

CDFA Financing Roundtable Webcast: Engaging Cost Benefit Analysis to Strengthen Your Development Finance Decisions

The Broadcast will begin at 1:00pm (EST).

While you're waiting, check out some upcoming CDFA events...



Intro Revolving Loan
Fund WebCourse



May 8-9, 2013
Daily: 12-5pm (EDT)



Intro Public-Private
Partnership (P3)
Finance Course



August 6-7, 2013
Washington, DC



CDFA National
Development Finance Summit



August 6-9, 2013
Washington, DC



cdfa
Michigan
Financing
Roundtable

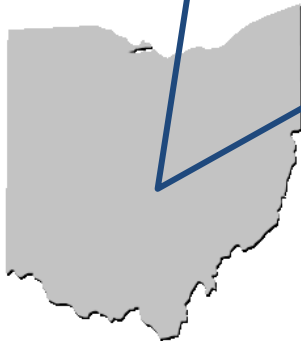


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Engaging Cost Benefit Analysis

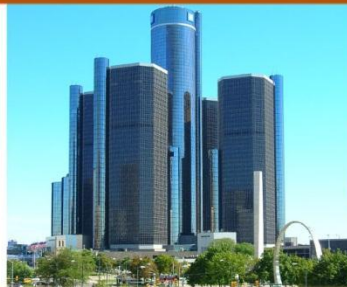
Erin Tehan

**Manager, Legislative & Federal Affairs
Council of Development Finance Agencies
Columbus, OH**



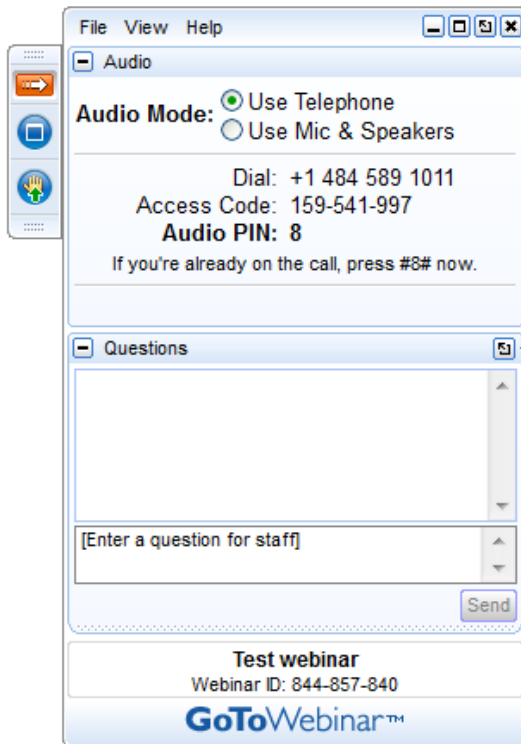
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Engaging Cost Benefit Analysis



The screenshot shows a GoToWebinar interface with two main sections. The top section is titled 'Audio' and contains the following text: 'Audio Mode: Use Telephone Use Mic & Speakers', 'Dial: +1 484 589 1011', 'Access Code: 159-541-997', 'Audio PIN: 8', and 'If you're already on the call, press #8# now.'. The bottom section is titled 'Questions' and contains a text input field with the placeholder '[Enter a question for staff]' and a 'Send' button. At the bottom of the interface, it says 'Test webinar', 'Webinar ID: 844-857-840', and the 'GoToWebinar™' logo.

Using your telephone will give you better audio quality.

Submit your questions to the panelists here.

Want to watch again?

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Engaging Cost Benefit Analysis

Speakers

Scott Sittig

Center for Governmental Research

Kent Gardner

Center for Governmental Research

Mike Silva

Center for Governmental Research

Michael Wojcik

Ontario County Development

Brian McMahon

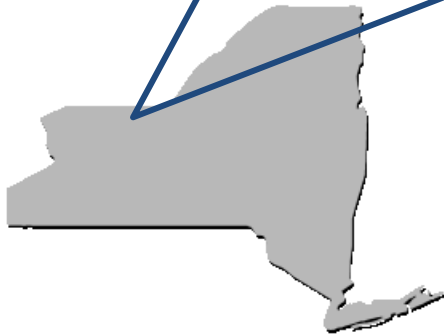
New York State Economic Development Council



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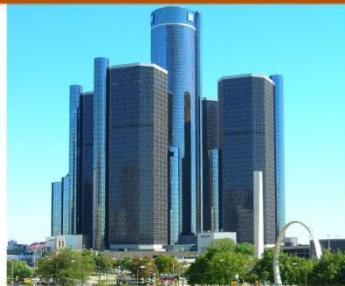
Engaging Cost Benefit Analysis

Scott Sittig
Senior Associate
Center for Governmental Research
Rochester, NY



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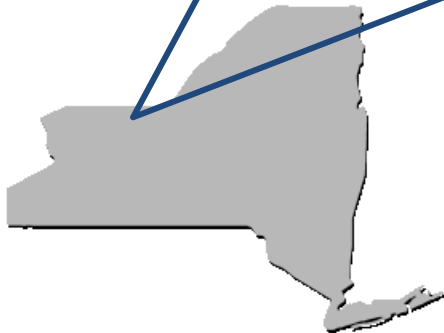
Engaging Cost Benefit Analysis

Kent Gardner

Chief Economist

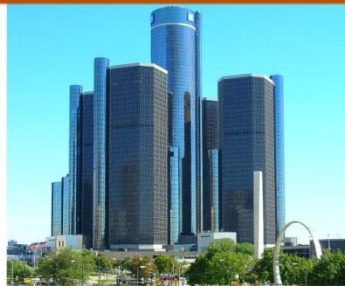
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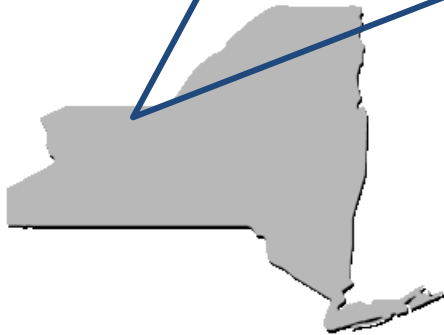
Engaging Cost Benefit Analysis

Mike Silva

Research Associate

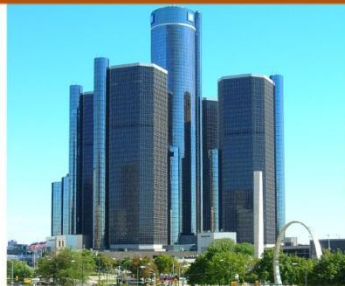
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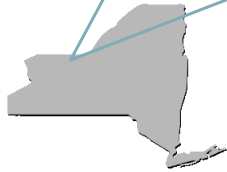
Engaging Cost Benefit Analysis

Scott Sittig

Senior Associate

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■ Overview & introduction



Cdfa: Advancing Development Finance Knowledge, Networks & Innovation

www.cdfa.net

Engaging Cost Benefit Analysis

- **CGR** – Not-for-Profit, in business for 98 years
- Founded by George Eastman (**Kodak**)
 - Serve the public interest by advising local governments in the strategic use of public dollars and keep citizens informed
- Focus areas include economics, public finance, government management, health and human services and education



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- Lots of changes – Improving statewide economy against the back drop of cash poor local governments
- Heightened sensitivity in use of public dollars
- Changes in business tax and incentive structure
- Changes in investment strategies
 - Michigan Opportunity Fund

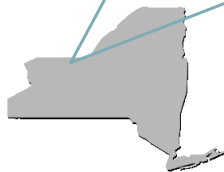


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Engaging Cost Benefit Analysis

Kent Gardner, Ph.D.
Chief Economist
Center for Governmental Research
Rochester, NY



- **An economic impact primer**

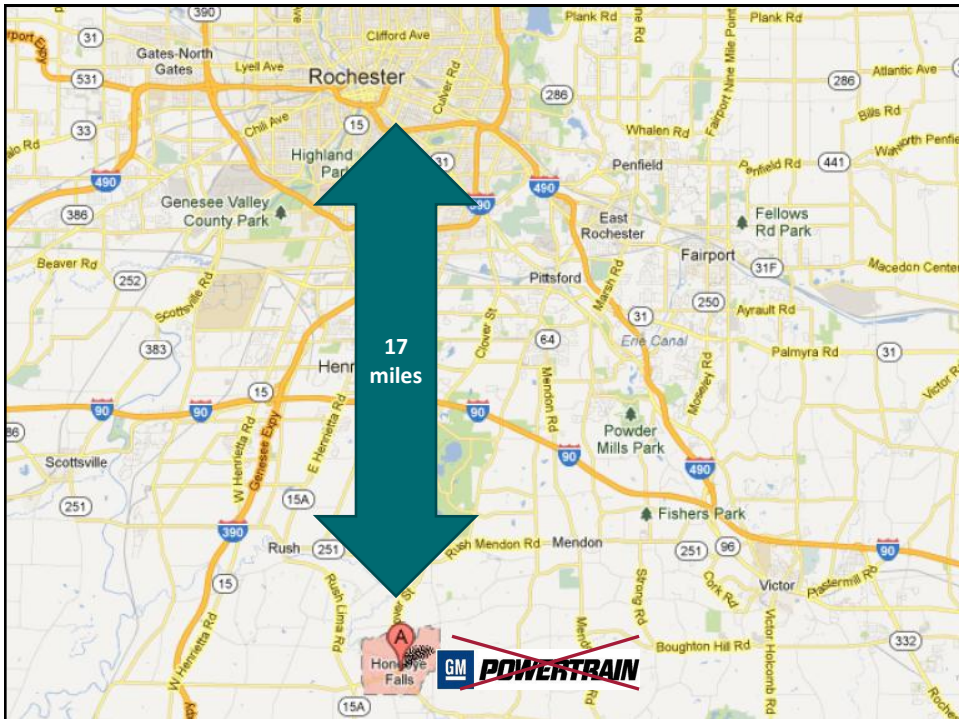


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Measuring Economic Impact

- **GM POWERTRAIN** consolidates in PONTIAC
- **Closes Fuel Cell Research Center in Honeoye Falls, NY**



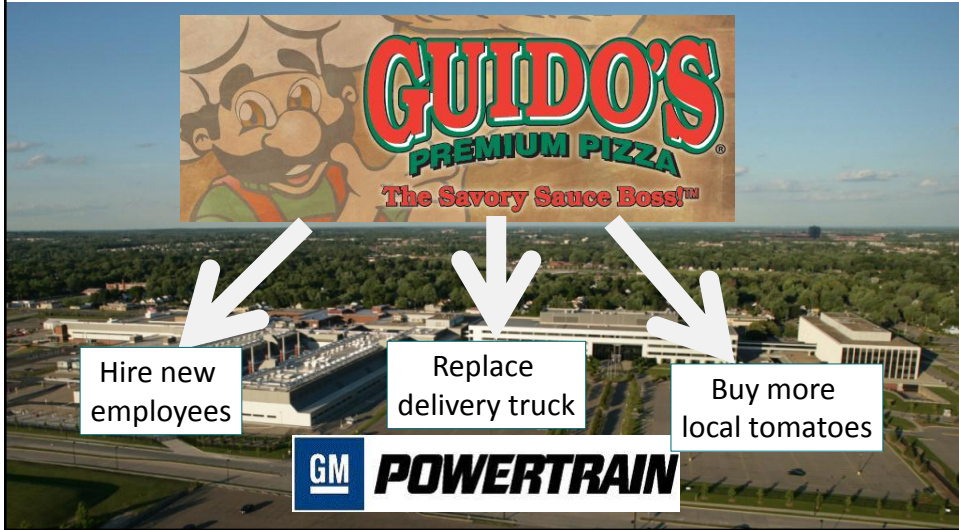


Why do we care? GM will spend more

- GM will expand purchases of supplies
 - food services
 - office supplies
 - janitorial services
 - lots of other stuff



Suppliers Will Spend More



Adds 400 PERMANENT jobs in Pontiac

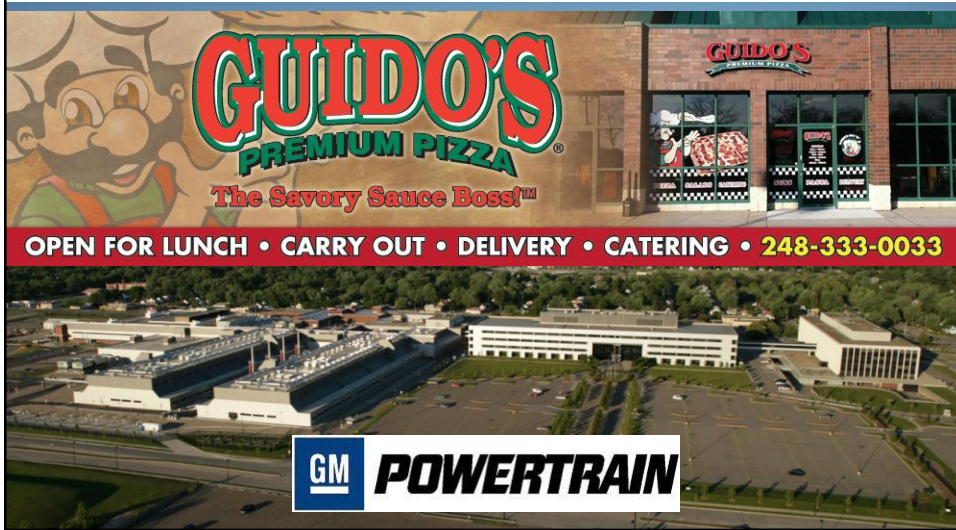




**And they'll spend Paul's
 paycheck**

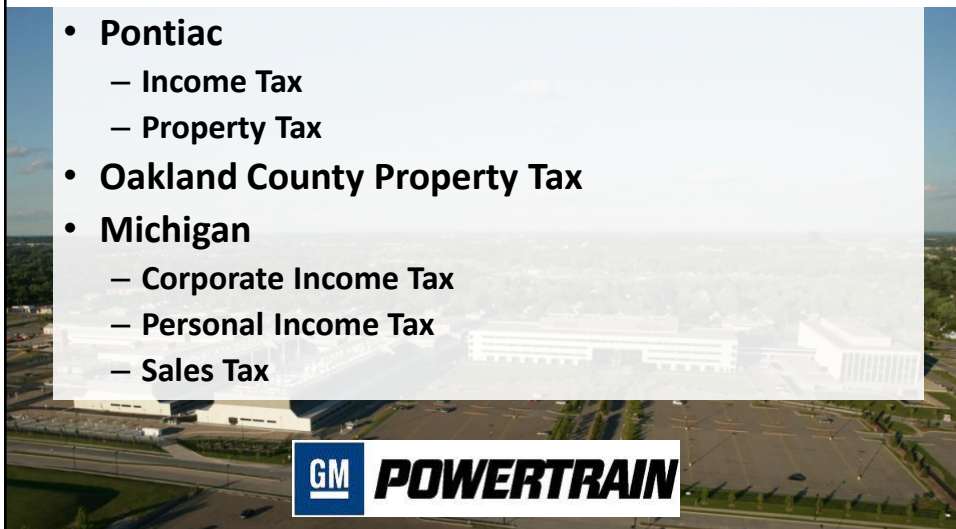


And they'll spend Paul's paycheck



GM plus Paul & Katherine will pay taxes

- Pontiac
 - Income Tax
 - Property Tax
- Oakland County Property Tax
- Michigan
 - Corporate Income Tax
 - Personal Income Tax
 - Sales Tax



Let's review

- Direct impact: cash direct from General Motors
 - Payments to Guido for pizza bought by the company
 - Salary to Paul
 - Benefits purchased on Paul's behalf
 - Taxes to Pontiac, Oakland County, State of Michigan
- Indirect: cash from GM suppliers
 - Payments to Guido's suppliers
 - Salaries to Guido's employees
- Induced: cash from GM employees
 - Co-pay for Katherine's OB/GYN services
 - Baby food for Katherine Jr.
 - Pizza from Guido's



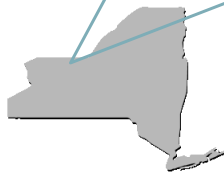
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Mike Silva

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■ Using InformAnalytics



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Industry

Project Industry

Sector Name:

Industry Name: [Search NAICS Codes](#)

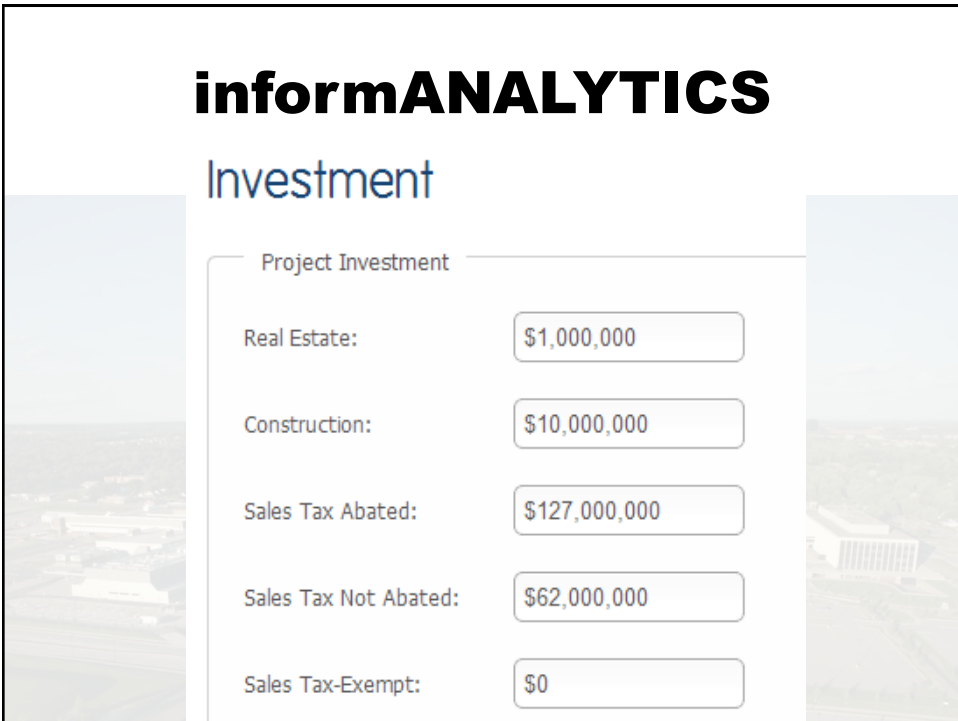


informANALYTICS

Investment

Project Investment

Real Estate:	<input type="text" value="\$1,000,000"/>
Construction:	<input type="text" value="\$10,000,000"/>
Sales Tax Abated:	<input type="text" value="\$127,000,000"/>
Sales Tax Not Abated:	<input type="text" value="\$62,000,000"/>
Sales Tax-Exempt:	<input type="text" value="\$0"/>



informANALYTICS

Employment

Project Employment

Jobs Creation:

Jobs Retained:

Worker Compensation

informANALYTICS estimates annual worker compensation in the Transportation Equipment Manufacturing industry to be **\$81,809**.

I want to **use** this estimate I want to **override** this estimate

Share of New Jobs

Region:

State:

← 25% from Warren, MI

informANALYTICS

Property & Abatement

Project Property & Abatement

Project Abatement

Abatement Program:

+ Custom Program

Edit Custom Program

Property Tax Jurisdiction

Municipal:

School District:

Project Property Value

Current Assessed Value:

informANALYTICS

Edit Abatement Settings

Program Name:

Length (in Years):*

Type:

Year 1:

Year 2:

Year 3:

Year 4:

Year 5:

Year 6:

Year 7:

Year 8:

Year 9:

Year 10:

Economic Impact

- Jobs
 - Direct: 400 Pontiac, 300 to Michigan
 - Indirect: 247 Pontiac, 185 Michigan
 - Induced: 303 Pontiac, 227 Michigan
 - Construction: 98
 - **TOTAL: 1,048 Pontiac, 811 Michigan**
- Income
 - **TOTAL: About \$66M Regionally, \$51M MI**

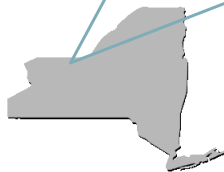


Cost Benefit Analysis

Total Costs to State and Region	\$9,062,035
Property Tax Revenue Forgone	\$1,442,035
Sales Tax Revenue Forgone	\$7,620,000
Other Items	\$7,620,000
Total Benefits to State and Region	\$31,390,928
Total State Benefits	\$27,704,286
Income Tax Revenue ←	\$16,702,837
Direct**	\$8,876,022
Indirect***	\$4,321,209
Induced****	\$3,301,723
Construction (Direct and Indirect, 1 year)	\$203,884
Sales Tax Revenue ←	\$11,001,449
Direct Employee Spending**	\$3,550,539
Indirect Employee Spending***	\$1,728,564
Induced Employee Spending****	\$1,320,788
Construction Employee Spending (Direct and Indirect, 1 year)	\$81,559
Construction Investment Spending	\$600,000
Taxable Investment Spending	\$3,720,000
Total Regional Benefits	\$3,686,642
Income Tax Revenue (Pontiac City) ←	\$2,113,416
Residents	\$1,408,944
Non-Residents	\$704,472
Property Tax/PILOT Revenue ←	\$1,573,226

Engaging Cost Benefit Analysis

Scott Sittig
 Senior Associate
 Center for Governmental Research
 Rochester, NY



■ 2nd Case Study – Founders Brewery: Grand Rapids

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Founders Brewery: Grand Rapids

- Distribution in 23 states
- Brews ranked in top 10
- 9,000 SF expansion
- \$1m in new construction
- \$5m in new equipment
- 20 new employees



Economic Impact?

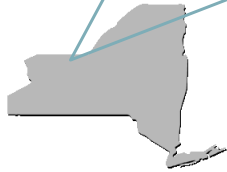
- Direct: Spending by Founders
- Indirect: Spending by Founders' suppliers
- Induced: Spending by Founders' employees



Engaging Cost Benefit Analysis

Mike Silva

**Research Associate
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■ **Using InformAnalytics**

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Economic Impact



- About 90 permanent, 10 temporary jobs
 - Direct: 20
 - Indirect + Induced: 70
 - Construction: 10
- \$5M in Labor Income

• Multipliers will affect final numbers

Cost/Benefit Analysis

Total Costs to State and Region ←	\$276,252
Property Tax Revenue Forgone	\$123,549
Sales Tax Revenue Forgone	\$152,703
Other Items	\$152,703
Total Benefits to State and Region ←	\$3,097,223
Total State Benefits	\$2,849,188
Income Tax Revenue	\$1,881,735
Direct**	\$402,158
Indirect***	\$1,015,077
Induced****	\$443,427
Construction (Direct and Indirect, 1 year)	\$21,073
Sales Tax Revenue	\$967,454
Direct Employee Spending**	\$160,873
Indirect Employee Spending***	\$406,050
Induced Employee Spending****	\$177,384
Construction Employee Spending (Direct and Indirect, 1 year)	\$8,430
Construction Investment Spending	\$62,013
Taxable Investment Spending	\$152,703
Total Regional Benefits	\$248,034
Income Tax Revenue (Grand Rapids)	\$124,485
Residents	\$124,485
Non-Residents	\$0
Property Tax/PILOT Revenue	\$123,549

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■ Testimonials



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Engaging Cost Benefit Analysis

Michael Wojcik

**Manager of Economic Development Finance
Ontario County Industrial Development Agency
Canandaigua, NY**



Michael Wojcik is a graduate of St. John Fisher College and has 30 years of experience in various accounting fields. He currently is a Senior Fiscal Manager for Ontario County and serves as CFO to the Ontario County Industrial Development Agency, Ontario County Local Development Corporation and the Ontario County Economic Development Corporation.



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Brian McMahon

**Executive Director
New York State Economic Development Council
Albany, NY**



Brian McMahon has served as the full time Executive Director of NYSEDC since January 1, 2000. NYSEDC is the principal organization representing more than 900 economic development professionals, which include the leadership of Industrial Development Agencies, Empire Zones, Local Development Corporations, commercial and investment banks, underwriters, bond counsels, utilities, chambers of commerce and private corporations.



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Q & A

- Economic terms?
- Cost Benefit Analysis?
- informANALYTICS?
- Contact CGR
 - Scott Sittig: 585-327-7082 or ssittig@cgr.org
 - Visit www.informanalytics.org



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Audience Questions

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Washington, DC

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available until
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Upcoming Events

Intro Revolving Loan Fund WebCourse

Daily: 12-5pm (EST)
May 8-9, 2013

Intro P3 Finance Course Washington, DC August 6-7, 2013

Intro EB-5 Finance WebCourse

Daily: 12-5pm (EST)
September 18-19, 2013



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Register online at www.cdfa.net





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Upcoming Webcasts

CDFA – Stern Brothers Renewable Energy Finance Webcast Series
Thursday, April 11, 2013 @ 1:00pm Eastern

CDFA – BNY Mellon Development Finance Webcast Series
Tuesday, April 16, 2013 @ 1:00pm Eastern

CDFA – Stifel Nicolaus Innovative Deals Webcast Series
Thursday, May 16, 2013 @ 1:00pm Eastern



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