

# Position Points: Economic Analysis

- Amazon's developer, Trammel Crow Buffalo (TC Buffalo), hired the MRB Group to conduct an Economic Impact Analysis (EIA).
- The MRB Group used economic forecast models provided by EMSI instead of using actual data from Amazon centers that already exist in the US.

# Position Points: Economic Analysis

- Their most recent (corrected) estimate stated that the Town would receive \$9,582,602 million (an average of \$639k/year or 2.6% of annual Town Budget). The estimate for the school district was \$25,457,278 (an average of \$1.7m/year or 2.6% of the annual school budget).
- These estimates were based on a \$149.7m assessed valuation of the property. This is still an unknown.
- MRB estimates that the average home owner will save \$5,451 over the 15-year span of the PILOT as a result of new revenues from the Project. This is an average of \$363.40 per year or ~ONE DOLLAR A DAY.
- We believe that the EIA is flawed and the net costs to Grand Islanders will far exceed any revenue projections made by TC Buffalo or its suppliers.

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- Their analysis points to the creation of at least 1,000 jobs and a payroll of \$32,000,000 per year.
- This would indicate that the average income per employee would be \$32,000 per year.
- This is not a Head-of-Household income and an income for which people would NOT be incentivized to displace (move) themselves or their families.
- At this level of income, it is likely that the average employee would only get 30 minutes for lunch and be incentivized to utilize the cafeteria constructed on-site to feed the workers. The employees would therefore not likely spend their 30 minutes having lunch in Grand Island restaurants or frequent GI businesses.

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- Since most employees of this proposed warehouse would not move to take this job, it is far more likely that the jobs will be filled by poaching employees from existing Western New York employers.
- As the “new” employer in town, Amazon would not likely settle for unemployed applicants but would recruit people with existing jobs with current employers. As such, the income tax revenue estimated as a percentage of the total payroll is highly overstated.
- In actuality, the only income tax revenue difference would be the result of income differences from the future Amazon employee’s salary at Amazon and their salary at their former employer. Being that the Amazon jobs only average \$32,000 per year, this difference is just as likely to be negative as it is to be positive.
- If Amazon recruits most of its employees from existing Western New York businesses, it will have a net negative impact on the other Western New York businesses which is not comprehended in the EIA whatsoever.

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- The bottom line on jobs is that the current EIA as submitted assumes that these are all new jobs and that the money is all additive.
- We believe that reality would suggest that these are NOT new jobs and the resultant income tax revenues are overstated.
- Furthermore, the positive monetary impacts to the Town of Grand Island due to the presence of these jobs is also overstated.

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- The original submission (before the revenues were reduced/corrected by TC Buffalo) showed an allocation of revenue to the affected Fire & Rescue district which was totally inadequate. If revenues are now reduced further, this would only worsen the allocation to the Fire & Rescue district.
- Actual experience from existing Amazon facilities elsewhere have shown that Grand Island's local fire and rescue are not equipped or prepared to handle a major event at a warehouse of this size. In fact, in the most recent example in Redlands, CA, the local emergency responders- once they confirmed that there weren't any people at risk- let the Amazon warehouse burn to the ground.

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- Phillips Lytle claimed that the ECHD and the Town of Grand Island Highway department both approved the project as submitted to the Town Board of Grand Island. This was refuted by the Town's own Highway Department superintendent at the last Grand Island Town Board meeting.
- The amount of truck traffic alone (remember that there would also be significant car traffic) generated by this proposed project would necessitate the reinforcement, repair and resurfacing of many roads and bridges, especially the old and aging Grand Island Bridges (both North and South bridges). Revenue projections submitted by TC Buffalo for this purpose are grossly understated. It would ultimately fall to the local and NY State taxpayers to fund the necessary reinforcements, repairs and resurfacing
- An Economic Roundtable report calculated that Amazon trucks last year created \$642 million in "uncompensated public costs" for noise, road wear, accidents and harmful emissions.

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- In the end, even if there is a net positive cash impact to the Town of Grand Island for the completion of the warehouse, the cost to the environment, quality-of-life, jobs, traffic and all of the other intangibles would greatly exceed the estimated financial benefit brought to Grand Island by Project Olive.
- From cost/benefit point of view, there is little to no benefit to Grand Island for Project Olive in our opinion.