



**ECONOMIC DEVELOPMENT
GROWTH ENGINE**
FOR MEMPHIS & SHELBY COUNTY

Community Builder PILOT Project Summary

Company/Applicant:	<u>Pandrol USA, LP</u>
Capital Investment: *	<u>\$ 9,291,200</u>
Jobs: (FTE)	<u>73</u>
Annual Average Wage:	<u>\$ 49,453</u>
Recommended PILOT Length: (years)	<u>15</u>
Tax Incentive:	<u>\$ 1,526,910</u>
Local Tax Benefit:	<u>\$ 5,098,567</u>
Benefit/Cost Ratio:	<u>3.34</u>

**Includes CRC value of \$1,041,200 for the existing land and building as well as transferred equipment valued at \$1,800,000.*

City of Memphis, Shelby County, TN
Pandrol USA, LP
Economic Impact and Benefit/Cost Analysis

Annual Impact of Operations	
Employment, Direct (New, full-time equivalent jobs)	73
Wages & Benefits, Direct	\$ 4,693,090
Employment Multiplier ¹	2.2979
Total Employment	168
Employment, Indirect	95
Shelby County Annual Average Wage ²	\$ 54,741
Wages, Indirect	\$ 5,200,395
Total Wages	\$ 9,893,485
Sales Tax Revenue ³	\$ 112,860
Other Tax Revenue ⁴	\$ 33,294
Residential/Commercial Property Tax Revenue ⁵	\$ 154,979
Total Tax Revenue	\$ 301,133

City of Memphis, Shelby County, TN
Pandrol USA, LP
Economic Impact and Benefit/Cost Analysis

One Time Expansion Impact		
Total Capital Investment	\$	6,450,000
Building - Real Property (renovations)	\$	2,950,000
Economic Impact Multiplier ⁶		1.8157
Economic Impact	\$	5,356,315
Equipment Purchase/Set-up - Personal Property	\$	3,500,000
Economic Impact Multiplier ⁷		1.7269
Economic Impact	\$	6,044,150
Total Economic Impact	\$	11,400,465
Sales Tax Revenue ³	\$	55,581
Other Tax Revenue ⁴	\$	17,008
Total Tax Revenue	\$	72,589

Pandrol USA, LP
Shelby County Tax Schedule

Shelby County Tax Rate: \$4.05	Real Property - Existing Facility & Renovations*			
	Full Taxes	% of taxes paid	Taxes Paid after Abatement	Taxes Abated
Full Value	\$ 3,504,600			
Year 1	\$ 56,775	25%	\$ 14,194	\$ 42,581
Year 2	\$ 56,775	25%	\$ 14,194	\$ 42,581
Year 3	\$ 56,775	25%	\$ 14,194	\$ 42,581
Year 4	\$ 56,775	25%	\$ 14,194	\$ 42,581
Year 5	\$ 56,775	25%	\$ 14,194	\$ 42,581
Year 6	\$ 56,775	25%	\$ 14,194	\$ 42,581
Year 7	\$ 56,775	25%	\$ 14,194	\$ 42,581
Year 8	\$ 56,775	25%	\$ 14,194	\$ 42,581
Year 9	\$ 56,775	25%	\$ 14,194	\$ 42,581
Year 10	\$ 56,775	25%	\$ 14,194	\$ 42,581
Year 11	\$ 56,775	25%	\$ 14,194	\$ 42,581
Year 12	\$ 56,775	25%	\$ 14,194	\$ 42,581
Year 13	\$ 56,775	25%	\$ 14,194	\$ 42,581
Year 14	\$ 56,775	25%	\$ 14,194	\$ 42,581
Year 15	\$ 56,775	25%	\$ 14,194	\$ 42,581
Total	\$ 851,625		\$ 212,910	\$ 638,715

City of Memphis Tax Rate: \$3.1959	Real Property - Existing Facility & Renovations*			
	Full Taxes	% of taxes paid	Taxes Paid after Abatement	Taxes Abated
Full Value	\$ 3,504,600			
Year 1	\$ 44,801	25%	\$ 11,200	\$ 33,601
Year 2	\$ 44,801	25%	\$ 11,200	\$ 33,601
Year 3	\$ 44,801	25%	\$ 11,200	\$ 33,601
Year 4	\$ 44,801	25%	\$ 11,200	\$ 33,601
Year 5	\$ 44,801	25%	\$ 11,200	\$ 33,601
Year 6	\$ 44,801	25%	\$ 11,200	\$ 33,601
Year 7	\$ 44,801	25%	\$ 11,200	\$ 33,601
Year 8	\$ 44,801	25%	\$ 11,200	\$ 33,601
Year 9	\$ 44,801	25%	\$ 11,200	\$ 33,601
Year 10	\$ 44,801	25%	\$ 11,200	\$ 33,601
Year 11	\$ 44,801	25%	\$ 11,200	\$ 33,601
Year 12	\$ 44,801	25%	\$ 11,200	\$ 33,601
Year 13	\$ 44,801	25%	\$ 11,200	\$ 33,601
Year 14	\$ 44,801	25%	\$ 11,200	\$ 33,601
Year 15	\$ 44,801	25%	\$ 11,200	\$ 33,601
Total	\$ 672,015		\$ 168,000	\$ 504,015

Total Real Property Taxes Abated: \$ 1,142,730
Payments Made in Lieu of Taxes: \$ 380,910

* Real property in PILOT includes new investment of \$2,950,000 and the current value of the existing building (\$544,600).

Pandrol USA, LP
Shelby County Tax Schedule

Shelby County Tax Rate: \$4.05	Personal Property (new)				
	Full Taxes	Depreciation Rate	% of taxes paid	Taxes Paid after Abatement	Taxes Abated
Value	\$ 3,500,000				
Year 1	\$ 37,422	0.88	25%	\$ 9,356	\$ 28,066
Year 2	\$ 31,894	0.75	25%	\$ 7,974	\$ 23,920
Year 3	\$ 26,791	0.63	25%	\$ 6,698	\$ 20,093
Year 4	\$ 21,263	0.50	25%	\$ 5,316	\$ 15,947
Year 5	\$ 16,160	0.38	25%	\$ 4,040	\$ 12,120
Year 6	\$ 10,631	0.25	25%	\$ 2,658	\$ 7,973
Year 7	\$ 8,505	0.20	25%	\$ 2,126	\$ 6,379
Year 8	\$ 8,505	0.20	25%	\$ 2,126	\$ 6,379
Year 9	\$ 8,505	0.20	25%	\$ 2,126	\$ 6,379
Year 10	\$ 8,505	0.20	25%	\$ 2,126	\$ 6,379
Year 11	\$ 8,505	0.20	25%	\$ 2,126	\$ 6,379
Year 12	\$ 8,505	0.20	25%	\$ 2,126	\$ 6,379
Year 13	\$ 8,505	0.20	25%	\$ 2,126	\$ 6,379
Year 14	\$ 8,505	0.20	25%	\$ 2,126	\$ 6,379
Year 15	\$ 8,505	0.20	25%	\$ 2,126	\$ 6,379
Total	\$ 220,706			\$ 55,176	\$ 165,530

Personal Property (relocated)				
Full Taxes	Depreciation Rate	% of taxes paid	Taxes Paid after Abatement	Taxes Abated
\$ 1,800,000				
\$ 4,374	0.20	25%	\$ 1,094	\$ 3,280
\$ 4,374	0.20	25%	\$ 1,094	\$ 3,280
\$ 4,374	0.20	25%	\$ 1,094	\$ 3,280
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\$ 4,374	0.20	25%	\$ 1,094	\$ 3,280
\$ 4,374	0.20	25%	\$ 1,094	\$ 3,280
\$ 65,610			\$ 16,410	\$ 49,200

City of Memphis, Shelby County, Tennessee
Pandrol USA, LP
Economic Impact and Benefit/Cost Analysis

Payback Summary

Length of PILOT (years)		15
Total Taxes Forgone	\$	1,526,910
Hard Costs	\$	-
Total Taxes Forgone and Hard Costs	\$	1,526,910
Tax Revenues From Construction	\$	72,589
Tax Revenues From Operations During PILOT Period	\$	4,516,995
Property Tax Revenues Received During PILOT Period	\$	508,983
Total Tax Revenues Received During PILOT Period	\$	5,098,567
Benefit/Cost Ratio		3.34

Projected Costs:
Hard Costs (land, infrastructure, etc.)
 None.

Opportunity Costs
 Local government is requested to forgo for a period of years the opportunity to collect taxes on site improvement, building, and industrial equipment that are a part of the project.

Benefit/Cost Ratio: The sum of tax revenues from construction, operations and property during the PILOT period divided by the total taxes forgone.

City of Memphis, Shelby County, Tennessee
Pandrol USA, LP

Estimated Fees	
Application Fee	\$ 1,000
Closing Fees (5% of Total Taxes Forgone) (Maximum of \$300,000) (Less Application Fee)	\$ 75,346
City of Memphis Personal Property Fees for PILOT (5% of Taxes Abated) (Maximum \$50,000)	\$ 8,473
Shelby County Personal Property Fees for PILOT (5% of Taxes Abated) (Maximum \$50,000)	\$ 10,737
Total Fees	\$ 95,556