

ISLAND WATER PARK CORP (IWP) SYNOPSIS

5835 Middle Country Road, Calverton, New York. IWP initiated discussions with the IDA in 2016. The project was paused due to unforeseen delays in the procurement of the required site plan and building approvals. After a near 15-year approval process the project expects to have final site plan approval and the necessary permits to finalize construction at the end of 2021.

As economic stability returns following the coronavirus pandemic of 2020-21, the proposed project is expected to contribute to the long-term economic health of the community. The Island Water Park project will create strong economic and fiscal activity by providing employment opportunities, a solid property tax and sales tax base and net revenues to the local school district, in addition to an increased visitation and tourism to the local economy.

The proposed size and scope of the IWP facility is unrivaled on Long Island. Located on approximately 42 acres, IWP will have a 75,000 square foot indoor facility and a 20-acre man-made lake with environmentally sensitive cable park system for wakeboarding. IWP will be home to a state-of-the-art indoor endless surf pool, indoor rock climbing walls, fitness centers, indoor and outdoor volleyball courts, obstacle courses, bumper boats and water slides. The indoor facility will also include a restaurant, which will serve healthy and locally harvested foods and a bar which is anticipated to feature East End wines. IWP will also provide other adult themed activities including corn hole, axe throwing, golf simulators, race car simulators and many other activities, which will be modified on a seasonal basis. There will be a small pro shop and show room for its line of wakeboard boats and accessories. IWP will include a five-star full service spa. IWP's CCTV system installed throughout the building and grounds will allow parents to supervise their children while they are enjoying IWP activities and offer discounted tickets to Riverhead residents, Not for Profits and Schools

TAXES/ABATEMENT

- The vacant parcel was only generating \$29,604 in property taxes. By year 10, the estimated annual tax revenue will reach over \$570,000.
- The current assessed land value is 159,300. As a result of new improvements, a partial assessment has already increased the assessed value by 615,200.
- According to the Riverhead Board of Assessors, an increase to the assessed value is estimated to reach \$2,470,700 when the project has completed the improvements, bringing the total new assessment to **\$2,630,000**. That is a 1550% increase over vacant land value.
- The property is estimated to generate over \$2.9 million in property taxes and PILOT payments over the next 10 years – which is \$3.3 million more that the vacant property would have been expected to produce.
- The unpredictability of this industry during the pandemic has caused financial institutions to scale back their willingness to loan. At this time, the use of the mortgage recording tax is postponed, but included as a potential benefit for use in the future.
- The estimated sales and use tax exemption figure represents the maximum amount eligible for exemption for construction materials, building systems and furnishings – the project

will have to prove the expenditure and submit documentation to NYS annually for the two years that it is eligible to submit the exemption.

- The annual operations of Island Water Park will generate a considerable amount of consumer spending and resultant sales and sales tax revenues. The economic benefit projected in the Nelson Pope and Voorhis “Project Need and Benefit Analysis” estimated an increase in sales tax revenue to \$5.6 million annually to the region.
- The benefit to cost ratio to the region as calculated through Inform Analytics is 44:1

PARKING/TRAFFIC

- The applicant provided two traffic studies. Based on the results of the studies by VHB Engineering, Surveying and Landscape Architecture and Geology, PC. it has been concluded that the proposed action will not have a significant impact on the intersections or roadway network.

OVERALL IMPACT

- The proposed project is projected to represent over \$25 million¹ in direct investment Costs.
- This \$20.9 million in direct annual output for construction alone is projected to generate an indirect impact of over \$4.0 million, and an induced impact of over \$6.7 million, bringing the total economic impact on output to over \$31.7 million just during a 21-month construction period.
- The 24.0 FTE jobs created during the construction period will have an indirect impact of 22.4 FTE employees and an induced impact of 46.5 FTE employees in other industry sectors, bringing the total impact of the 61 month construction period to 92.9 FTE jobs.
- Under annual operations, this direct output is projected to generate an indirect impact of over \$17.2 million per year.
- The sum of the direct, indirect and induced impacts results in a total economic impact on output of over \$102.6 million during annual operations.
- The operations of the water park are projected to generate 283.5 FTE jobs.
- The direct labor income projected in the NVP Project Need Analysis estimates a result in an indirect impact of over \$5.8 million and an induced impact of over \$6.6 million, bringing the total economic impact of labor income to over \$35.1 million during the annual stabilized operations.

ADDITIONAL BENEFITS

A core part of economic development works to diversify the economy, reducing a region’s vulnerability to a single industry.

Quality-of-life considerations (including those made possible by high-quality parks and recreation) play a supporting role in site-location decisions - NRPA

Many business owners are first introduced to places as visitors or tourists; positive recreational experiences can influence both business and talent recruitment.

Like all industries, outdoor recreation and related industries have been highly impacted by COVID-19. While many people increased their level of being and recreating outside as indoor activities shutdown or were limited for safety, business in the industries have been negatively impacted. Positive signs for the industry are resulting from an increased awareness of the benefits to individual and community health of being and recreating outdoors. Also, with an increase in remote work, employees will continue to seek outdoor recreation activities within their community and nearby region and have additional time due to shorter commutes.

The impact of outdoor recreation extends beyond its direct employment and sales levels. It has a positive impact on the demand across many industries including tourism, manufacturing, services, retail, food and accommodations. The more that people get outside and visit outdoor recreation areas and venues, the more that gets spent on these economic goods and services. Beyond the direct impact of these sales, the dollars also create indirect economic benefits. On average, every direct job in outdoor recreation and related industries results in the creation of a total of 3.24 jobs in the economy.

Finally, outdoor recreation increases individual and community health, and both are tied to economic opportunity and prosperity.