



**Wood Creek Holdings LLC Application For HQ Powder Coating, Inc. Manufacturing Facility At 9740 State Route 4, Whitehall, New York For Investment Incentives From The Warren & Washington Industrial Development Agency**

From: Chuck Barton, Chief Executive Officer

Date: March 18, 2025

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 Wood Creek Holdings LLC for the construction and development of a new HQ Powder Coating, Inc. manufacturing facility located at 9740 State Route 4 in the Town of Whitehall.

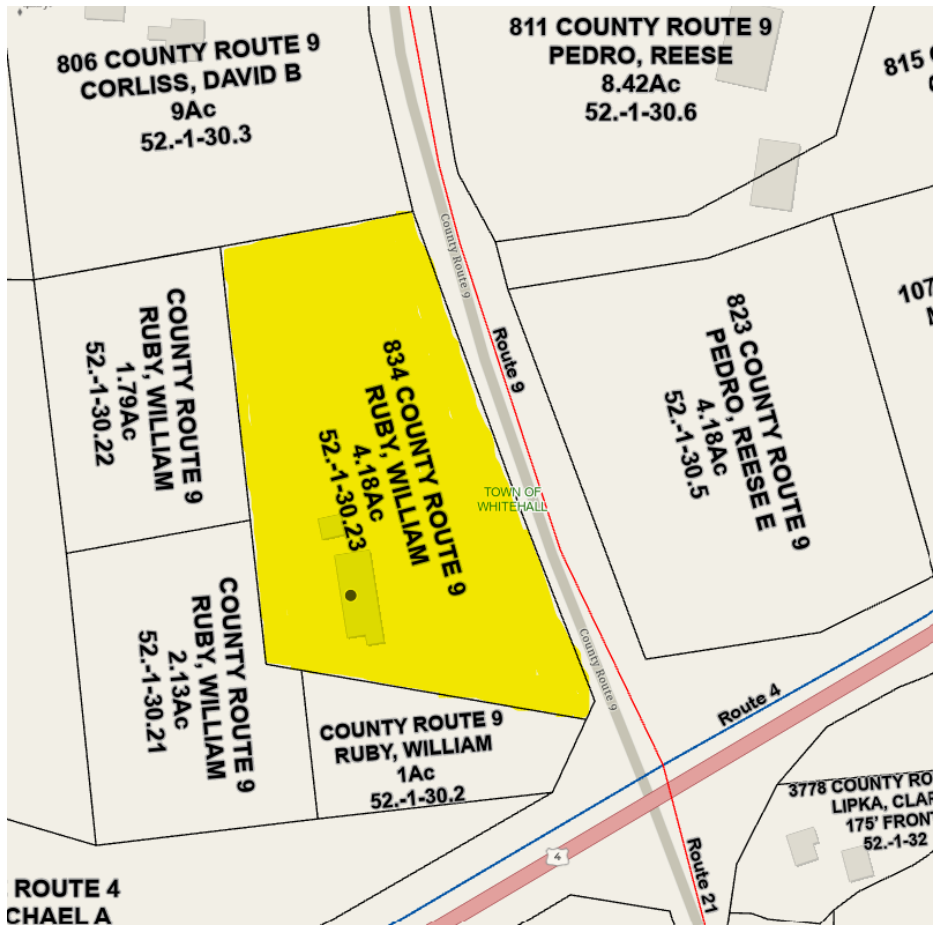
This document recognizes several factors considered by the WWIDA and is intended to provide a concise record of the issues considered as well as the justification for the investment incentive package, if offered by the WWIDA Board.

## **COMPANY DESCRIPTION**

HQ Powder Coating, Incorporated (HQPC) was founded by Joseph Mead in 2017. The powder coating operation is located in a leased 4,000 square foot facility at 834 County Route 9 in Whitehall, NY (highlighted in map on next page). HQPC has outgrown the facility and needs more space to continue growing its business.

HQPC is a full-service powder coating and sand blasting shop with 5 employees to service commercial and residential needs. Powder coating is widely used across various industries due to its durability, environmental benefits (no solvents or VOCs), and high-quality finish. Common applications include automotive parts, machinery equipment parts, agricultural equipment, pipes and valves, window frames, appliances, indoor/outdoor

furniture, lawn equipment, fitness equipment, electrical enclosures, control panels, medical equipment, and many other items.



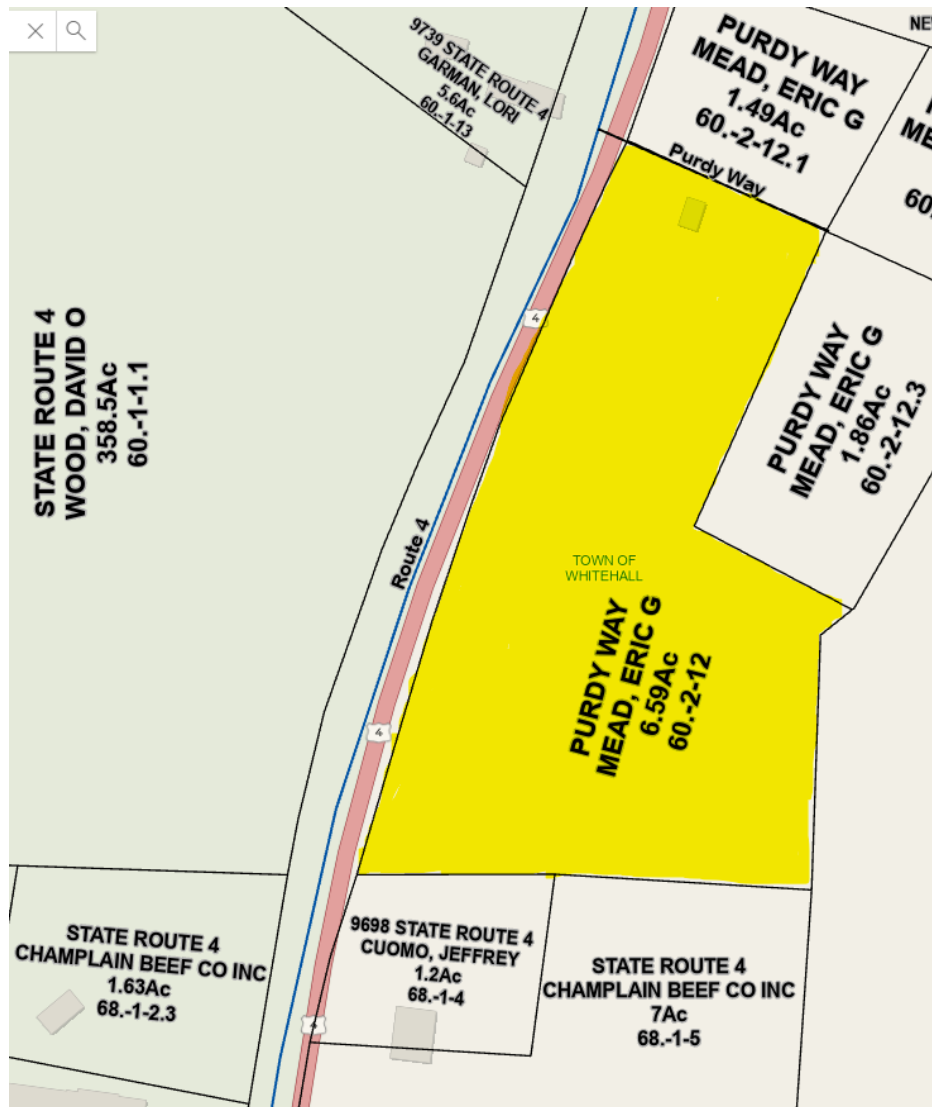
The business has grown its customer list to over seventy customers in Washington and Warren Counties, and the greater Northeast region. Customers include Bonacio Construction, Fronhofer Tools, Ludlow Electrochemical, Monahan & Loughlin, Portland Stone Ware, Rozell Process Solutions, Tymetal Corporation, and Vermont Stone Fixtures. The Better Business Bureau (BBB) has assigned HQ Powder Coating Inc. a favorable A+ rating.

Wood Creek Holdings (WCH) was established in 2023 by Joe and family members to build a larger manufacturing facility on a new site to support HQPC growth. WCH is owned by Wayne and Tina Evans, and Joseph Mead. There will be a lease arrangement.

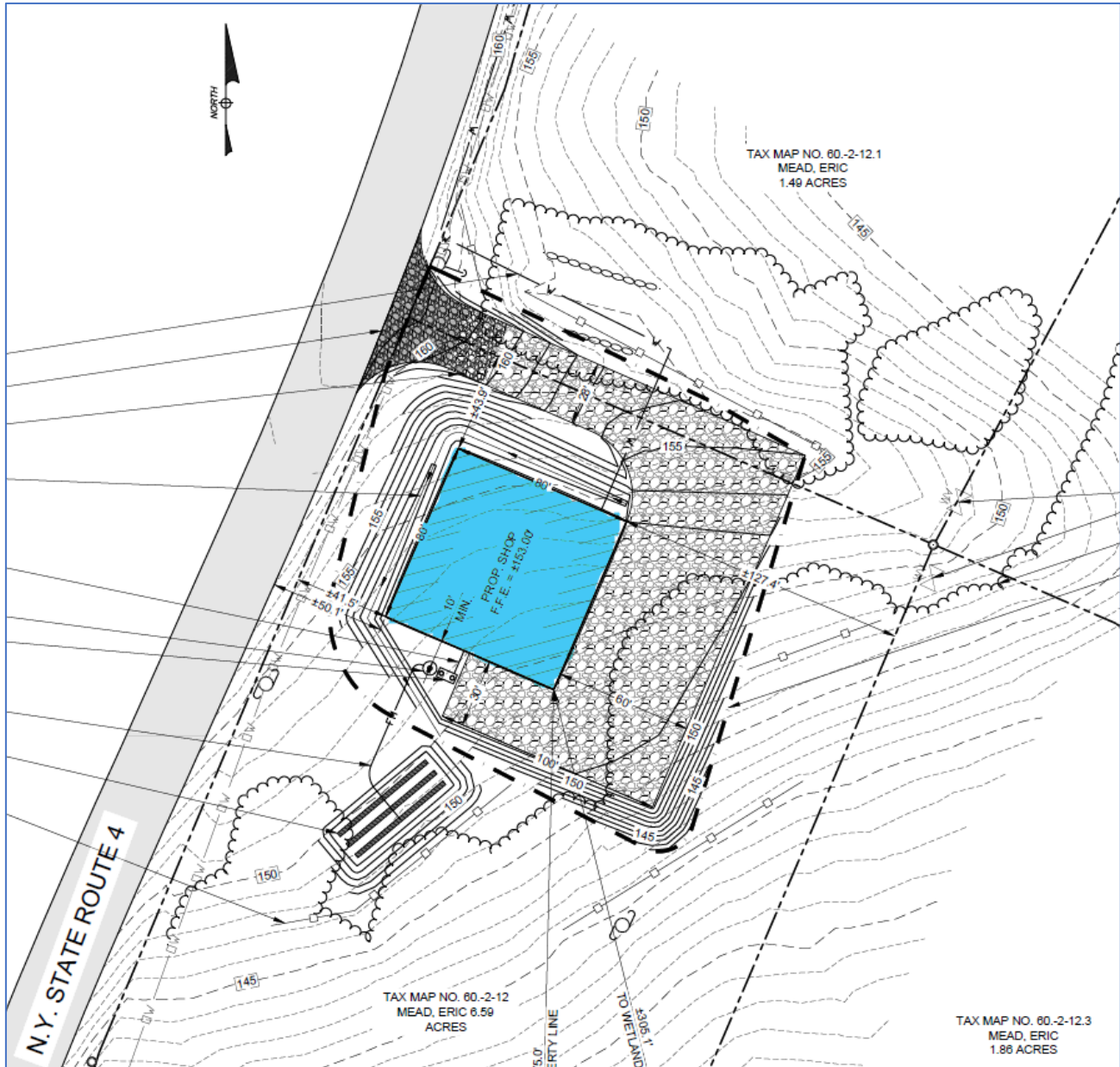
The lease at the County Route 9 location will be terminated after HQPC relocates to the new WCH facility. Other commercial activity is expected to continue at the Route 9 site.

## PROJECT DESCRIPTION

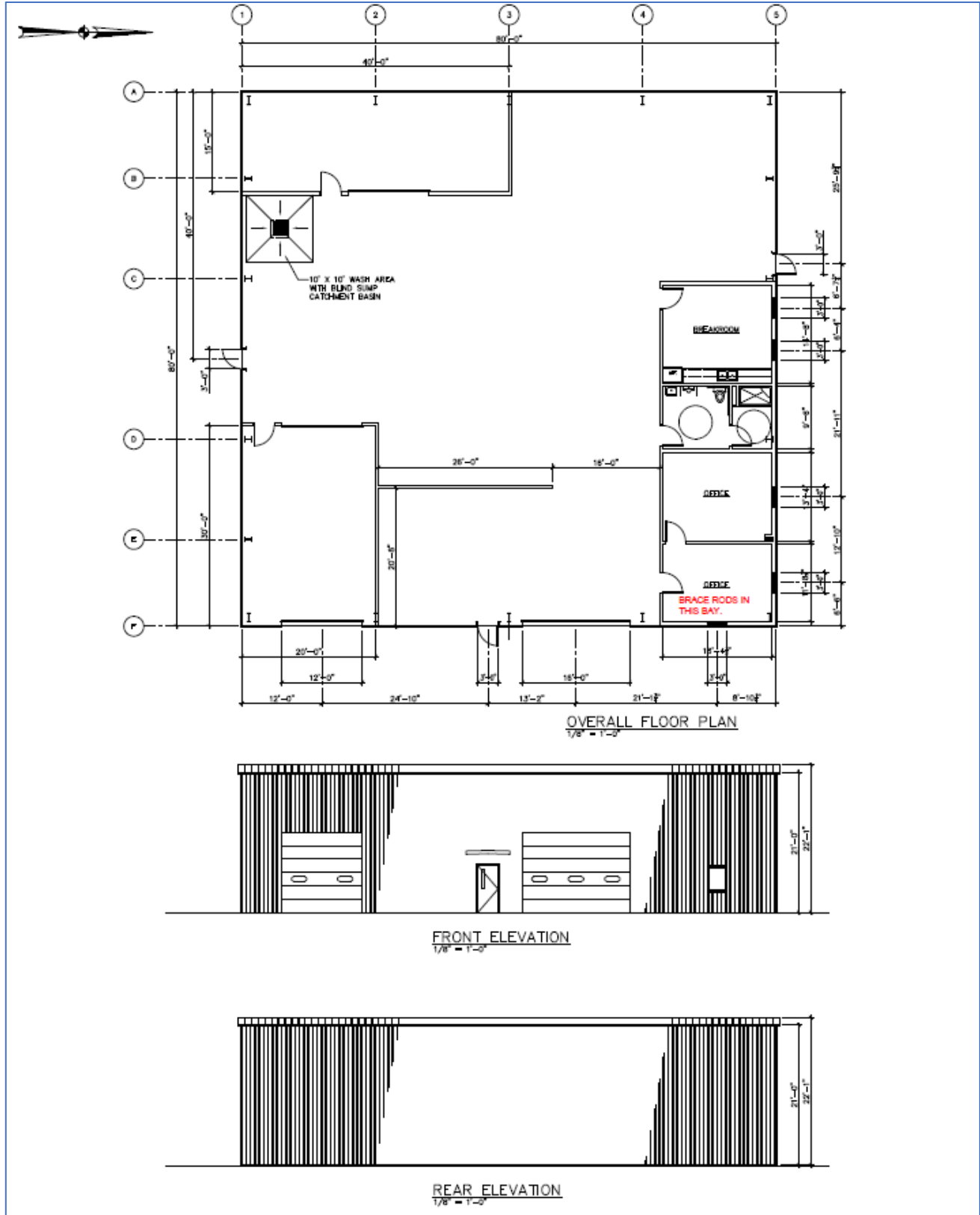
Wood Creek Holding is proposing to build an industrial facility on a 6.6 acres site located at 9740 State Route 4 in the Town of Whitehall (adjacent to the Champlain Beef site). The lot number is 60.-2-12. WCH will provide a triple net leasing arrangement with HQPC and pass along any investment incentives.



The new 80'x80' building cited at the northern end of the lot will have 6,400 square feet of gross floor area for powder coating operations, warehouse space, shipping docks, breakroom, lobby/showroom, and offices.



The site entrance off Route 4 will lead around the facility to the parking lot and building main entrance.



The site and facility plans have been submitted to the Town of Whitehall. Joseph Mead is confident that the review and approval process will proceed without complications.

The project total investment is expected to be \$895,000. The major cost elements are:

- Land Acquisition \$20,000
- Building Construction \$850,000
- Soft Costs, Design, Insurance, & Other \$25,000

The project is expected to be financed by a \$350,000 SBA loan and \$437,500 Arrow Bank loan. The equity investment is expected to be \$107,500.

The 2024 total assessment value of parcel number 60.-2-12 is \$30,200. “Base” annual property taxes on the lot total \$298.

## **REGIONAL ECONOMIC IMPACT**

The construction and operation of the proposed Wood Creek Holdings facility will have a positive economic impact on the region.

HQ Powder Coating will further support regional construction, manufacturing, and housing businesses.

Construction labor will comprise 35 part- and full-time positions for approximately 6 months valued at an estimated \$275,000.

Construction materials estimated at \$390,000 will be sourced 5% from within Washington County and 60% from within New York State.

The operation of the new facility will have favorable impact with 2.5 new staff positions and modest sales tax generation over 10 years. Wages and benefits will be over an estimated \$1.3 million. Sales tax generation of a conservatively estimated \$35,000 for residential activity. (Commercial manufacturing activity is not subject to sales tax.)

The detailed community economic impact analysis is in the Appendix.

## ANALYSIS OF PILOT AND ABATEMENT REQUEST

Wood Creek Holdings' requested investment incentives for the HQ Powder Coating manufacturing facility at 9740 State Route 4, Whitehall project are:

1. **Property tax incentives** in the form of a Payment In Lieu of Taxes (PILOT). The project qualifies for a PILOT within WWIDA's Uniform Tax Exemption Policy. The PILOT payments will be for a term of 10 years with a 100% exemption of real property taxes on the value of the improvements for years 1 through 5 and a 50% exemption of real property taxes on the value of the improvements for years 6 through 10, after construction is completed. This totals an estimated \$42,406 in payments over ten years versus an estimated \$169,626 without the investment incentive. **The estimated property tax benefit is \$127,219 over 10 years** (see Appendix for details.).
2. State and County **sales tax abatement** totaling 7% based on \$390,000 in purchases subject to sales tax. **The estimated benefit is \$27,300.**
3. Mortgage tax abatement of 1.25% from an estimated non-SBA financing loan of \$437,500. **The estimated mortgage tax benefit is \$5,469.**

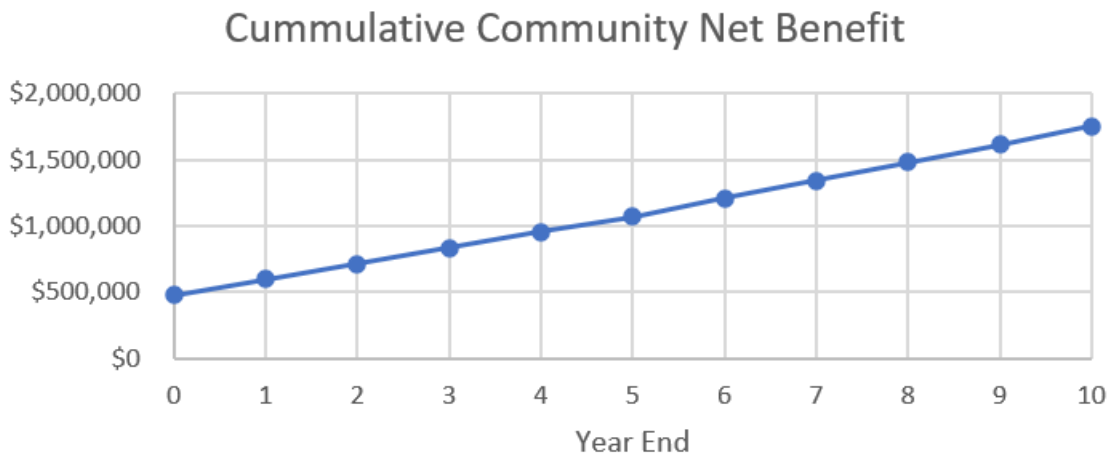
The proposed total gross investment incentive for WCH is an estimated \$159,988 before fees. The WWIDA administrative fee is \$8,055 for servicing the incentives including the 10-year PILOT. The estimated legal fee is \$10,000. **The estimated total net investment incentive is \$141,933.**

Wood Creek Holdings and HQ Powder Coating emphasized that WWIDA financial incentives program will reduce the tax burden and lower the cost of HQPC's lease agreement with WCH. This support is crucial for maintaining cash flow during HQPC's early expansion into a new facility. Without it, the financial risk of expansion increases significantly, as high lease payments, labor costs, and taxes could strain HQPC's ability to expand. Approval of tax exemptions will lower project costs, making the expansion viable, and position HQPC for future growth.

## COMMUNITY IMPACT SUMMARY and OVERALL RECOMMENATION

The community and economic benefits of the proposed Wood Creek Holdings and HQ Powder Coating project over ten years:

1. Support the regional construction, manufacturing, and housing industries.
2. Generate an estimated 35 local part- and full-time construction jobs valued at \$275,000.
3. Generate construction materials sales with estimated value \$390,000 with 60% sourced in New York State.
4. Create an estimated 2.5 full-time equivalent employment positions with estimated total wages and benefits of \$1.3 million.
5. Generate Sales Tax conservatively estimated at \$35,000.
6. Generate PILOT payments estimated at over \$42,000.
7. Generate Community Cost Benefit Ratio with benefits is estimated at 1 to 12 over the ten years.
8. The Community Net Benefit over ten years is estimated at over \$1.7 million (or \$1.4 million at a 4% net present value rate).



In conclusion, approving the Wook Creek Holdings LLC application and supporting the construction of the new Whitehall manufacturing facility would be in the community and economic interests of the residents of Washington and Warren Counties and the greater region.





5 Warren Street, Glens Falls, NY 12801

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IDA Project Applicant: Wood Creek Holdings LLC

Project Name: HQ Powder Coating Facility

Project Type: Manufacturing

Project Street Location: 9740 State Route 4

Project Municipality: Town of Whitehall

Parcel Identification: 60.-2-12

Project Description: New Powder Coating Facility

Total Project Investment: \$895,000

Project Material Terms: Construct 6,400 GFA SF facility on 6.6-acre site

IDA Benefits Provided: PILOT  
Sales Tax Exemption  
Mortgage Tx Exemption

Estimated  
Community Benefits  
Over Ten Years:

- a. Support regional industries
- b. Generate local \$850K construction activity
- c. Generate 2.5 new full positions valued at \$132K/year
- d. Generate \$35K Sales Tax
- e. Community Cost Benefit Ratio: 1 to 12
- f. Net Community Benefit: \$1,445K (NPV @ 4%)

# Appendix

**Wood Creek Holdings LLC / HQ Powder Coating - INCENTIVES ESTIMATION**

100% FIRST FIVE YEARS AND 50% SECOND FIVE YEARS

Final 03 10 2025

60.-2-12 Base Assessment	New Construction Dollar Value	Estimated New Assessed	2025 County Tax Rate / 1000	2025 Town Tax Rate / 1000	Village Tax Rate /1000	2024-25 WH Sch. Tax Rate / 1000		
\$30,200	\$850,000	\$880,200	\$6.55000	\$3.59000		\$9.81599		
PILOT YEAR	% PAYMENT	COUNTY PILOT AMOUNT	TOWN PILOT AMOUNT	VILLAGE PILOT AMOUNT	SCHOOL PILOT AMOUNT	TOTAL PILOT	FULL PAYMENT W/O PILOT	NET EXEMPTION
1	0%	\$0	\$0	\$0	\$0	\$0	\$16,963	\$16,963
2	0%	\$0	\$0	\$0	\$0	\$0	\$16,963	\$16,963
3	0%	\$0	\$0	\$0	\$0	\$0	\$16,963	\$16,963
4	0%	\$0	\$0	\$0	\$0	\$0	\$16,963	\$16,963
5	0%	\$0	\$0	\$0	\$0	\$0	\$16,963	\$16,963
6	50%	\$2,784	\$1,526	\$0	\$4,172	\$8,481	\$16,963	\$8,481
7	50%	\$2,784	\$1,526	\$0	\$4,172	\$8,481	\$16,963	\$8,481
8	50%	\$2,784	\$1,526	\$0	\$4,172	\$8,481	\$16,963	\$8,481
9	50%	\$2,784	\$1,526	\$0	\$4,172	\$8,481	\$16,963	\$8,481
<u>10</u>	<u>50%</u>	<u>\$2,784</u>	<u>\$1,526</u>	<u>\$0</u>	<u>\$4,172</u>	<u>\$8,481</u>	<u>\$16,963</u>	<u>\$8,481</u>
Totals		\$13,919	\$7,629	\$0	\$20,859	\$42,406	\$169,626	\$127,219
<b>FULL PAYMENT CALCULATION</b>		\$5,568	\$3,052	\$0	\$8,344		\$16,963	
<b>Estimated Tax Exemption Benefits:</b>								
		Assumptions:						
Property	\$127,219							
Sales & Use	\$27,300	\$390,000	Total Project Cost	\$895,000	Includes Land/Acq. \$20K			
<u>Mortgage 1.25%</u>	<u>\$5,469</u>	\$437,500	Net Benefit	\$141,933				
Subtotal	\$159,988		Benefit / Cost Ratio	15.9%				
Admin Fee 0.09%	(\$8,055)							
<u>Legal Fee</u>	<u>(\$10,000)</u>							
<b>Net Benefit</b>	<b>\$141,933</b>							

Wood Creek Holdings LLC / HQ Powder Coating  
 Community Cost Benefit Analysis  
 100% FIRST FIVE YEARS AND 50% SECOND FIVE YEARS

Final 03 10 2025

Year	Community Tax Exemption "Costs"					Community "Benefit"						Net "Benefit"
	State 4% Sale Tax Exempt.	County 3% Sale Tax Exempt.	Mortgage Tax Exempt.	Net Property Exempt.	TOTAL Gross Exempt.	Incremental 2.5 FTE Wages & Benefits	Construction Labor	Construction Mats in NYS	New Sales Tax Generated	PILOT	TOTAL	
0	(\$15,600)	(\$11,700)	(\$5,469)		(\$32,769)	\$0	\$275,000	\$234,000	\$0	\$0	\$509,000	\$476,231
1				(\$16,963)	(\$16,963)	\$132,500			\$3,500	\$0	\$136,000	\$119,037
2				(\$16,963)	(\$16,963)	\$132,500			\$3,500	\$0	\$136,000	\$119,037
3				(\$16,963)	(\$16,963)	\$132,500			\$3,500	\$0	\$136,000	\$119,037
4				(\$16,963)	(\$16,963)	\$132,500			\$3,500	\$0	\$136,000	\$119,037
5				(\$16,963)	(\$16,963)	\$132,500			\$3,500	\$0	\$136,000	\$119,037
6				(\$8,481)	(\$8,481)	\$132,500			\$3,500	\$8,481	\$144,481	\$136,000
7				(\$8,481)	(\$8,481)	\$132,500			\$3,500	\$8,481	\$144,481	\$136,000
8				(\$8,481)	(\$8,481)	\$132,500			\$3,500	\$8,481	\$144,481	\$136,000
9				(\$8,481)	(\$8,481)	\$132,500			\$3,500	\$8,481	\$144,481	\$136,000
10				(\$8,481)	(\$8,481)	\$132,500			\$3,500	\$8,481	\$144,481	\$136,000
<b>TOTAL</b>	(\$15,600)	(\$11,700)	(\$5,469)	(\$127,219)	(\$159,988)	\$1,325,000	\$275,000	\$234,000	\$35,000	\$42,406	\$1,911,406	\$1,751,418
<b>The Cost to Benefit Ratio is ==&gt;</b>					<b>1</b>	<b>to =====&gt;</b>					<b>11.9</b>	

Net Benefits - Net Present Value @ 4% \$1,445,960