal can meet net zero/net positive energy targets.
- District thermal network should be explored in the Chainway to maximize thermal energy efficiency.
- Geothermal could potentially provide 80% of Chainway's thermal needs, but more exploration of local geology is needed to confirm.

## Water & Stormwater

- 25% reduction in water consumption is ideal to meet reuse and non-potable demand target.
- Rainwater harvesting is an important water management strategy as it offers reuse and stormwater management benefits.
- A combined rainwater and greywater reuse approach can meet all non-potable demands on-site.
- Green infrastructure alone cannot meet site stormwater management target. However, it must be prioritized and maximized to earn fee credits from the City of Ithaca.

## Mobility

- Current site understood as 'car-dominated' leading to negative safety and environmental implications.
- A dramatic shift in access to and provided infrastructure for alternative modes is desirable to change mode behavior and choice.
- This shift in mode choice and behavior to directly contribute to objective and perceived safety amongst all use groups and residents.

## Materials & Waste

- Achieving 75% diversion will require increased education and a change in waste disposal behavior by tenants and visitors
- Centralizing waste collection operations can save space and reduce large truck traffic through the site
- Opportunities exist to process organic waste on site through composting and anaerobic digestion
- Construction and demolition (C&D) waste should be repurposed on site or otherwise recycled



# Recommended Next Steps

## Energy

- Complete techno-economic analysis to define technologies/ scale of thermal network
- Conduct borehole testing to confirm feasibility of geothermal energy on site
- Additional shading studies to refine solar PV sizing
- Battery sizing study to ensure 24/7 clean energy

## Water & Stormwater

- Complete cost-benefit assessment to support selection of water reuse strategy
- Conduct hydraulic and hydrologic modeling to determine sewer infrastructure routing
- Define land cover typologies to refine green infrastructure solutions

## Mobility

- Phasing strategies for parking and access control
- Street light improvements at main drive aisles
- Bus extension strategy and locations
- Short- and long-term bike parking integration
- Bus shuttle planning

## Materials & Waste

- Select preferred waste collection strategy in alignment with site phasing and program
- Coordinate with licensed waste haulers to advance waste management approach
- Further explore onsite waste treatment options
- Refine construction and demolition waste management plan

# Selection of Funding Opportunities

## Energy

- Inflation Reduction Act Tax Credits
  - 179D – Energy Efficient Commercial Buildings Deduction
  - 45 – Clean Electricity Production Credit
  - 48 – Clean Electricity Investment Credit
  - 45L – New Energy Efficient Home Credit
- Infrastructure Investment and Jobs Act\*
  - Pumped Storage Hydropower Wind and Solar Integration and System Reliability Initiative

## Water & Stormwater

- Infrastructure Investment and Jobs Act\*
  - Clean Water Infrastructure Resiliency and sustainability Program
  - Sewer Overflow and Stormwater Reuse Municipal Grants
  - Pilot Program for Alternative Water Source Projects
  - Stormwater Control Infrastructure Project Grants

## Mobility

- Infrastructure Investment and Jobs Act\*
  - Congestion Mitigation and Air Quality Improvement Program
  - Safe Streets and Roads for All Grant Program

## Materials & Waste

- Infrastructure Investment and Jobs Act\*
  - Consumer Recycling Education and Outreach Program

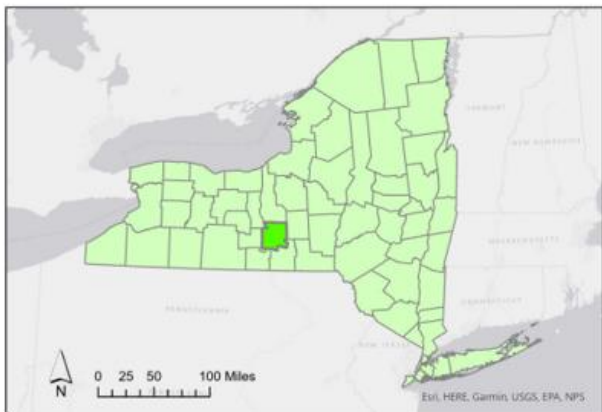
*\* applicability depends on coordination with Town/City/State*

# Memorandum

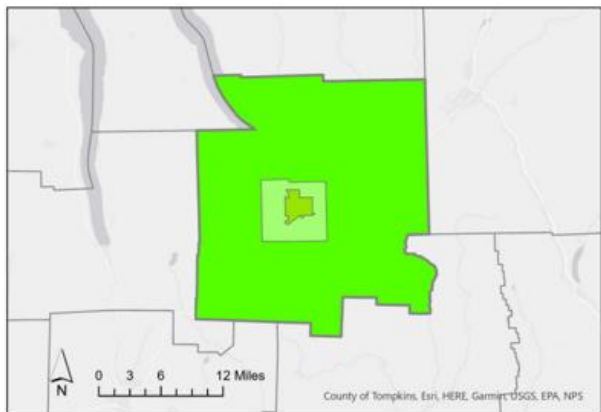
To: SHIFT Capital  
From: Econsult Solutions, Inc.  
Date: February 21, 2023  
RE: Economic Analysis of Ithaca SouthWorks Project FINAL

## 1 Purpose

SouthWorks, formerly known as Chainworks District, is a mixed-use development proposed for the former Emerson Power Transmission plant located in Ithaca, NY by Shift Capital, in partnership with L Enterprises, US Ceiling Corp, and Xylem Projects. The development team seeks to capitalize on the site’s location in close proximity to downtown Ithaca, Ithaca College, and Cornell University to transform the current vacant industrial site into a mixed-use development, incorporating residential, retail, office, and industrial uses. It will also represent a considerable amount of upfront and ongoing commercial activity, which translates into jobs and tax revenues at the local and state level, as well as economic opportunity for its immediate surroundings. For this study, the geographies of interest are the City of Ithaca, Town of Ithaca (the project is located in both municipalities), Tompkins County, and New York State.



Legend:  
New York Counties (white outline)  
New York State (light green fill)  
Tompkins County (bright green fill)



Legend:  
New York Counties (white outline)  
city (bright green fill)  
town (lighter green fill)  
Tompkins County (bright green fill)

The purpose of this technical memo is to articulate the economic impact of SouthWorks at a local and state level. It is broken into the following quantitative sections:

RE: Economic Analysis of the Ithaca SouthWorks Project FINAL  
Date: February 21, 2023

- An overview of SouthWorks as a development project, in terms of its size, construction costs, and ongoing uses.
- The economic footprint represented by its upfront construction costs and ongoing operating activities into the total economic impact they will produce within the City and Town of Ithaca, as well as the County, inclusive of jobs and labor income supported, plus tax revenue impact they will have on the New York State government, in the form of wage/income tax revenues, sales tax revenues, and business income tax revenues. A section at the end of this technical memo describes in further detail the full methodology of the input-output analysis.

Importantly, SouthWorks' contribution to the local and state economy extends well beyond these immediate and tangible benefits of jobs created and tax revenues generated. Those societal impacts are examined in the following ways:

- At a local level, upfront and ongoing activity represents economic opportunity for local residents (in the form of jobs) and local vendors (in the form of procurement), and the project also promises many additional benefits for the community around it, such as the Gateway Trail completion and workforce development opportunities.
- At a regional level, the project is expected to attract innovation activity that strengthens the area's position in the global competition for human and financial capital, and thus enhances the region's ability to produce, attract, and retain additional innovation activity. This will be done with strategies including sustainability, micro-mobility, and affordable housing, among others.

Beyond these immediate and tangible economic impacts, the proposed development promises to lift up the region as a whole by adding to its overall economic competitiveness. In the global competition for households, businesses, financial capital, and economic activity, Southworks' relative attractiveness is enhanced by the kinds of things that this project will bring more of to the area, namely a meaningful scale of investment representing a complementary set of uses, as well as mobility enhancements and wellness amenities.

## 2 Project Description

SouthWorks is a planned development within the City and Town of Ithaca, NY. The project consists of the redevelopment of the former Emerson Power Transmission plant, a 95-acre site containing 28 vacant buildings. In addition to the existing buildings, approximately 900,000 square feet of new development will be constructed throughout the site. The property was acquired by the developer in December 2022 and has an estimated construction start of Summer 2023.

The mixed-use master plan will be developed in phases and is estimated to take ten years. Once complete, the site will provide 1.7 million square feet of office, commercial, manufacturing, residential, and parking space (see Figure 1). The site will create opportunities to attract a diverse base of employers from large scale businesses to studio space for artists and freelancers. The housing portion of the development will have different typology options from apartments to townhomes to accommodate the growing population of Ithaca.

RE: Economic Analysis of the Ithaca SouthWorks Project FINAL  
Date: February 21, 2023

**Figure 1: Square Footage by Usage of SouthWorks**

<b>Property Type</b>	<b>Total SF</b>
Office	117,010
Office (Art Studios)	46,100
Commercial (Retail)	35,790
Commercial (Restaurant)	7,650
Manufacturing	252,510
Residential	1,155,040
Parking	85,900
<b>Total</b>	<b>1,700,000</b>

*Source: Shift Capital (2022)*

The development team has made it a priority to incorporate strategies on sustainability, workforce development, mid-income housing, and mobility for the site. As the development is being designed and planned, sustainability elements are being considered through the engagement of Buro Happold and Taitem Engineering as consultants on sustainability. The site-wide sustainability plan will focus on energy, transportation, water/sewer, and waste management. In terms of mobility, the team is looking into public transit, micro-mobility, and walkability as pillars for the development. Micro-mobility elements the team is exploring include bike-share and scooter use on the site. Additionally, the team plans to partner with leaders in affordable housing development to create a plan to create mixed-income housing. The team is particularly interested in opportunities to build middle income housing through the use of modular housing.

Per the developer's most recent plan, the project will cost an estimated \$375.3 million over the ten-year construction period. Once fully occupied, the site will support approximately 1,115 employees across the range of uses on site from office, studios, manufacturing, retail, restaurant, to hospitality and residential. These estimates were developed using industry standards of anticipated building uses from the project developer. With any large development such as SouthWorks, there are immediate impacts from construction and ongoing operations on the local and regional economies. Every direct dollar spent ripples through the economy, generating business activity and supporting employment across various sectors beyond those involved in direct construction or operations transactions. Given the characteristic of the site, located in two different jurisdictions, the impact of the project has been split between impacts to Ithaca City and impacts to Ithaca Town based on the location of each building within each jurisdiction. The development which falls within the boundaries of Ithaca Town was considered to impact the town; the development falling within Ithaca City is considered to impact the city. The information on the location of each building was provided by the developer team.

### **3 Potential Impact from Construction**

According to data provided by Shift Capital, the total cost of construction for the development will be approximately \$375.3 million, or \$220 per square foot. This total includes land acquisition, as well as all

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Date: February 21, 2023

hard and soft construction costs and the cost of parking and green space. For analysis purposes, not all costs are included in the input-output model. Because input-output models use the direct purchase of goods and services within the geographies of interest to estimate the ripple effect of spending throughout the economy, costs such as land acquisition, financing, and carry costs are not considered direct purchases of goods and services and are therefore excluded from the model. In total, the modeled amount of construction activity is \$343.5 million (see Figure 2).

**Figure 2: Direct Capital Investment**

Category	Ithaca City Cost (\$M)	Ithaca Town Cost (\$M)	Total Cost (\$M)	Included in Model
Soft Costs	\$6.7	\$5.8	\$12.5	Yes
Hard Costs	\$184.0	\$137.9	\$321.8	Yes
Tenant Improvements	\$4.6	\$4.6	\$9.1	Yes
Land/acquisition	\$3.9	\$3.3	\$7.2	No
Financing	\$12.3	\$10.6	\$22.9	No
Permits/fees/taxes	\$0.9	\$0.8	\$1.7	No
Total Development Cost	\$212.4	\$163.0	\$375.3	
Total Modellable Cost	\$195.3	\$148.2	\$343.5	

Source: Shift Capital (2022)

### 3.1 Direct, Indirect, and Induced Economic Impacts of Construction

The total modeled amount of construction activity, \$343.5 million, will generate an estimated one-time total economic impact of \$218.4 million in Ithaca City and \$159.4 million in Ithaca Town over the length of the construction period. Additionally, the construction is estimated to support 2,310 full-time equivalent (FTE) jobs in Ithaca City and 1,630 FTE jobs in Ithaca Town with an aggregate employee compensation of \$75.4 million for Ithaca City and \$52.9 million for Ithaca Town.<sup>1</sup> The economic impact in Tompkins County over the construction period is estimated to be \$500.1 million, which will support 4,650 FTE jobs with an aggregate employee compensation of \$161.3 million. Lastly, the economic impact in the State of New York over the construction period is estimated to be \$553 million, which will support 5,180 FTE jobs with an aggregate employee compensation of \$177.1 million (See Figure 3 for economic impact in Ithaca City and Ithaca Town and Figure 4 for economic impact in Tompkins County and New York State).

- The **indirect impacts** that result from direct construction expenditures include spending on goods and services among vendors within the specified geography. For example, a construction company hired to work in SouthWorks may purchase materials from a local manufacturer, thereby creating indirect impacts in the local economy. As purchasing continues to recirculate throughout the economy, spending spreads beyond the local geography in which the direct

<sup>1</sup> All job estimates throughout the analysis are full-time equivalent (FTE) to the overall total number of jobs supported.

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Date: February 21, 2023

spending occurred (in this case, Ithaca City and Ithaca Town) and into surrounding geographies, causing indirect impacts to grow in broader geographies (Tompkins County and New York State).

- Additionally, direct construction expenditures are used in part to hire employees, who then spend their wages on goods and services in the local economy. These expenditures make up the **induced impacts** from direct spending. For example, a contractor working on the construction of SouthWorks may buy lunch from a local restaurant. As with indirect impacts, induced impacts grow as spending recirculates and spreads to larger geographies beyond the geography in which the direct spend occurred.

**Figure 3: Economic Impact of Upfront Construction Activity – City and Town**

<b>Economic Impact</b>	<b>Ithaca City</b>	<b>Ithaca Town</b>	<b>Ithaca City and Town</b>
Direct Output (\$M)	\$195.3	\$148.2	\$343.5
Indirect & Induced (\$M)	\$23.1	\$11.1	\$34.2
Total Output (\$M)	\$218.4	\$159.4	\$377.8
Employment Supported (FTE)	2,310	1,630	3,940
Employee Compensation (\$M)	\$75.4	\$52.9	\$128.3

*Source: Econsult Solutions (2022), IMPLAN (2019)*

**Figure 4: Economic Impact of Upfront Construction Activity – County and State**

<b>Economic Impact</b>	<b>Tompkins County</b>	<b>New York State</b>
Direct Output (\$M)	\$343.5	\$343.5
Indirect & Induced (\$M)	\$156.6	\$209.5
Total Output (\$M)	\$500.1	\$553.0
Employment Supported (FTE)	4,650	5,180
Employee Compensation (\$M)	\$161.3	\$177.1

*Source: Econsult Solutions (2022), IMPLAN (2019)*

The direct spending during construction, including wages paid to construction workers, and the indirect and induced economic activity will generate tax revenues to the State. Accounting for business, sales, and wage tax, the potential fiscal impact to the State over the construction period is approximately \$10.1 million.

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Date: February 21, 2023

### Figure 5: Fiscal Impact of Upfront Construction Activity for New York State

Tax Type	Total (\$M)
Income	\$6.3
Sales	\$0.8
Business	\$3.1
Total Tax Revenue	\$10.1

Source: Econsult Solutions (2022), IMPLAN (2019), New York State Comptroller (2022)

### 3.2 Industry Distribution of Employment Impact of Construction

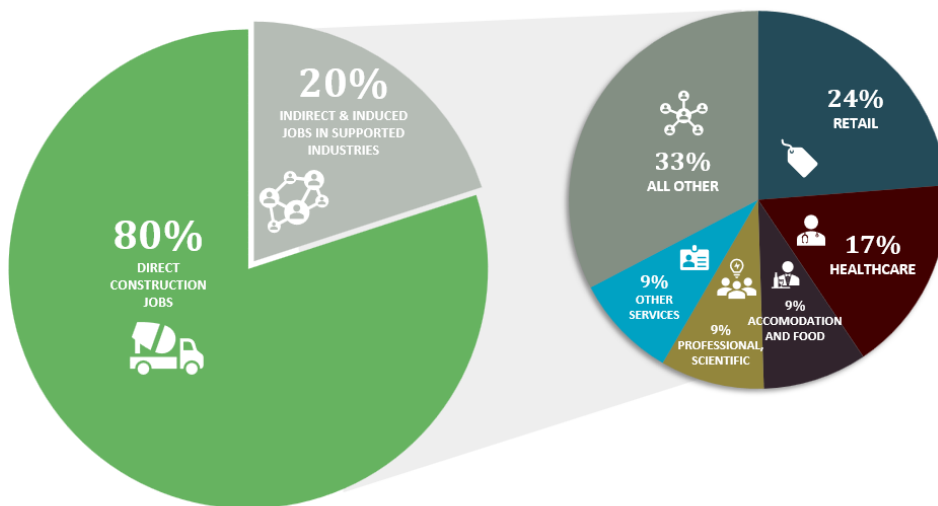
The economic impacts associated with the upfront capital investment affect a wide range of industries, far beyond the construction sector. While the construction industry is the largest individual beneficiary from these investments, other industries including health care, retail, administrative services, the professional and scientific professions, and accommodation and food services also see significant benefits from the indirect (supply chain) and induced (labor income) impacts of the capital activity. In other words, various industries such as retail are supported when a general contractor purchases paint and other materials, supporting a hardware store, or in accommodation and food, when a construction worker goes out and spends their earnings on groceries.

Figure 6 shows the proportion of the total employment associated with SouthWorks' capital investment that accrues in and beyond the construction industry within the county. In Tompkins County, approximately 20 percent of the employment supported by capital investments is in sectors outside of construction.



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**Figure 6: Industry Distribution of Employment Generated by SouthWorks’ Construction within Tompkins County**



Source: Econsult Solutions (2022)

#### 4 Potential Impacts from Operations

To estimate the annual direct economic impact of the operations of SouthWorks, ESI used industry-standard estimates of square footage per employee by use type to calculate the approximate volume of the building at full capacity (see Figure 7). The number of employees by space was then entered into IMPLAN to generate estimates for direct operating activity of the property (see Figure 8). The average annual compensation per employee at SouthWorks is estimated to be \$76,990.<sup>2</sup>

**Figure 7: Employee Estimation by Use for SouthWorks**

Property Type	Total SF	Total Employment (FTE)	Ithaca City Employment (FTE)	Ithaca Town Employment (FTE)
Office	117,010	365	365	0
Commercial (Retail)	35,790	80	50	30
Commercial (Restaurant)	7,650	30	30	0
Manufacturing	252,510	530	150	380
Artist Studios	46,100	65	65	0
Residential	1,155,040	45	20	25
<b>Total</b>	<b>1,700,000</b>	<b>1,115</b>	<b>680</b>	<b>435</b>

Source: Shift Capital (2022), Econsult Solutions (2022), IMPLAN (2019)

<sup>2</sup> Compensation per employee is an estimate of wages in addition to fringe benefits.

RE: Economic Analysis of the Ithaca SouthWorks Project FINAL  
Date: February 21, 2023

**Figure 8: Direct Annual Employment and Operations Estimates for SouthWorks**

	Direct FTE Employment	Employee Compensation (\$M)	Avg Employee Compensation
Office	365	\$36.2	\$99,170
Office (Art Studios)	65	\$6.8	\$104,060
Commercial (Retail)	80	\$4.8	\$59,660
Commercial (Restaurant)	30	\$1.6	\$51,810
Manufacturing	530	\$34.6	\$65,200
Property Operations	45	\$2.0	\$44,480
Total	1,115	\$85.8	\$76,990

Source: Econsult Solutions (2022), IMPLAN (2019)

#### 4.1 Direct, Indirect, and Induced Economic Impacts of Operations

The potential annual economic impact from ongoing operations at SouthWorks is \$159.4 million in Ithaca City. Operations are estimated to support 950 direct, indirect, and induced jobs with an aggregated \$61.5 million in employee compensation per year in the city. For Ithaca Town, the potential annual economic impact of operations is \$406.7 million. This is estimated to support 510 total jobs with \$31.1 million in employee compensation annually. The annual impact of operations for Tompkins County is estimated to be a total of \$724.3 million, with 2,320 jobs and \$126.6 in employee compensation. For the State of New York, the annual potential economic impact of the operations is \$843 million. The total amount of jobs supported within the region is estimated to be 2,860 and \$133.7 million in employee compensation (See Figure 9 for economic impact in Ithaca City and Ithaca Town and Figure 10 for economic impact in Tompkins County and New York State).

- As is the case with construction spending, there are **indirect impacts** that will result from expenditures associated with the ongoing operations of SouthWorks upon completion and full occupancy. For example, a security company hired to work at SouthWorks may procure employee uniforms from local vendors, creating indirect impacts in the local economy. Again, these indirect impacts will continue to grow as spending reaches economies beyond Ithaca and into other counties and economies within New York State.
- Similarly, direct operating costs for SouthWorks will include employment for the operations of the site. These employees will spend their earnings on goods and services in the local economy, creating **induced impacts**. For example, the new building manager may purchase groceries from a local market in Ithaca, which continues the spillover effects from spending on operations at SouthWorks. These induced impacts will also continue growing as spending circulates through the local economy and spills into broader areas, such as other counties within New York State.

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**Figure 9: Potential Annual Economic Impact of Ongoing Operations Upon Stabilization – City and Town**

<b>Economic Impact</b>	<b>Ithaca City</b>	<b>Ithaca Town</b>	<b>Ithaca City and Town</b>
Direct Output(\$M)	\$148.2	\$366.8	\$515.1
Indirect & Induced (\$M)	\$11.1	\$39.9	\$51.0
Total Output (\$M)	\$159.4	\$406.7	\$566.1
Employment Supported (FTE)	950	510	1,460
Employee Compensation (\$M)	\$61.5	\$31.1	\$92.6

Source: Econsult Solutions (2022), IMPLAN (2019)

**Figure 10: Potential Annual Economic Impact of Ongoing Operations Upon Stabilization – County and State**

<b>Economic Impact</b>	<b>Tompkins County</b>	<b>New York State</b>
Direct Output(\$M)	\$515.1	\$539.1
Indirect & Induced (\$M)	\$209.2	\$304.0
Total Output (\$M)	\$724.3	\$843.0
Employment Supported (FTE)	2,320	2,860
Employee Compensation (\$M)	\$126.6	\$133.7

Source: Econsult Solutions (2022), IMPLAN (2019)

Ongoing operations in the office, commercial, manufacturing, and office space will generate annual tax revenues to New York State. The following estimates are at full capacity and calculate the tax impact after incentive programs have expired. When accounting for business, sales, and wage tax, it is estimated that the potential annual fiscal impact to the State is \$9.8 million.

**Figure 11: Fiscal Impact of Operations Activity for New York State**

<b>Tax Type</b>	<b>Total (\$M)</b>
Income	\$5.6
Sales	\$0.8
Business	\$3.4
Total Tax Revenue	\$9.8

Source: Econsult Solutions (2022), IMPLAN (2019), New York State Comptroller (2022)

## 4.2 Industry Distribution of Employment Impact of Operations

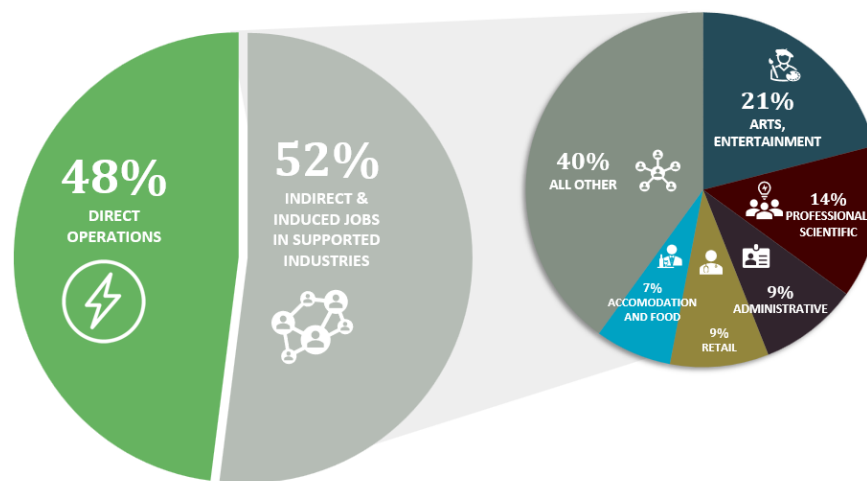
Through the purchase of goods and services from local vendors, and the spending of labor income it generates, SouthWorks' activities will have impacts on a wide variety of sectors throughout the local and state economy. While the project will comprise multiple uses, thereby creating direct jobs in a variety of sectors, the indirect and induced impacts will benefit many additional sectors as well, most significantly arts and entertainment, professional and scientific, administrative, retail, and accommodation and food.

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These top indirect and induced sectors, particularly arts and entertainment, will likely be due to the concentration of artists and galleries in the new development.

Overall, indirect and induced jobs make up 52 percent of the total employment impact in Tompkins County (see Figure 12). In other words, the industry distribution pie chart is the sum of indirect and induced industries impacted by SouthWorks' economic activity.

**Figure 12: Industry Distribution of Employment Generated from by SouthWorks' Operations within Tompkins County**



Source: Econsult Solutions (2022)

## 5 Accessible Jobs Analysis

The development of SouthWorks will also attract a wide variety of jobs to the local community including entry-level jobs, high skilled technical jobs, and entrepreneurial jobs. As such, SouthWorks development will introduce a number of accessible jobs to the nearby community through the construction and ongoing operations of the development.

Accessibility of jobs (labor demanded) to residents of the community surrounding SouthWorks (labor supplied) was determined by conservatively assigning educational attainment needed for various jobs and comparing that to the educational attainment of residents of the specified community. Three educational attainment levels were used to estimate the distribution of estimated direct jobs for SouthWorks that could be supplied by the community:

“A” – Requiring a high school diploma and/or some college

“B” – Requiring an associate, bachelor, or professional degree

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“C” – Requiring a master or doctoral degree

These categories represent the intersection of employment demand (jobs required by SouthWorks) and employment supply (the labor pool represented by the surrounding community). To maintain a conservative estimation, higher educational attainment levels than are necessary were used. Thus, results should be considered low-end estimates, with actual amounts likely to be higher.

### 5.1 Labor Demanded for Construction

It is estimated that approximately 3,745 of the direct jobs supported by the construction of SouthWorks are directly related to the construction itself. Whereas the exact distribution of type of construction job is not known, using Bureau of Labor Statistics (“BLS”) and Economic Modeling Specialists Intl (“EMSI”) data, educational levels needed for the construction jobs were estimated. As evidenced by the EMSI data, construction jobs are typically entry level. The job categories we use here are conservative; entry-level construction jobs typically do not require college credits, and in some cases, do not require a high school degree. Construction also has opportunities for advancement with on- and off-the-job training and certification for a range of specialized skills.

**Figure 13: Estimate of One-Time FTE Jobs Represented by SouthWorks' Construction, by Educational Attainment Level**

<b>Educational Attainment</b>	<b>Share of Jobs</b>	<b>Estimated Number of Jobs</b>
"A" – High school and/or some college	89%	3,333
"B" – Associate, bachelor, professional degree	10%	374
"C" – Master or doctoral degree	1%	37
<b>Total Jobs</b>	<b>100%</b>	<b>3,745</b>

*Source: Econsult Solutions (2022)*

### 5.2 Labor Demanded for Ongoing Operations

Tenants in SouthWorks will provide a diversity of job opportunities in different sectors: manufacturing, retail, restaurant, office, art and entrepreneurship. Based on possible jobs demanded by these sectors, the potential educational attainment needed to perform them was estimated using BLS estimates for expected jobs in SouthWorks. Using the same approach as was done for construction, the 1,115 direct ongoing operations jobs for Southworks were broken down by educational attainment levels (see Figure 14).

**Figure 14: Estimate of Direct FTE Jobs Represented SouthWorks' Ongoing Operations, by Educational Attainment Level**

<b>Educational Attainment</b>	<b>Share of Jobs</b>	<b>Estimated Number of Jobs</b>
"A" – High school and/or some college	56%	638
"B" – Associate, bachelor, professional degree	31%	312

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"C" – Master or doctoral degree	13%	166
Total Jobs	100%	1,115

Source: Econsult Solutions (2022)

### 5.3 Labor Supplied from the Community

To analyze labor supply and, ultimately, job accessibility, demographic information was collected from the most recent American Community Survey (ACS) data for Ithaca Metropolitan Area to understand the educational attainment, labor force participation, and household income levels of residents within the census tract where the development is located.

Based on educational attainment and labor force data for the Ithaca Metropolitan Area, the community was classified into the same educational attainment level categories as previously described to estimate the supply of labor for jobs belonging to each level (see Figure 15). Of the 53,660 residents that make up the civilian labor force of the Ithaca Metropolitan Area, it is estimated that 15,140 had completed high school and/or some college; more than 17,000 had earned an associate, bachelor, or professional degree; and nearly 18,900 had earned a master or doctoral degree.

**Figure 15: Estimate of the Number of Residents within Ithaca Metropolitan Area Who Can Perform Types "A," "B," and "C" Jobs**

	Estimated Number of Residents	Estimated Share of Residents
n/a – Less than high school	2,459	5%
"A" – High school and/or some college	15,140	28%
"B" – Associate, bachelor, professional degree	17,168	32%
"C" – Master or doctoral degree	18,892	35%
Total Labor Force	53,660	

Source: ACS Five-year Estimates (2021), Econsult Solutions (2022)

### 5.4 Job Accessibility for Construction

Accessibility criteria was assumed as maintaining roughly the same share of educational attainment capacity of the local community. Based on this, it was assumed that 30 percent of type "A" jobs for the construction of SouthWorks will be accessible to residents of the surrounding community. Following the same logic, 34 percent of type "B" jobs are estimated to go to residents, and 37 percent of type "C" jobs to go to residents. Therefore, neighborhood residents may represent approximately 1,125, or 30 percent, of the construction jobs for SouthWorks (see Figure 16).

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**Figure 16: Estimated Number of One-Time Annual Construction Jobs for Community Residents**

<b>Educational Attainment</b>	<b>Total Jobs Demanded</b>	<b>Share of Accessible Jobs</b>	<b>Estimated Accessible Jobs</b>
"A" – High school and/or some college	3,333	30%	986
"B" – Associate, bachelor, professional degree	374	34%	126
"C" – Master or doctoral degree	37	37%	14
Total Jobs	3,745		1,125
% of all jobs			30%

Source: Econsult Solutions (2022)

## 5.5 Job Accessibility for Ongoing Operations

The ongoing operations at SouthWorks are expected to provide a variety of jobs, requiring diverse levels of education. Based on the required educational attainment of these jobs, a breakdown of operation jobs based on educational attainment was done. To estimate the number of jobs that would go to the local community, the same share of employment, the share of the local split for educational attainment in the location was applied.

Overall, it is estimated that 30 percent of type “A” operations jobs at SouthWorks will be accessible to neighborhood residents, as well as 34 percent of type “B” jobs and 37 percent of type “C” jobs. Based on these estimates, neighborhood residents may represent 354, or 32 percent, of the permanent jobs created by the ongoing operations of SouthWorks (see Figure 17).

**Figure 17: Estimated Number of Permanent Ongoing Operations Jobs for Community Residents**

<b>Educational Attainment</b>	<b>Total Jobs Demanded</b>	<b>Share of Accessible Jobs</b>	<b>Estimated Accessible Jobs</b>
"A" – High school and/or some college	638	30%	189
"B" – Associate, bachelor, professional degree	312	34%	104
"C" – Master or doctoral degree	166	37%	61
Total Jobs	1,115		354
% of all jobs			32%

Source: Econsult Solutions (2022)

## 6 Regional Competitiveness

Thus far, this memo has concerned itself with the impacts directly associated with the proposed development itself, in terms of the effect it will have on the local economy through upfront construction and ongoing operations. It is important to note that another benefit of the development is its contribution to the overall economic competitiveness of the region.

In today’s knowledge-based global economy, regions compete with regions near and far, for residents and businesses and economic activity and commercial investment. The proposed development is

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additive to the region's economic competitiveness because it enhances the region in specific ways that are of increasing importance for locations of choice:

1. **Volume of activity** – Regional economies are not static, for they either thrive or stagnate in relation to their attractiveness to people and businesses alike, as far as interest in coming, staying, or investing. Adding volume of activity such as at the scale envisioned by the proposed development marks the region as one in ascendance rather than decline.
2. **Complementary uses** – The feasibility of each use in the proposed development is enhanced by the mutually reinforcing aspects of these uses. This creates a vibrant mixed-use setting that is increasingly demanded among many modern audiences, whether households or businesses, and stands in stark contrast to the isolated single-use approaches that typified development patterns in past generations. This is particularly the case with developments that are proximate to large institutions that represent a critical mass of human capital and research infrastructure.
3. **Wellness** – Particularly in response to the unprecedented public health crisis represented by the COVID pandemic, and in the midst of heightened tensions around income inequalities and racial disparities, wellness is an increasingly important part of households' and businesses' location decisions. This has led to a higher prioritization of such things as free access to recreational amenities and sustainable solutions to energy challenges, so the proposed development's investment in these things makes for a more attractive and therefore more competitive region.
4. **Mobility** – Ease and multi-modality of movement within a region is increasingly prioritized by employees and employers, so investments in things like trailways and transit help a particular development be successful but also have broader spillover effects on a region as a whole.
5. **Affordability** – Direct and indirect approaches to ensuring income diversity in residential offerings is paramount, because absent those interventions, enhancements to a region will create upward price pressures, resulting in an inequitable distribution of who actually benefits from the improvements made in an area. Conversely, the proposed development seeks to address housing affordability by being thoughtful about partnerships with affordable housing developers and by lowering construction costs on site.

The gains described above represent a set of broader, region-wide enhancements that the proposed development will help achieve. They will make the region more competitive, creating a virtuous cycle of additional investment, more enhancements, and a stronger tax base from which to make further public investments.



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## Appendix A: Scope and Methodology

ESI employs industry-standard economic modeling techniques to estimate direct economic activity generated by the proposed development and to translate that activity into total economic output, employment and associated earnings, as well as tax revenue impact. This section of the technical memo describes in more detail the approach and methodology utilized.

Economic impact estimates are generated by estimating the initial amount of direct activity occurring within each geography of interest, and then using input-output models to translate this direct economic activity into the total amount of economic activity that it supports. Expenditures within a given geography give rise to “spillover” impacts when those dollars are recirculated to suppliers and to employees within the local and state economies. In so doing, they also support additional employment and earnings, and generate tax revenue for the governments of the jurisdictions of interest.

ESI has constructed an input-output model of the local and state economies using IMPLAN software to estimate the total impact of these expenditures. The detail that follows explains briefly the theory behind input-output modeling, the mechanics of utilizing it to estimate economic and employment impacts, and the fiscal model utilized to estimate tax revenue impacts to local and state government from economic activity.

### Input-Output Modeling

In an inter-connected economy, every dollar spent generates two spillover impacts:

- First, some amount of the proportion of that expenditure that goes to the purchase of goods and services gets circulated back into an economy when those goods and services are purchased from local vendors. This represents what is called the “**indirect effect**,” and reflects the fact that local purchases of goods and services support local vendors, who in turn require additional purchasing with their own set of vendors.
- Second, some amount of the proportion of that expenditure that goes to labor income gets circulated back into an economy when those employees spend some of their earnings on various goods and services. This represents what is called the “**induced effect**,” and reflects the fact that some of those goods and services will be purchased from local vendors, further stimulating a local economy.

To model the impacts resulting from the direct expenditures, ESI developed a customized economic impact model using the IMPLAN input/output modeling system. IMPLAN represents an industry standard approach to assess the economic and job creation impacts of economic development projects, the creation of new businesses, and public policy changes within a county on its surrounding area.

IMPLAN has developed a social accounting matrix (SAM) that accounts for the flow of commodities through economics. From this matrix, IMPLAN also determines the regional purchase coefficient (RPC), the proportion of local supply that satisfies local demand. These values not only establish the types of goods and services supported by an industry or institution, but also the level in which they are acquired locally. This assessment determines the multiplier basis for the local and regional models created in the

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IMPLAN modeling system. IMPLAN takes the multipliers and divides them into 546 industry categories in accordance to the North American Industrial Classification System (NAICS) codes.

Indirect and induced impacts grow at each successive level of geography, due to a greater capture of downstream activity within the larger area. Said another way, the indirect and induced impacts in the region are by definition larger than the indirect and induced impacts in the city, town, and county, since the regional impacts are inclusive of spillover impacts occurring in the smaller geographies plus spillover impacts occurring in the rest of the geography of interest.

### **Fiscal Impact Modeling**

The direct, indirect and induced economic outputs from SouthWorks activity produce increases in various tax bases, which in turn lead to increased tax revenue collections for local government and state government. While IMPLAN produces estimates of these tax revenue amounts, ESI does not utilize these results directly. Instead, we utilize a custom fiscal model to translate the increases in activity estimates by IMPLAN into attendant tax revenue results for the State of New York.

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## **Appendix B: About Econsult Solutions, Inc.**

This report was produced by Econsult Solutions, Inc. (“ESI”). ESI is a Philadelphia-based economic consulting firm that provides businesses and public policy makers with economic consulting services in urban economics, real estate economics, transportation, public infrastructure, development, public policy and finance, community and neighborhood development, planning, as well as expert witness services for litigation support. Its principals are nationally recognized experts in urban development, real estate, government and public policy, planning, transportation, non-profit management, business strategy and administration, as well as litigation and commercial damages. Staff members have outstanding professional and academic credentials, including active positions at the university level, wide experience at the highest levels of the public policy process and extensive consulting experience.