

Cost-Benefit Analysis for Arrow Linen (Equipment Lease)

Prepared by Hempstead IDA using InformAnalytics

Executive Summary

INVESTOR
John Magliocco

TOTAL INVESTED
\$1.5 Million

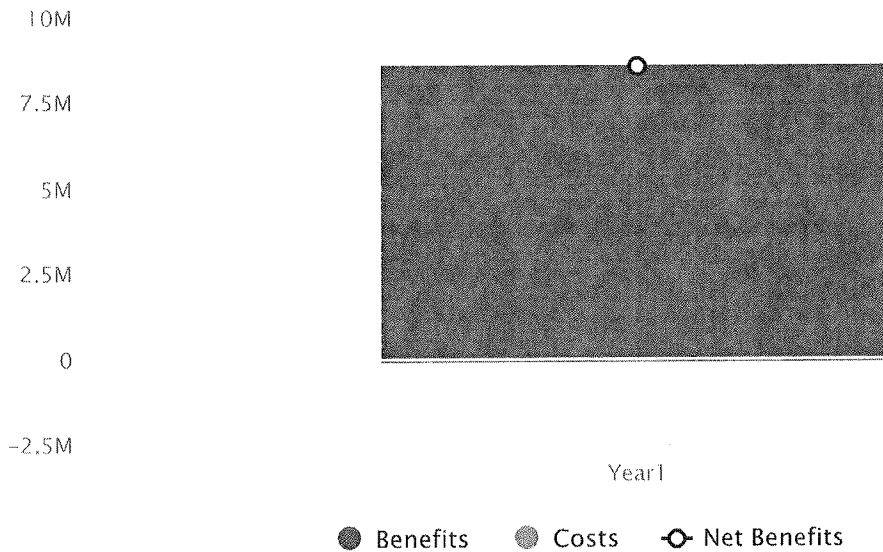
LOCATION
**615 South Street,
Garden City**

TIMELINE
1 Years

FIGURE 1

Discounted* Net Benefits for Arrow Linen (Equipment Lease) by Year

Total Net Benefits: \$8,538,000



Discounted at 2%

FIGURE 2

Total Jobs

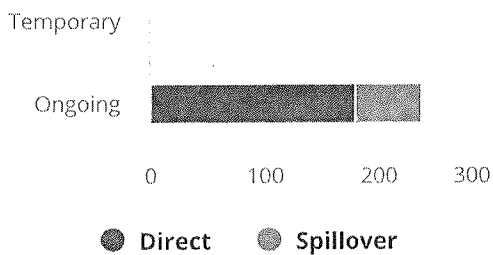
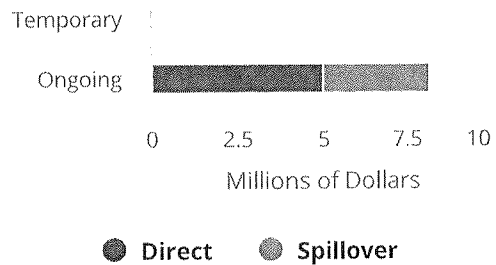


FIGURE 3

Total Payroll



Proposed Investment

John Magliocco proposes to invest \$1.5 million at 615 South Street, Garden City over 1 years. Hempstead IDA staff summarize the proposed with the following: Arrow Linen is currently receiving IDA benefits. This application is for an equipment lease for a water reclamation system from Kemco Systems which will recycle about 60% of the water currently being used for the operation. Arrow Linen provides supply and cleaning services for linens to primarily restaurants and hospitality establishments.

This is a positive environmental impact for both the facility and the municipalities.

TABLE 1

Proposed Investments

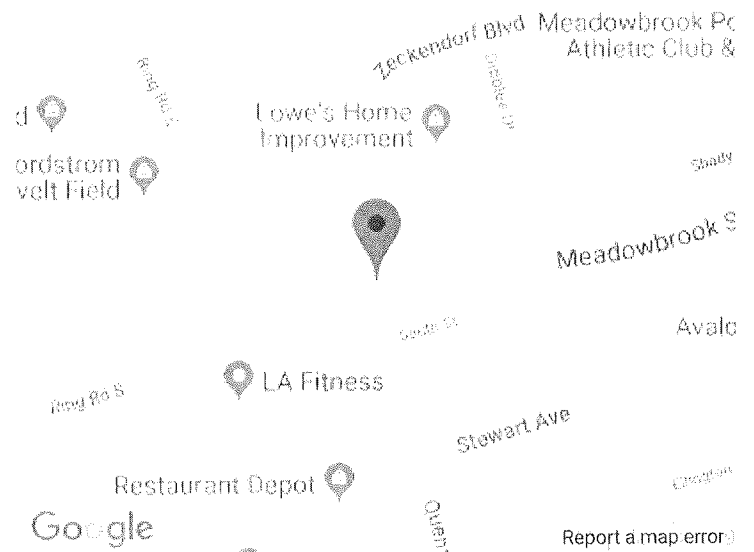
Description	Amount
OTHER SPENDING	
Building Renovation	\$200,000
Equipment	\$1,300,000
	\$0
Total Investments	\$1,500,000

Discounted Total (2%) \$1,500,000

May not sum to total due to rounding.

FIGURE 4

Location of Investment



Cost-Benefit Analysis

A cost-benefit analysis of this proposed investment was conducted using InformAnalytics, an economic impact model developed by CGR. The report estimates the impact that a potential project will have on the local economy based on information provided by Hempstead IDA. The report calculates the costs and benefits for specified local taxing districts over the first 1 years, with future returns discounted at a 2% rate.

TABLE 2


Estimated Costs or Incentives

Hempstead IDA is considering the following incentive package for John Magliocco.

Description	Nominal Value	Discounted Value*
Sales Tax Exemption	\$129,000	\$129,000
Total Costs	\$129,000	\$129,000

May not sum to total due to rounding.

* Discounted at 2%


 TABLE 3

State & Regional Impact (Life of Project)

The following table estimates the total benefits from the project over its lifetime.

Description	Direct	Spillover	Total
REGIONAL BENEFITS	\$5,089,000	\$3,250,000	\$8,339,000
To Private Individuals	\$5,022,000	\$3,207,000	\$8,229,000
Ongoing Payroll	\$5,022,000	\$3,207,000	\$8,229,000
To the Public	\$67,000	\$43,000	\$110,000
Ongoing Sales Tax Revenue	\$67,000	\$43,000	\$110,000
STATE BENEFITS	\$130,000	\$199,000	\$329,000
To the Public	\$130,000	\$199,000	\$329,000
Ongoing Income Tax Revenue	\$72,000	\$162,000	\$234,000
Ongoing Sales Tax Revenue	\$58,000	\$37,000	\$95,000
Total Benefits to State & Region	\$5,219,000	\$3,449,000	\$8,668,000
Discounted Total Benefits (2%)	\$5,219,000	\$3,449,000	\$8,668,000

May not sum to total due to rounding.

 TABLE 4

Benefit to Cost Ratio

The following benefit to cost ratios were calculated using the discounted totals.

Description	Benefit*	Cost*	Ratio
Region	\$8,339,000	\$69,000	120:1
State	\$329,000	\$60,000	5:1
Grand Total	\$8,668,000	\$129,000	67:1

May not sum to total due to rounding.

* Discounted at 2%

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