



WEEKENDER HOTELS – North Creek, NY Resort OpCo, LLC Application
For 307 Main Street, North Creek Project For Investment Incentives From The
WARREN & WASHINGTON INDUSTRIAL DEVELOPMENT AGENCY

From: Chuck Barton, Chief Executive Officer

Date: October 31, 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 to Weekender Hotels legal entity, “North Creek, NY Resort OpCo LLC”, for the purchase and re-development of the hotel resort located at 307 Main Street, North Creek, New York in the Town of Johnsburg.

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. This is a unique application with the request of an “Enhanced” property tax exemption. This will be a deviation from WWIDA’s Uniform Tax Exemption Policy and thus require formal approval from the Johnsburg Town Board before WWIDA Board final consideration.

COMPANY DESCRIPTION

Weekender Hotels owns and operates seven boutique hotels in the Northeast. The founder and CEO, Keir Weimer, envisions his hotels to inspire travelers to explore new areas and activities, connect with others, and adventure outdoors.

The corporate office of Weekender Hotels is located at 18 Division Street, Saratoga Springs, New York. Keir formed the corporate company in 2021 for oversight and support of the separate hotel properties.

Weekender Hotels affiliated properties:

2015	Great Pines*	Old Forge, NY	* Owned before Weekender formed
2020	Alpine Lodge*	North Creek, NY	
2021	Placid Bay Hotel	Lake Placid, NY	
2022	Riverhouse	Peterborough, NH	
2022	Aspen	Manchester, VT	
2023	Town House Lodge	Lake Placid, NY	
2023	Trailhead	Tupper Lake, NY	

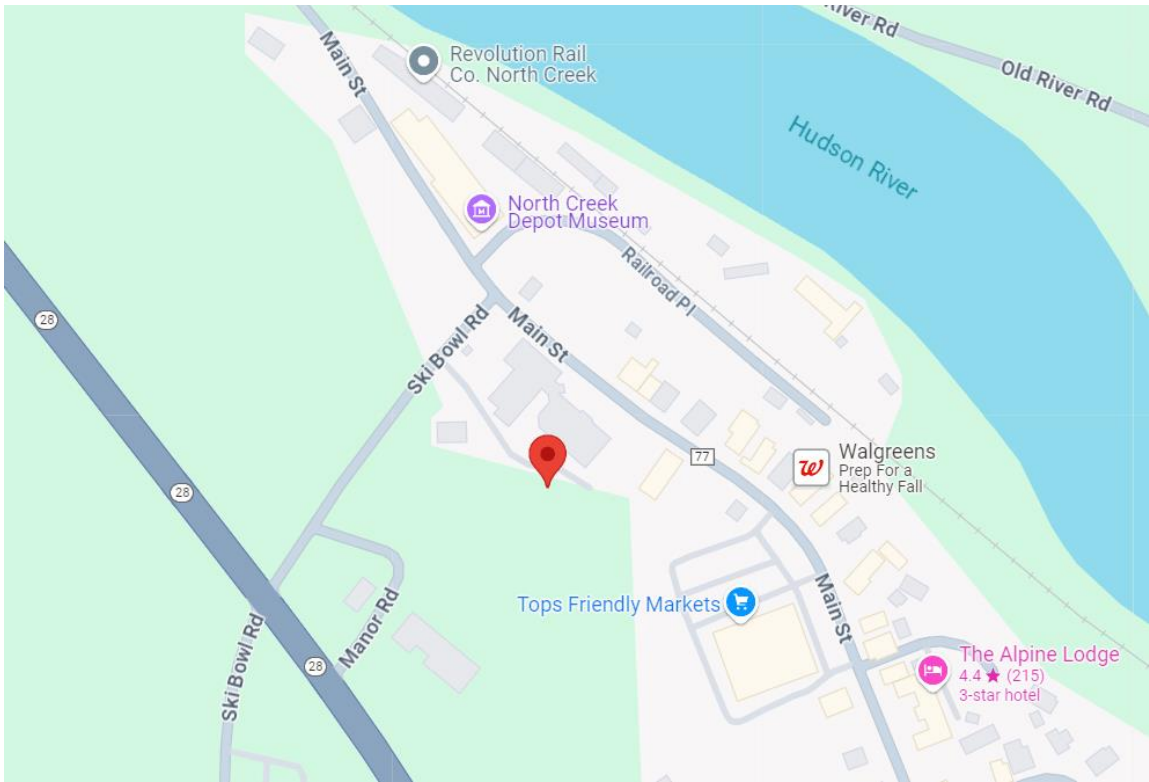
The quick success of Weekenders Hotels has been recognized by Travelmarket Report (2024), Hospitality Design (2024, 2022), The Innovative Hotelier Podcast (2024), NBC News (2023), Boutique Design Magazine (2022), Travel + Leisure (2022), Albany Business Review (2023, 2022, 2020), Local ADK Magazine (2022), Enjoy Travel Life (2022), and other publications.

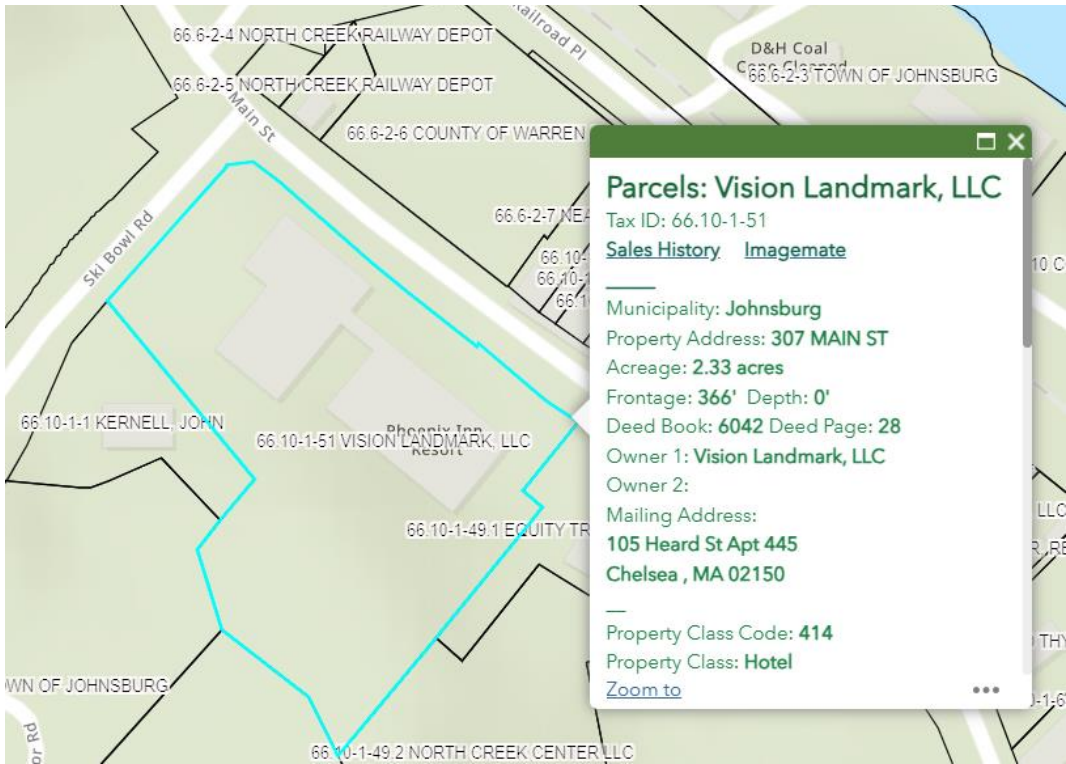
Boutique Design honored Keir as “Up-and Coming Hotelier” in 2022.

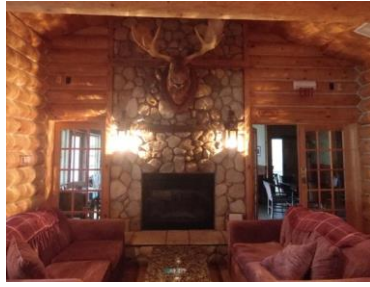
HOTEL SITE, HISTORY and PROJECT DESCRIPTION

The hotel resort is located at 307 Main Street, North Creek on 2.33 acres with a 101,495 square foot facility including 30 hotel rooms, 2 restaurants, bar, banquet hall, conference rooms, exercise facility, and outdoor pool area. The Lot Tax ID is 66.10-1-51.









This historic hotel site has a rich and turbulent past dating back to 1872. The first hotel was The American, built to accommodate visitors to the growing Adirondack region. The hotel burned to the ground in 1903 and was rebuilt in 1920. The site went through various phases over the decades with rumors of rambunctious hotel activity with visiting hunters.

In 1990, Long Island native Elliot Monter constructed the current 30-room hotel and named it the Copperfield Inn. The modern hotel offered updated amenities and facilities including two restaurants, a bar, a large banquet room, an outdoor pool, and tennis court but with limited success.

In 2008, Michael Ellis and local partners purchased the hotel and updated the décor to a more Adirondack theme. Ten years later after financial difficulty, the property was listed for sale. A year later, an online auction failed to sell the property.

In 2019, the property was finally sold at a discount to Diana Espalza, a New York City catering hall and restaurant owner, originally from Columbia. She renamed the hotel to the Phoenix Inn and renovated the hotel rooms and restaurants. Three years later after disappointing results, she enlisted resort realtor Mitchell Muroff to divest the property.

In 2023, the Phoenix Inn was sold to Buhai Ren and his daughter Hannah, who lived in Massachusetts after immigrating from China. After operational and staffing difficulties, they abruptly closed the resort in early 2024. The hotel is vacant and not in operation.

The hotel resort has had four owners over its 34-year life. Unfortunately, all four ended without achieving expectations. Weekender Hotels plans ownership to be more successful based on its effective Adirondack hotel experience, including the Alpine Lodge located a quarter mile away.

Weekender Hotels is purchasing the resort for \$1,775,000, investing \$1,330,000 for renovations, and spending another \$400,293 on soft costs, working capital, and interest reserve. The total investment is expected to be \$3,505,293.

Weekender Hotels equity investment will be \$1,215,293. Bank financing will be \$2,290,000 from the National Bank of Coxsackie. Weekender Hotels also has a corporate banking relationship with NBT Bank.

The \$1,330,000 renovation work will focus on the restaurants, banquet hall, outdoor swimming area, utilities, and any code requirements. The work is expected to be completed before summer 2025.

Construction materials estimated at \$585,200 will be sourced from within the Town of Johnsburg (25%), Warren County (75%) and New York State (100%). Construction labor will comprise of 15 full-time positions over several months valued at an estimated \$744,800.

The new marketing and resort operations will mirror the lessons learned and successes from Weekender's other hotel properties. The Weekender Hotels corporate staff will lead the marketing activity. Site operations will be led locally. The new employment is expected to be four full-time positions and twelve part-time positions. Total compensation and benefits are an estimated \$600,000 each year.

Current base property taxes of over \$35,000 per year (before renovation work) will continue.

REGIONAL ECONOMIC IMPACT

Re-opening the 307 Main Street hotel will provide direct regional economic impact estimated at \$6 million for employment compensation over 10 years. The hotel operation will also provide indirect regional economic impact of approximately \$16 million for non-local visitor spending and over \$1 million for new sales and occupancy tax generation over 10 years.

Ascend Real Estate Advisors (previously Medici Associates) based in Albany estimated the non-local visitor spending with key assumptions based on the experience of the firm and Weekender Hotels:

- 1.5 average nights per stay
- 2.5 average guests per stay
- 39% occupancy year 1, increasing to 54% by year 10
- \$175 average community spend per guest (averaging skiing and other seasonal activities)

The resulting total non-local visitor annual spending is estimated at \$1.2 million in year 1, increasing to \$1.7 million by year 10. This amounts to over \$16 million for ten years.

The Room Sales and Occupancy Taxes were calculated from estimated room revenue over ten years. Estimated tax generation was \$79,219 in year 1, increasing to \$176,438 by year 10. This totals \$1.4 million over the ten years.

The Ascend Real Estate Advisor analysis is in the application package and Appendix.

ANALYSIS OF PILOT AND ABATEMENT REQUEST

The Weekender Hotels requested investment incentives for the 307 Main Street, North Creek project are the following:

1. Property tax incentives in the form of an Enhanced PILOT. Weekender is applying for a deviation from the WWIDA's Uniform Tax Exemption Policy (which also requires Town of Johnsbury approval). The proposed PILOT is seeking to continue to make base payments based on the current assessed value of \$1,531,600 and to have a 100% exemption on any improvements or increases.

The estimated incremental tax payment on the incremental improvements estimated at \$1,330,000 would be \$21,083 per year. The total payments over ten years would be \$210,832 (calculated on the current tax rates and assessed values, without escalation). The **estimated property tax benefit is \$210,832 over ten years.** (See Incentive Estimation in the Appendix.)

2. **State and County sales tax abatement** totaling 7% based on up to \$585,300 purchases subject to sales tax. The WWIDA calculates this **estimated benefit at \$40,964.**
3. **Mortgage tax abatement** of 1.00% (lower than traditional 1.25% because the County's 0.25% linked to CDTA services are not exempt) from an estimated financing loan of \$2,290,000. The WWIDA calculates this **estimated benefit at \$22,900.**

The total proposed investment incentives for Weekender Hotels - North Creek, NY Resort OpCo LLC is an estimated \$274,696 before fees. The estimated WWIDA administrative fee is \$20,610.

The application addendum states, "To bring this property back to life and realize our vision of becoming a regional hospitality destination, we are taking substantial financial, time, and reputational risk. We are planning to invest over \$1.330 million dollars in construction costs in addition to the \$1.775 million purchase price....we are facing elevated construction material and labor costs in addition to [higher] interest rates....we understand that there are market risks. Due to the weather-dependent and cyclical nature of the skiing industry, crowds of wintertime guests are not guaranteed each year. Additionally, the potential for economic headwinds with persistent inflation and geopolitical uncertainty may force consumers to reduce travel spending in the near future....we are [seeking] enhanced incentives to alleviate some of the risks...."

COMMUNITY AND ECONOMIC IMPACTS:

Specific community and economic benefits of the hotel resort renovation Project include:

1. **Support the regional tourism industry.** Provide desperately needed “heads in beds” to for the year-round outdoor recreation industry.
2. **Generate an estimated 15 local construction jobs valued at over \$740,000.**
3. **Generate construction materials sales with estimated value over \$580,000** with 25% sourced in Johnsborg and 75% sourced in Warren County.
4. **Create an estimated 4 full-time equivalent and 12 part-time employment positions with estimated total annual wages and benefits of \$600,000.**
5. **Generate non-local visitor spending estimated over \$16.5 million across ten years** - over \$0.9 million in year 1 and up to over \$1.3 million in year 10. (See Ascend Real Estate Advisors analysis in Appendix.)
6. **Generate non-local visitor Sales and Occupancy Taxes estimated over \$1.4 million over ten years.** (See Ascend Real Estate Advisors analysis in Appendix.)
7. **Generate Community Cost Benefit Ratio estimated at 1 to 70** over the ten years with 75% conservative factoring. The estimated “cost” of all State, County, and Town incentives is \$274,696. The estimated “benefits” to the community is over \$19.1 million. (See Cost Benefit Analysis in Appendix.)
8. **The net present value Community Net Benefit over ten years is over \$14.7 million** with 75% conservative factoring and at a 4% net present value rate each year. (See Cost Benefit Analysis in Appendix.)

In conclusion, approving the Weekender Hotels - North Creek, NY Resort OpCo LLC application and supporting the acquisition and improvement of the 307 Main Street hotel resort would be in the community and economic interests of the residents of Warren County region.



5 Warren Street, Glens Falls, NY 12801

IDA Project Applicant: Weekender Hotels - North Creek, NY Resort OpCo LLC

Project Name: 307 Main Street Hotel Resort

Project Type: Hotel and Tourism

Project Street Location: 307 Main Street, North Creek

Project Municipality: Town of Johnsburg

Parcel Identification: 66.10-1-51

Project Description: Site Acquisition and Renovation

Total Project Investment: \$3,505,293

Project Material Terms: Purchase resort for \$1,775,000 and renovation for \$1,330,000

IDA Benefits Provided: Mortgage Tax Exemption,
Sales and Use Tax Exemption, and
Enhanced PILOT

Community Benefits
Over Ten Years:

- a. Support regional tourism industry
- b. Generate local \$1.3M construction activity
- c. Generate full & part time positions valued at \$600K/year
- d. Generate \$16.5M non-local visitor spending
- e. Generate \$1.4M Sales & Occupancy Tax
- f. Community Cost Benefit Ratio: 1 to 70 (with 75% factoring)
- g. Net Community Benefit: \$14.7M (NPV @ 4%).

Appendix

WEEKENDER HOTELS - 307 Main Street Noth Creek INCENTIVES ESTIMATION
 ENHANCED 0% PAYMENT ON INCREMENTAL CONSTRUCTION INVESTMENT OVER TEN YEARS

Section V - WWIDA Application
 10 30 2024

66.10-1-51 Base Land	Est. New Construction Dollar Value	Estimated New Assessed Value	2024 County Tax Rate / 1000	2024 Town Tax Rate / 1000	Village Tax Rate /1000	2023-24 School Tax rate / 1000		
\$1,531,600	\$1,330,000	\$2,861,600	\$3.81300	\$2.45900		\$9.58000		
PILOT YEAR	% PAYMENT	COUNTY PILOT AMOUNT	TOWN PILOT AMOUNT	VILLAGE PILOT AMOUNT	SCHOOL PILOT AMOUNT	TOTAL PILOT	FULL PAYMENT W/O PILOT	ESTIMATED NET EXEMPTION
1	0%	\$0	\$0	\$0	\$0	\$0	\$21,083	\$21,083
2	0%	\$0	\$0	\$0	\$0	\$0	\$21,083	\$21,083
3	0%	\$0	\$0	\$0	\$0	\$0	\$21,083	\$21,083
4	0%	\$0	\$0	\$0	\$0	\$0	\$21,083	\$21,083
5	0%	\$0	\$0	\$0	\$0	\$0	\$21,083	\$21,083
6	0%	\$0	\$0	\$0	\$0	\$0	\$21,083	\$21,083
7	0%	\$0	\$0	\$0	\$0	\$0	\$21,083	\$21,083
8	0%	\$0	\$0	\$0	\$0	\$0	\$21,083	\$21,083
9	0%	\$0	\$0	\$0	\$0	\$0	\$21,083	\$21,083
10	0%	\$0	\$0	\$0	\$0	\$0	\$21,083	\$21,083
Totals		\$0	\$0	\$0	\$0	\$0	\$210,832	\$210,832
FULL ANNUAL PAYMENT		\$5,071	\$3,270	\$0	\$12,741	====>	\$21,083	
Estimated Tax Exemptions:		Assumption		Estimated Cost Benefit Ratio:		<i>I have read and reviewed the Section V information completed by the WWIDA.</i>		
Property Improv.	\$210,832	Over 10 Years					Name:	
Sales & Use 7%	\$40,964	\$585,200			\$2,290,000		Signature:	
Mortgage 1.00%	\$22,900	\$2,290,000	Net Benefit All Incentives		\$239,086		Date:	
Gross Benefit	\$274,696		Net Benefit / Cost Ratio		10.4%			
Appl. Fee 0.9%	(\$20,610)							
Legal Estimate	(\$15,000)							
Net Benefit	\$239,086							

Weekender Hotel - 307 Main Street North Creek

Community Cost Benefit Analysis

10 30 2024

ENHANCED 0% PAYMENT ON INCREMENTAL CONSTRUCTION INVESTMENT OVER TEN YEARS

Year	Community Tax Exemption "Costs"					Community "Benefit" with 75% Conservative Factor							Net "Benefit"
	State 4% Sale Tax Exempt.	County 3% Sale Tax Exempt.	Mortgage Tax Exempt.	Net Property Exempt.	TOTAL Gross Exempt.	Wages & Benefits @ 75%	Construction Labor @75%	Construction Materials @ 75%	Non-Local Visitor Direct Spending @ 75%	Room Night Sales & Occup. Tax @ 75%	PILOT Payments	TOTAL	
0	(\$23,408)	(\$17,556)	(\$22,900)		(\$63,864)		\$279,300	\$219,450	\$119,848	\$1,136		\$619,733	\$555,869
1				(\$21,083)	(\$21,083)	\$450,000	\$279,300	\$219,450	\$928,819	\$59,414	\$0	\$1,936,984	\$1,915,901
2				(\$21,083)	(\$21,083)	\$450,000			\$1,148,540	\$89,517	\$0	\$1,688,057	\$1,666,973
3				(\$21,083)	(\$21,083)	\$450,000			\$1,253,007	\$101,711	\$0	\$1,804,718	\$1,783,635
4				(\$21,083)	(\$21,083)	\$450,000			\$1,278,067	\$102,812	\$0	\$1,830,879	\$1,809,796
5				(\$21,083)	(\$21,083)	\$450,000			\$1,303,629	\$108,764	\$0	\$1,862,393	\$1,841,310
6				(\$21,083)	(\$21,083)	\$450,000			\$1,303,629	\$113,115	\$0	\$1,866,744	\$1,845,661
7				(\$21,083)	(\$21,083)	\$450,000			\$1,303,629	\$117,640	\$0	\$1,871,268	\$1,850,185
8				(\$21,083)	(\$21,083)	\$450,000			\$1,303,629	\$122,680	\$0	\$1,876,309	\$1,855,226
9				(\$21,083)	(\$21,083)	\$450,000			\$1,303,629	\$127,239	\$0	\$1,880,868	\$1,859,785
10				(\$21,083)	(\$21,083)	\$450,000	\$0	\$0	\$1,303,629	\$132,329	\$0	\$1,885,957	\$1,864,874
TOTAL	(\$23,408)	(\$17,556)	(\$22,900)	(\$210,832)	(\$274,696)	\$4,500,000	\$558,600	\$438,900	\$12,550,054	\$1,076,355	\$0	\$19,123,910	\$18,849,214
The Cost to Benefit Ratio is ==>					1	to =====>					69.6		

Net Benefits - Net Present Value @ 4% \$14,780,883

Weekender Hotel - 307 Main Street North Creek

10 30 2024

Ascend Real Estate Advisors - Community Spending and Room Tax Generated Analysis

Non-Local Direct Spending Assumptions

of Rooms 30
 Average Nights/Stay 1.5 *Typical guest stays are weekends spanning 1 to 2 days*
 Nights Available 365.25
 Average Guests/Stay 2.5 *Typical guest stay range from 2 guests to families of 3 or 4 based on room size.*
 Avg. Spend/Guest \$175.00 *Assumes at lease one dinner, two lunches, and one recreational activity in the county. This is seasonally averaged assuming a higher spend for skiing in Winter season and lower spend with more hiking in warmer seasons.*

Adjusted

75%

	<u>Year 0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>	<u>TOTAL</u>
Room Nights	10,958	10,958	10,958	10,958	10,958	10,958	10,958	10,958	10,958	10,958	10,958	
Occupancy	5.00%	38.75%	47.92%	52.28%	53.32%	54.39%	54.39%	54.39%	54.39%	54.39%	54.39%	
Occupied rooms	548	4,246	5,250	5,728	5,843	5,959	5,959	5,959	5,959	5,959	5,959	
Est. # of Stays	365	2,831	3,500	3,819	3,895	3,973	3,973	3,973	3,973	3,973	3,973	
Total Guests Generated	913	7,077	8,751	9,547	9,738	9,932	9,932	9,932	9,932	9,932	9,932	
Average Spend per Guest	\$159,797	\$1,238,426	\$1,531,387	\$1,670,676	\$1,704,090	\$1,738,172	\$1,738,172	\$1,738,172	\$1,738,172	\$1,738,172	\$1,738,172	\$16,733,405
Adj. Non-Local Dir. Spending	\$119,848	\$928,819	\$1,148,540	\$1,253,007	\$1,278,067	\$1,303,629	\$1,303,629	\$1,303,629	\$1,303,629	\$1,303,629	\$1,303,629	\$12,550,054

Room Nightly Sales & Occupancy Tax

Room & Occupancy Tax 4.00%
 Sales Tax 7.00%

	<u>Year 0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>	
Room Revenue	\$13,764	\$720,174	\$1,085,049	\$1,232,855	\$1,246,200	\$1,318,357	\$1,371,091	\$1,425,935	\$1,487,035	\$1,542,291	\$1,603,982	
Room & Occupancy Tax	\$551	\$28,807	\$43,402	\$49,314	\$49,848	\$52,734	\$54,844	\$57,037	\$59,481	\$61,692	\$64,159	
Sales Tax	\$963	\$50,412	\$75,953	\$86,300	\$87,234	\$92,285	\$95,976	\$99,815	\$104,092	\$107,960	\$112,279	
Total Tax Generated	\$1,514	\$79,219	\$119,355	\$135,614	\$137,082	\$145,019	\$150,820	\$156,853	\$163,574	\$169,652	\$176,438	\$1,435,141
Adj. Room Night/Sales Tax	\$1,136	\$59,414	\$89,517	\$101,711	\$102,812	\$108,764	\$113,115	\$117,640	\$122,680	\$127,239	\$132,329	\$1,076,355