

## Project Sheet Checklist for: L, R, R, & M, LLC d/b/a Inn on the Lake

### I. Project Description:

1. The Inn on the Lake (IOTL) was demolished to make way for a new boutique hotel and conference center. The old IOTL had 97,799 square feet and had 134 guest rooms. The new IOTL will be boutique hotel, conference and event center spread over 100,000 square feet and three structures. The buildings will be connected through a series of covered and uncovered walkways and paths given an overall campus feeling between the New York Kitchen and the IOTL. There will be 123 guest rooms. There are two floors (2nd and 3rd Floors) of guest rooms in the main building and the “Creekside Building” houses rooms over three floors in the North side of the building and 2 floors in the south portion of the building. The main building of the new IOTL will house a library lounge, a restaurant lounge, restaurant and three meeting rooms that can be configured to match any use. These meeting rooms offer the flexibility of being joined as one or separated as needed. Additionally, the 5,800 square feet Event Barn will have the ability to house upwards of 500 guests for large conferences and events being held on the property. Aside from being the Canandaigua’s newest, high-end boutique hotel, the new IOTL will provide a Conference and Event Center experience that is large enough to accommodate groups which do not even consider Ontario County at this time.

In December, 2018 the OCIDA approved sales tax exemptions for the IOTL project. In June, 2019, the applicants returned to the OCIDA to request a Payment In Lieu of Taxes (PILOT) to abate real property taxes in addition to the sales tax exemption previously received. Project costs increased from \$40,774,058 to \$48,514,783. Cost increases were due to poor soil conditions requiring more expensive foundation work, increased kitchen size to feed larger conferences, and addition of a spa to help attract travelers in the winter and spring.

In addition to cost increases, a PILOT was authorized for the Canandaigua-Finger Lakes Resort. The applicant believes this PILOT creates an uneven playing field for IOTL. By reducing operating expenses for the Canandaigua-Finger Lakes Resort, IOTL is put at a competitive disadvantage.

This project is located in one of three census tracts in Ontario County designated as an “Opportunity Zone” (OZ). OZs are part of a federal program to stimulate economic opportunities in low income areas. To be designated an OZ, a census

tract's population must have poverty rates of at least 20 percent or median family incomes no greater than 80 percent of their surrounding area's median income, according to the U.S. Census Bureau's 2011-2015 American Community Survey. In tract 510 (where IOTL is located), the median household income is \$44,521. This is only 72% of the county-wide median income of \$61,710. The poverty rate in tract 510 is 14.1% compared to 9.7% for the county poverty rate. This type of project is important for distressed census tracts such as this.

2. Location: 770 South Main Street, Canandaigua

3. Major product or service: Hospitality/Tourism

4. Type of project:

- a. New building &/or equipment
- b. Addition to existing structure
- c. Refinancing/transfer/amendment/second mortgage
- d. Vacant building
- e. IT/communications equipment

5. Type of assistance:

- Lease/Leaseback
- Bond-manufacturing project
- Bond-civic facility
- Other  (describe below)

6. Number of square feet: 100,000

7. Usage:

- Office
- Manufacturing
- Distribution and warehousing
- Other  Hotel, restaurant, bar, and conference center

7. Project Costs:

Site work	\$ 6,341,500
Demolition & Construction	\$30,858,500
Architectural/Engineering fees	\$ 2,576,838
Legal fees	\$ 165,000
Other	\$ 8,572,945*
<b>TOTAL</b>	<b>\$48,514,783</b>

\*Other includes FF&E, POS system, computers, signage, AV equipment, kitchen equipment, and OS&E.

8. Project contact name: Christopher Burns, VP Seagate Hospitality Group, LLC  
<http://www.seagahospitality.com/>, (585) 820-2304

9. Local Address, contact information, website: 770 South Main St.  
 Canandaigua, NY 14424  
 (585)820-2304  
 burns@hudsonlottery.com

10.

Employment		Regular		Part-time/ Seasonal	
		Retained	New	Retained	New
Current in County		28		130	
Project	Year 1	28	2	130	5
	Year 2	30	2	135	5
	Year 3	32		140	

II. Economic Impact

How does the project fit into the types of projects allowed by General Municipal Law?

- Manufacturing
- Warehousing
- Research
- Commercial
- Industrial
- Signature retail
- Back Office/Data or Call Centers
- Tourism destination
- Agricultural
- Food Processing
- Adaptive reuse/community development
- Railroad facility
- Civic facility

How does the project fit into the types of projects allowed by the agency's Uniform Tax Exemption Policy?

- Technical/Research/Processing/Commercial
- Industrial/manufacturing (including computer technology, software, distribution, warehouse, & producer service providers)

Manufacturing

Vacant/brownfield facilities

Area of distress/urban renewal

Unique economic impact upon Ontario County

Unique economic impact upon locality

Affordable/market rate housing

Does this project deviate from the Agency's UTEP?

Yes  No

If yes, have appropriate procedures been followed relative to the deviation?

Yes  No

How does this project advance Ontario County's adopted strategic plan:

Strengthens existing industry

Strengthens existing industry cluster

Supplier/customer to existing industries

Agriculture/Food Processing

Photonics

Firm with high ratio of knowledge workers

Quality of Life (healthcare, destination retail, hospitality)

Infrastructure (transportation, including aviation, information)

### III. Compliance

May include review of company payroll records, financial statements, projections, websites, brochures, sales and purchasing data and competitor information to ensure that information reported to the agency is complete and that agency participation is appropriate.

1. Verified current employment levels: Yes.

List documentation reviewed: Form NYS-45 were part of the application at the former Inn On The Lake.

2. Will jobs be lost or a company location closed in another part of NYS as a result of this project?

Explain and list documentation reviewed: No. Jobs will be retained and new jobs added (application).

- a. If yes, is the project necessary to discourage the company from leaving the state?

Explain and list documentation reviewed:

- b. If yes, is the project necessary to preserve the competitive position of the project occupant in its respective industry?

Explain and list documentation reviewed:

3. Is IDA assistance required for this project to be successful? Yes.

Explain and list documentation reviewed: The nature of the project changed when a conference center was added to the project. A larger kitchen, spa, and poor soil conditions caused additional costs. In addition, the stalled Canandaigua-Finger Lakes Resort project started and received PILOT assistance. The project location is in a Federal Opportunity Zone. Without real property tax abatement, the internal rate of return would fall to unacceptable levels, and a smaller, scaled-back project be built (applicant statement and market study by Destination Services, LLC).

4. Would this project have proceeded without IDA assistance? Yes.

Explain and list documentation reviewed: The application states that the project location is fixed (Canandaigua Lake). Other locations were considered for investment, but the owners are committed to the continued development of Canandaigua. Only a scaled-back project, without a conference center, would be built, however, if OCIDA cannot provide sales tax and real property tax assistance.

#### IV. Staff Opinion

Based on our analysis of the factors enumerated above we feel that this project will have a positive economic impact on Ontario County, meets the criteria set forth under General Municipal Law, the agency's Uniform Tax Exemption Policy and its strategic plan for an appropriate project on which to confer benefits.

We submit this to the Ontario County Industrial Development Agency board for review and possible inducement. Further, if induced, staff recommends that this PILOT's form be comparable to the PILOT awarded to 205 Lakeshore Dr. (Canandaigua-Finger Lakes Resort). The 205 Lakeshore Dr. PILOT held the assessment at the time of closing on their PILOT at the same level for ten years. Current tax rates are applied against the fixed assessment. At the end of ten years, the full assessment is used in tax calculations. The cost-benefit analysis attached show the effects of structuring the PILOT as the applicants requested and as recommended by staff.

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Economic Development Specialist

  
\_\_\_\_\_  
Executive Director

<b>Checklist</b>	Check if Received
Application	<input checked="" type="checkbox"/>
SEQR	<input checked="" type="checkbox"/>
Application Fee	<input checked="" type="checkbox"/>
Cost Benefit Analysis	<input checked="" type="checkbox"/>
Market study	<input checked="" type="checkbox"/>

Ontario County Industrial Development Agency  
 Cost/Benefit Analysis  
 Inn On the Lake

	<u>10 Year Aggregate Totals</u>	<u>20 Year Aggregate Totals</u>
<u>COST</u>		
Sales Tax Abatement during Construction	2,000,000	2,000,000
Real Estate Tax Abatement - School	3,169,237	4,919,642
- City	1,178,321	1,829,122
- County	1,063,028	1,650,155
<b>Total Estimated Costs</b>	<b><u>7,410,586</u></b>	<b><u>10,398,919</u></b>
<u>BENEFITS</u>		
Wages attributed to employees and construction workers net of estimated personal income and sales taxes	39,003,507	72,964,516
Increased Income Tax to New York State generated by employees and construction workers personal income	814,022	1,524,504
Increased Sales Tax on estimated expenditures generated by employees wages	883,593	1,736,171
Increased State and Local Sales Tax generated from hotel operations	9,068,925	20,521,908
Increased estimated Local Occupancy Tax generated from hotel operations - County	1,944,240	4,396,164
Increased estimated Local Occupancy Tax generated from hotel operations - City	972,120	2,198,082
<b>Total Estimated Benefits</b>	<b><u>52,686,408</u></b>	<b><u>103,341,345</u></b>
<b>Net Estimated Benefit (Cost) for this renovation</b>	<b><u>45,275,822</u></b>	<b><u>92,942,426</u></b>
10 year Estimated Net Present Value at Prime Rate 5.5%		<b><u>34,878,851</u></b>
20 year Estimated Net Present Value at Prime Rate 5.5%		<b><u>55,855,205</u></b>

