

AFRIM SPORTS – 326 Sherman Avenue Associates LLC Application For The ADIRONDACK SPORTS COMPLEX (The “Dome”) Project For Benefits From The WARREN & WASHINGTON INDUSTRIAL DEVELOPMENT AGENCY

From: Chuck Barton, Chief Executive Officer

Date: April 10, 2024



The purpose of this memorandum is to set forth the facts and considerations utilized by the Counties of Warren and Washington Industrial Development Agency (“WWIDA”) in rendering a decision to provide financial assistance via investment incentives to Afrim Sports – 326 Sherman Avenue Associates LLC (Afrim) for the purchase and further development of the Adirondack Sports Complex (Dome) in Queensbury, NY. This is a multi-sport facility on a 19.4-acre site with 108,000 square feet of climate-controlled indoor space and over nine acres of outdoor sports fields. The original facility was built in 2004. It is owned by M&C Ventures LLC and operated by Adirondack Sports Complex LLC, led by Doug and Teresa Miller, who have recently announced interest in retiring.

This document recognizes several factors considered by the WWIDA and is intended to provide a concise record of the issues considered as well as the justification for the investment incentive package, if offered by the WWIDA Board. Please note this is a unique application with the request of property tax exemption from not only incremental property improvements but ALSO base property taxes. This will be a Deviation from WWIDA’s Uniform Tax Exemption Policy and require formal approval from the Town of Queensbury.

COMPANY DESCRIPTION

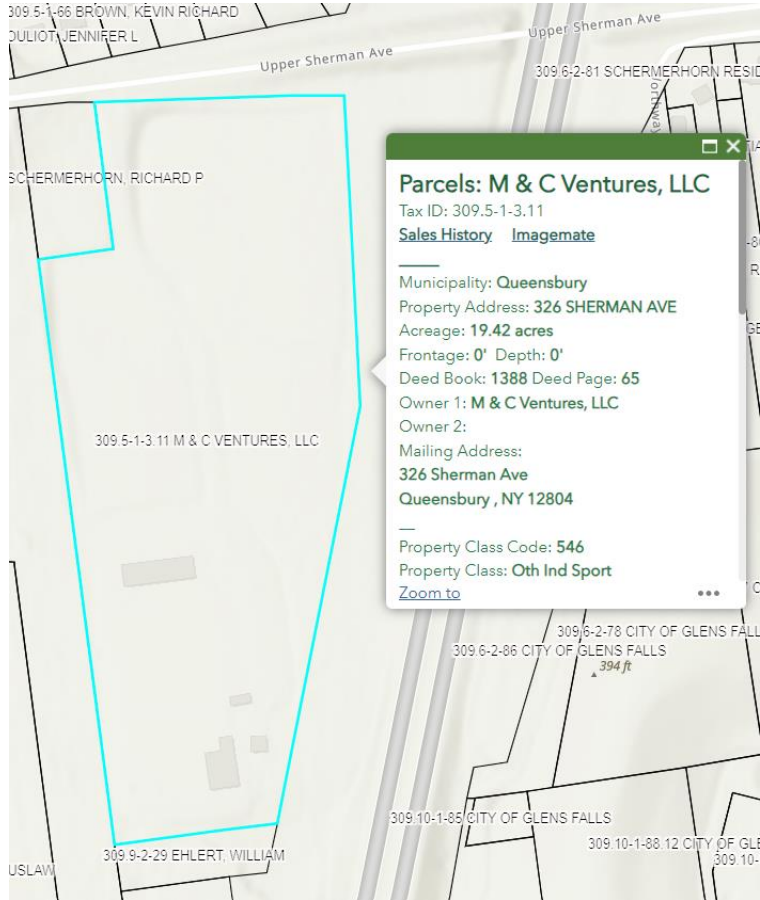
Afrim Sports mission is to “Grow and improve sports in our community by providing state of the art facilities, first class youth programming, and competitive leagues for all ages and skill levels.”

The business has locations in Albany, Bethlehem/Glenmont, Colonie, Latham, and Malta/Mechanicville with turf-ed indoor facilities serving as the home for many clubs, colleges, and leagues. All facilities have synthetic turf fields, tiered seating for fans, and comprehensive concession stands. The newest location, Afrim’s Sports Park in Colonie, NY, includes four outdoor turf fields, a domed field, and the Tavern on the Turf restaurant.

The facilities provide soccer, lacrosse, field hockey, flag-football, softball, baseball, and fitness for people of all ages. Practices, games, tournaments, youth programs, and camps are offered year-round. Afrim Sports employs over 75 part- and full-time employees as coaches, referees, office staff, maintenance/field crews, and facility staff at its combined facilities. Many people are graduates from local high schools and colleges.

PROJECT DESCRIPTION

The Dome is located at 326 Sherman Avenue, Queensbury, NY. The Lot Tax ID is 309.5-1-3.11. Various site images are below.



Afrims Sports intends to enhance the Queensbury facility and programs with several initiatives:

- Convert one outdoor grass fields into a turf field, allowing for an extended period of use during the year and a better-quality playing surface, attracting local school and club sports teams who want to practice in conditions that their own facilities cannot provide.
- Replace the batting cages within the Dome with an additional basketball/volleyball court, which will draw an estimated additional 250 visitors a week.
- Add 100 parking spaces to accommodate the greater site use.
- Introduce the youth program, “Soccer Kidz”, proven in the Capital District for children ages 2-9. This is expected to increase youth participation by 650-900.
- Add four soccer tournaments (and continue to host 16 softball tournaments) annually.
- Increase custom merchandise sales by approximately \$50,000 annually.
- Increase food and drink sales by approximately \$40,000 annually.
- Hire 8-10 full-time equivalents (up from the three individuals currently working at the Dome). This equivalent hiring includes seasonal and part-time employees during tournaments and the summer season.

The Afrim Sports estimated total project investment is \$3,385,000. The land, building and asset acquisition cost is \$2,185,000 and targeted for mid-2024. The direct site investment will be ~\$1,100,000 for the outdoor turf field, parking lot, facility renovations, and equipment. Material cost will be ~\$600,000 with half sourced in New York State. Construction labor costs will be ~\$500,000. Construction is expected to be completed within two years.

Financing for the project will be finalized with Afrim Sports established local banking institution and a US Small Business Administration loan. Afrim recognizes the investment incentives are contingent upon the financing approval.

REGIONAL MARKET and ECONOMIC IMPACT

An Economic Impact Analysis of the Dome project was provided by Sciocchetti Taber PLLC. The analysis was based on public information sources and Afrim Sports' experience.

NASA's SEDAC Population Estimation Service shows that the region around the Dome is a well-populated, primarily suburban market. The market of potential participants using drive times from the Dome demonstrates that the facility will have a large local and sub-regional population base to draw from, which will be capable of supporting the updated facility. Populations within 15-, 30-, and 60-minutes driving are 80,157, 182,741, and 752,835, respectively.

Median household incomes levels within a 60-minute drive are higher than the national average. This is a favorable indicator that **the local and sub-regional base will be able to afford fair-market rates to use the fields and participate in programs.**

The study explains, "In order to further understand the opportunity to draw non-local visitors for tournaments and events, we must examine the regional market (within 250 miles, or roughly four hours driving) to analyze the number of players in the region....**Regionally, there are nearly 2,500,000 soccer players - more than enough to support the additional tournaments planned.**....at the Dome and the assumption that such tournaments will draw a high percentage of non-local teams." (The report realistically notes that not all participants play soccer at a competitive level.)

The study further explains, "**The primary driver of increased economic impact is the addition of four major regional soccer tournaments, which draw non-local visitors who stay in hotel rooms and buy meals in the local market.** ...Typically, about 70% of tournament attendees are non-local visitors, meaning each tournament would attract over 1,176 non-local visitors to the area. With four new tournaments planned, this means that Queensbury will receive over 4,704 new non-local visitors for the period of the tournament each year....Based on the Afrim Sports' experience and data available from similar markets, it can be expected that non-local visitors will stay in hotels for two nights at each tournament, with an average of three people sleeping in each room, **generating an additional 3,136 hotel room nights per year.**"

The study continues to explain, "...each non-local visitor is projected to spend \$173.60 per day based on local market data and reasonable estimates. Each person will spend \$72.67 per day on lodging (based on an average daily rate of \$218 [based on seven nearest hotel chains] and three people per room) and over \$100 per day on dining/groceries, transportation, entertainment/attractions, retail, and other miscellaneous expenses in the local market.....the additional soccer tournaments held by...the Dome will generate 9,408 non-local visitor days, and each non-local visitor will spend approximately \$173.60 per day, for a **total direct [non-local visitor] spending figure of \$1,633,228 per year.**"

Furthermore, the report estimates **that non-local visitor activity generates over \$75,000 in Sales and Occupancy taxes and facilitates over \$700,000 of Indirect/Induced Spending.**

ANALYSIS OF PILOT AND ABATEMENT REQUEST

The ADK Dome project consists of a facility that will be primarily used in making sales of goods and services to customers who personally visit the site. This retail activity includes non-regional visitors for tournaments and other activities. Furthermore, the Dome is a unique recreational facility that is enclosed and operates year-round. There is no similar facility in Warren and Washington counties. The closest dome-type facility is in the Albany area. The uniqueness of the facility along with the attraction of non-regional visitors qualifies the project for WWIDA investment incentives.

The investment incentives requested for the Project are the following:

1. Property tax incentives in the form of a PILOT. Afrim Sports is applying for a deviation from the WWIDA's Uniform Tax Exemption Policy requiring Town of Queensbury approval. The PILOT schedule proposes pre-determined annual tax payments to the taxing jurisdictions as follows: \$5,000 in years 1-3, \$10,000 in years 4-5, \$15,000 in years 6-7, \$20,000 in years 8-9, and \$25,000 in year 10. Said payments are to be made to the taxing jurisdictions based on a pro-rata basis based on current tax rates. This totals \$130,000 over ten years versus an estimate of \$364,540 based on payments calculated on the current tax rates and assessed values, without escalation. **The estimated property tax benefit is \$234,540 over 10 years.** (See Incentive Estimation in the Appendix.)
2. **State and County sales tax abatement** totaling 7% based on up to \$575,000 subject to sales tax. The WWIDA calculates this **estimated benefit at \$40,250.**
3. **Mortgage tax abatement** of 1.25% from an estimated non-SBA financing loan of \$1,117,500. The WWIDA calculates this **estimated benefit at \$13,969.**

The proposed total investment incentives for Afrim Sports before administrative fees is estimated at \$288,759. The application states, "The Adirondack Dome is an existing operation that was unable to operate successfully by the prior owner and has been operating at a loss. In order for [Afrim] to be successful in its operation of the facility it must control the initial overhead costs and expenses, enabling it to invest revenues back into the operation – creating more programs, leagues, events, and tournaments. Without the Agency providing the Financial Assistance the Applicant would not be able to control the Project Costs and Operating Expenses to the extent that the Project Proforma is sufficient enough to secure the Project Financing."

COMMUNITY AND ECONOMIC IMPACTS:

Specific community and economic benefits of the Project include:

1. **Support the regional sports and recreational services** for people of all ages.
2. **Generate an estimated 4-5 construction jobs with 50% of construction materials at ~\$300,000 value** sourced in Warren County.
3. **Support an estimated 8 Full-Time Equivalent employment positions** with estimated total annual wages and benefits of \$250,000 (includes part-time hourly wage positions). Three position retained and five positions added.
4. **Generate non-local visitor spending of at least \$800,000 per year.** The addition of four major regional soccer tournaments is estimated by the applicant to annually attract 4,704 new non-local visitors, generating an additional 3,136 hotel room nights, and generating direct non-local visitor spending of \$1,633,228. This estimate is conservatively factored by 50%.
5. **Generate non-local visitor Sales and Occupancy Taxes of at least \$37,000 per year.** This estimate, based on the non-local visitor activity mentioned above, is conservatively factored by 50%.
6. **Generate additional Sales Tax of \$7,000 per year** from Dome merchandise and food sales.
7. **Generate estimated PILOT payments of \$130,000** over ten years.
8. **Generate Community Cost Benefit Ratio estimated at 1 to 40** over the ten years. The estimated “cost” of all State, County, and Town incentives is \$288,759. The estimated “benefits” to the community is \$11.5 million. The Community Net Benefit estimated is \$11.2 million over ten years before any net present value adjustment. (See Cost Benefit Analysis in the Appendix.)
9. **The net present value adjusted Community Net Benefit is \$8.8 million over ten years** at a 4% net present value rate each year. (See Cost Benefit Analysis in the Appendix.)

In conclusion, approving the Afrim Sports application would enable the acquisition and improvement of the Adirondack Dome recreational service and be in the economic and community interests of the residents of Warren and Washington Counties.



5 Warren Street, Glens Falls, NY 12801

IDA Project Applicant: Afrim Sports – 326 Sherman Avenue Associates LLC

Project Name: Afrim’s Adirondack Sports Complex (the “Dome”)

Project Type: Sports and Recreation

Project Street Location: 326 Sherman Avenue

Project Municipality: Town of Queensbury

Parcel Identification: 309.5-1-3.11

Project Description: Site Acquisition and Improvements

Total Project Investment: \$3,385,000

Project Material Terms: \$1,100,000 (new turf field, expand parking lot, and renovations)

IDA Benefits Provided: Mortgage Exemption (excluding SBA loan),
Sales and Use Tax Exemption, and
PILOT

Community Benefits:
(over ten years)

- a. Support regional sports and recreational services.
- b. Support at local construction activity
- c. Support at least 8 Full-Time Equivalent jobs.
- d. Generate over \$800,000 annually non-local visitor spending
- e. Generate over \$37,000 annually Sales & Occupancy Tax
- f. Generate over \$7,000 annually in Dome Sales Tax
- g. Generate PILOT payments of \$130K.
- h. Community Cost Benefit Ratio: 1 to 40
- i. Net Community Benefit: \$8.8M (NPV @ 4%).

Appendix

AFRIM SPORTS ADK DOME INCENTIVES ESTIMATION

CUSTOM INCENTIVE PACKAGE Requiring Special Approval

04 03 2024

Base Value 309.5-1-3.11	Est. Incr. Construction \$ Value @ 50%	Estimated New Assessed	2024 County Tax Rate / 1000	2024 Town Tax Rate / 1000	Village Tax Rate /1000	2023-24 School Tax rate / 1000		
\$1,188,200	\$550,000	\$1,738,200	\$3.85900	\$0.82100	\$0.00000	\$16.29229		
			18.40%	3.91%	0.00%	77.68%	BASE & INCREM. FULL PAYMENT	ESTIMATED NET EXEMPTION
PILOT YEAR	% PAYMENT	COUNTY PILOT AMOUNT	TOWN PILOT AMOUNT	VILLAGE PILOT AMOUNT	SCHOOL PILOT AMOUNT	TOTAL PILOT	W/O PILOT	
1	14%	\$920	\$196	\$0	\$3,884	\$5,000	\$36,454	\$31,454
2	14%	\$920	\$196	\$0	\$3,884	\$5,000	\$36,454	\$31,454
3	14%	\$920	\$196	\$0	\$3,884	\$5,000	\$36,454	\$31,454
4	27%	\$1,840	\$391	\$0	\$7,768	\$10,000	\$36,454	\$26,454
5	27%	\$1,840	\$391	\$0	\$7,768	\$10,000	\$36,454	\$26,454
6	41%	\$2,760	\$587	\$0	\$11,653	\$15,000	\$36,454	\$21,454
7	41%	\$2,760	\$587	\$0	\$11,653	\$15,000	\$36,454	\$21,454
8	55%	\$3,680	\$783	\$0	\$15,537	\$20,000	\$36,454	\$16,454
9	55%	\$3,680	\$783	\$0	\$15,537	\$20,000	\$36,454	\$16,454
10	69%	\$4,600	\$979	\$0	\$19,421	\$25,000	\$36,454	\$11,454
Totals		\$23,921	\$5,089	\$0	\$100,990	\$130,000	\$364,540	\$234,540

BASE & INCREMENTAL FULL ANNUAL PAYMENT	\$6,708	\$1,427	\$0	\$28,319	====>	\$36,454
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Estimated Tax Exemptions: Assumption Property \$234,540 Sales & Use 7% \$40,250 \$575,000 Mortgage 1.25% \$13,969 \$1,117,500 Gross Benefit \$288,759 IDA Fee 0.9% (\$30,465) \$3,385,000 IDA Legal Est. (\$12,000) Net Benefit \$246,294	Estimated Cost Benefit Ratio: Estimated Total Project Cost \$3,385,000 Gross Benefit All Incentives \$288,759 Benefit / Cost Ratio 8.53%	<i>I have read and reviewed the Section V information completed by the WWIDA.</i> Name: Signature: Date:
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AFRIM SPORTS ADK DOME INCENTIVES

Community Cost Benefit Analysis

04 03 2024

Year	Community Tax Exemption "Costs"					Community "Benefits" With Conservative Factors (Excludes Indirect Multiplier Effect)							NET Conservative Community Benefit
	State 4% Sale Tax Exempt.	County 3% Sale Tax Exempt.	Mortgage Tax Exempt.	Net Property Tax Exempt.	TOTAL Tax Exempt. Cost	8 FTE Payroll	Local Construction Materials	Non-Local Visitor Direct Spending @ 50%	Room Night Sales & Occup. Tax @ 50%	Dome Additional Sales Tax	PILOT Payments	TOTAL Conservative Community Benefit	
0	(\$23,000)	(\$17,250)	(\$13,969)		(\$54,219)		\$300,000					\$300,000	\$245,781
1				(\$31,454)	(\$31,454)	\$250,000		\$816,614	\$37,602	\$7,000	\$5,000	\$1,116,217	\$1,084,763
2				(\$31,454)	(\$31,454)	\$250,000		\$816,614	\$37,602	\$7,000	\$5,000	\$1,116,217	\$1,084,763
3				(\$31,454)	(\$31,454)	\$250,000		\$816,614	\$37,602	\$7,000	\$5,000	\$1,116,217	\$1,084,763
4				(\$26,454)	(\$26,454)	\$250,000		\$816,614	\$37,602	\$7,000	\$10,000	\$1,121,217	\$1,094,763
5				(\$26,454)	(\$26,454)	\$250,000		\$816,614	\$37,602	\$7,000	\$10,000	\$1,121,217	\$1,094,763
6				(\$21,454)	(\$21,454)	\$250,000		\$816,614	\$37,602	\$7,000	\$15,000	\$1,126,217	\$1,104,763
7				(\$21,454)	(\$21,454)	\$250,000		\$816,614	\$37,602	\$7,000	\$15,000	\$1,126,217	\$1,104,763
8				(\$16,454)	(\$16,454)	\$250,000		\$816,614	\$37,602	\$7,000	\$20,000	\$1,131,217	\$1,114,763
9				(\$16,454)	(\$16,454)	\$250,000		\$816,614	\$37,602	\$7,000	\$20,000	\$1,131,217	\$1,114,763
10	\$0	\$0	\$0	(\$11,454)	(\$11,454)	\$250,000	\$0	\$816,614	\$37,602	\$7,000	\$25,000	\$1,136,217	\$1,124,763
TOTAL	(\$23,000)	(\$17,250)	(\$13,969)	(\$234,540)	(\$288,759)	\$2,500,000	\$300,000	\$8,166,144	\$376,024	\$70,000	\$130,000	\$11,542,168	\$11,253,409
The Cost to Benefit Ratio is ==>					1	to =====>					40.0		

Net Benefits - Net Present Value @ 4% \$8,809,588