

## Tompkins County IDA Meeting Minutes

### ACTION ITEMS

April 4, 2008

- Larry Baum and Michael Stamm will review the current recapture policy. **STATUS: subcommittee formed. Review on hold pending changes in NYS IDA law.**

January 16, 2009

- TCAD to study the IDA's competitive strengths and incentives. **STATUS: Ongoing.**

June 5, 2009

- The blank density application should be placed on the next IDA meeting agenda for discussion. **STATUS: Still needs to be reviewed**

August 7, 2009

- A request was made to see in writing the 1993 Transonic Systems project's job commitments and actuals. **STATUS: To be provided at October 2, 2009 meeting.**

**Tompkins County IDA Meeting Minutes  
September 4, 2009  
Scott Heyman (Old Jail) Conference Room  
Ithaca, NY**

**Present:** Martha Robertson, Dan Cogan, Jeff Furman, Larry Baum, David Squires, Michael Koplinka-Loehr, Michael Sigler, Joe Mareane, Ed Marx

**Excused:** Kathy Luz Herrera

**Staff Present:** Michael Stamm, Heather Filiberto, Ina Arthur (recording), Mariette Geldenhuys

**Guests Present:** Russ Gaenzle (Harris Beach PLLC), Ariel White, Alex Parilto (Laborers Local 785), Philly DeSarno (City of Ithaca), Nels Bohn (IURA), Nikki Scyward, Nick Lawrie, Samantha Wolfe, Neil Oolie, Nancy Webster (TCWC), Kathy Russell (Town of Dryden, TCWC), Mary Loehr (TCWC), Judith Van Allen, Pete Meyers (TCWC), Krisy Gashler (Ithaca Journal), Kelly Wessell, Franklin Crawford (TinyTownTimes.com), Schott Whitham (Hotel Ithaca), Gary Ferguson (DIA), Bob Steinkamp (DIA), Gino Bush (Circle of Recovery)

**CALL TO ORDER** Ms. Robertson called the meeting to order at 3:30 PM

**ADDITIONS TO THE AGENDA**

None.

**PRIVILEGE OF THE FLOOR**

Alex Parilto, Local Laborers 785, spoke regarding the Hotel Ithaca and Cayuga Green projects. He hopes that the IDA Board will consider adding language to its documents to ensure use of local laborers/trades when using tax dollars. He would like projects to use local labor for even smaller jobs during the construction phases. This effort will keep the dollars local. He is also supportive of a prevailing wage.

Judith Van Allen spoke in support of a living wage for workers in connection with any project the IDA considers. Think about what kind of message does this send about Ithaca.

Mary Loehr, former housekeeper at a local hotel, stated that she started her job at \$7.15/hr. It was one of the hardest jobs she ever had. Many housekeepers are single parents and are struggling to make a living. She urged the IDA to support living wages and to follow up on this provision.

Nick Lawrie, local tradesman representative, spoke to the City's CIIP benefit list. He said that the points seem redundant and not binding. He urges putting these provisions into legal documents with projects. He spoke to the point that has the percentage of local labor at 25% - this is ridiculous. First bid should be given to local businesses if they can do the job at a reasonable price. Tompkins County businesses should get the work.

Martha Robertson read a statement received from Brian Noteboom, Empire State Carpenters representative:

“My reason for writing is the Ithaca Hotel project on the agenda for Friday's meeting. I am not sure if anyone has attended IDA meetings on behalf of the Building Trades in regards to the Ithaca Hotel project by developer Jeff Rimland in the past few months. I would however like to give my brief opinion and concern. In the past I have reported about the history of several projects and use of out of area contractors/workers. We have tried to prevent this from happening on some projects. One success of the Empire State Carpenters working directly with Bloomfield Schon and Associates was the 'Cayuga Green Apartments.' Built with a signatory interior contractor and local workers that were paid the area standard wages. Once again, I would like the IDA board to acknowledge the many constructions jobs created on a project of this size such as 'The Gemstone Hotel and Resort.' It is important to assure and possibly mandate that the general contractor and or developer make every means to hire local workers. And equally important that the area standard wages and benefits be paid to all construction workers.”

Martha Robertson commented on Mr. Lawrie's statement, saying any promises made by a project/developer will be written into the IDA contracts.

Gary Ferguson, Downtown Ithaca Alliance, thanked the IDA for programs like the Density Program. This gives opportunity to bring projects like Hotel Ithaca to Ithaca, NY. There was a time when projects like this passed Ithaca by or were built on the edges of the community. This is a \$27 million downtown project. The developer has been working with the community. There are many valuable community benefits being brought by the developer. They are building in a location where others would not. This is a new urban sustainable building. The developer is setting a new standard with wages. They are the highest wages in any hotel in Tompkins County.

Pete Meyers, Tompkins County Workers Center, agreed that this is a wonderful discussion. However he thinks that Ithaca is being taken advantage of. The project is asking for \$1 million in tax abatements. The starting room rates for a gemstone resort is \$250/night.

Philly DeSarno, City of Ithaca, stated that the City of Ithaca supports this project. She feels the developer has always acted in an upright way. She hopes that those discussing the project will keep an open mind.

## **BUSINESS**

### Local Development Corporation (LDC) Creation & Recovery Zone Facility Bonds

Russ Gaenzle (Harris Beach, PLLC) reviewed for the IDA Board the idea of the County forming a local development corporation in order to issue tax exempt bonds for not-for-profit projects. This step is

being explored as the civic facility legislation that allowed the IDA to issue tax exempt bonds has been sunset since January 2008. Currently the only other option is the Dormitory Authority of the State of New York (DASNY). DASNY is not available to all not-for-profit entities and also takes the dollars generated into the State treasury instead of keeping the dollars local. There is no time limit attached to this provision of the law. It is thought that the county would appoint the IDA Board as the Board of the LDC, and the policies of the LDC would be similar to those of the IDA. Any bonds issued by a county LDC would not bring any cost or liability to the county.

Mr. Sigler asked if TCAD as an organization could issue similar bonds. TCAD is an LDC but not the right type. TCAD is a 501c6 not a 501c3. Also the TCAD Board is not appointed by the County as the LDC board would have to be.

Mr. Furman stated that if the County does not choose to use the existing IDA Board as the LDC Board then any fees generated might not go to support economic development and TCAD.

Mr. Gaenzle next spoke about Recovery Zone Facility Bonds. This is a time sensitive provision that was created by the Federal Stimulus effort. If the County's allocation for issuing bonds is not used by 2010 then it will lose the allocation. The County cannot issue bonds using this provision for private projects, but the County could allocate the IDA as its agent for these bonds. Again there is no cost or liability for the County.

PDEQ will consider these two issues before they go the Legislature.

#### Hotel Ithaca Density Application

Ms. Robertson noted a memo from Heather Filiberto regarding the Empire Zone benefits that both Hotel Ithaca and Transonic Systems can receive.

Mr. Sigler voiced his concern regarding the use of local construction workers/companies only. If all IDAs adopt this practice this could limit the bids available to Tompkins County companies in other counties.

Ms. Robertson began the discussion on the Hotel Ithaca application by saying that she hopes the project does come to Ithaca. She noted the Empire Zone refund of paid property taxes and pointed out that there would be no property taxes lost to the local entities. However, that does not take away the need to think carefully about the project. The criteria to evaluate the project do not change.

Mr. Stamm pointed out that the process for evaluation may change as only sales tax and partial mortgage recording tax abatements are being asked for.

Scott Whitham (Hotel Ithaca representative) stated that he feels this is a desirable project. The employment numbers have been updated. The project is now conservatively projecting 70 employees when it opens.

Mr. Furman stated that whether it is a good project or not is separate from the issues that are being raised. He needs a clear statement on livable wages for the workers. Housekeepers aside, he wants all

hourly workers making minimum wage to be paid a livable wage that is indexed for inflation. He wants a livable wage paid to the Housemen, bell attendants, PBX operators, night cleaners, drivers and doormen.

Ms. Robertson asked which workers will receive tips.

Mr. Furman stated that he is also concerned about environmental standards for the workers. He is concerned about using non-toxic cleaning products. He is also concerned about training for workers, in particular in mattress lifting.

The question was asked if health insurance is included in the hourly wage? The living wage that AFCU calculates includes health insurance at the rate of 75%-employer-paid. Mr. Witham said health insurance is not included.

Ms. Robertson moved on to other issues with the application. The period for the sales tax abatement would be 2 years. She would also like to have a complete application with: what LEEDs level will be attained; what the average room rate will be; the TCAT bus stop agreement. The current application has two different tables of employment information, one totalling 70 workers and the other adding up to 120. This needs to be corrected. The IDA needs to have it all in writing especially if the developer is not here at the meeting.

Mr. Baum asked what the average room rate will be. Mr. Whitham stated that it is \$219 at this point. This is fluid and for informational purposes only. This is the last thing the hotel will set based on the economy. With a room rate at this level a significant amount of money will be brought in by sales and room occupancy taxes.

Mr. Cogan spoke to the CIIP list of benefits. This list was created in response to concerns that there were no standards for these type of projects. The process was developed to quantify benefits to the community. It is not a perfect process. Mr. Cogan commented that first the Hotel Ithaca project only wanted sales tax abatements. Then when concerns about the Empire Zone developed, the project sought property tax abatements from the IDA as a back up. At first there were no concerns from the IDA about the project but then there were more when more benefits were sought. He feels that currently a look back is not necessary. How can we measure and ensure benefits?

Mr. Furman stated that if the hotel is seeking benefits they should be held accountable. Yes, it is expensive to build downtown, but there will be higher returns for being downtown. If the wages for the housekeepers are tied to the minimum wage then in a few years they will be getting no benefits.

Mr. Koplinka Loehr asked the project to come back to the October 2, 2009 board meeting with answers to the following:

- Inflationary increases in wages
- Additional staff
- No toxic chemicals being used by cleaning staff
- LEEDs level
- TCAD MOU/agreement on bus stop
- Appropriate training for staff

❑ Room rates and ROI

Mr. Stamm stated that in addition to a need for clarity with the actual application, it is important to talk about the kind of agreement that will be developed including terms and how the incentives would be recaptured. A subcommittee of the board should meet prior to the next IDA meeting to discuss this.

Emerson Power Transmission – Recapture of Benefits

Ms. Geldenhuys stated that she is reviewing the PILOT agreement with Emerson Power Transmission to see if the recapture agreement is valid for this project and what would be appropriate.

Mr. Stamm reported that he has spoken with Mr. Weidman, VP of Finance at Emerson, and the company does realize that recapture of benefits is imminent due to their leaving the county and state. We need to determine what will be recaptured. In addition, we are looking at the reuse of the buildings they occupy. TCAD did a study of building 24 a few years ago. Perhaps these buildings can be redeveloped.

Mr. Cogan asked why not recapture all the benefits delivered? Mr. Stamm stated that the incentives that were delivered were to relocate 137 jobs to Ithaca. There may only be 60 of these jobs left due to the economy. The recapture policy allows for economic downturns.

Mr. Furman asked who will negotiate the recapture? Ms. Geldenhuys stated that there will be a hearing by the IDA Board. There is also an option to negotiate. March 1, 2010 is the deadline for getting the property back on the tax rolls.

**Mr. Furman moved to authorize Tompkins County Area Development to notify Emerson Power Transmission that the TCIDA Board is moving forward with the recapture policy notice procedures in accordance with contract documents. Mr. Cogan seconded the motion. The motion passed unanimously.**

Cayuga Green

Mr. Stamm reported that Mr. Schon, developer of Cayuga Green Apartments, approached him and offered to meet with Mr. Stamm and Ms. Robertson regarding the Cayuga Green apartment rent issue. Mr. Schon stated that the rents mentioned in the *Ithaca Journal* article are not accurate. He was asked to provide the board with the correct rents. Mr. Schon will come to the October board meeting with the actual rents and increases.

Mr. Stamm commented on the definition of “average net rent.” There is a developer perspective and a renter’s perspective. When the project documents were developed the IDA was thinking from the renter’s perspective – what will the tenant actually pay -- while the developer was thinking from a developer’s perspective.

Typically, a commercial triple net rent adds taxes, utilities and common area use charges onto the square footage charge. Apartments typically have these costs built into the base rent; utilities may or may not be included in the base rent.

### Administrative Fee Policy

Mr. Stamm commented that the policy for administrative fees on refinance deals on existing projects is all over the boards with other IDAs. Some charge fees for restructuring of debt, others do not. The staff load is minimal. Tompkins County does not abate the local portion of the mortgage recording tax so it is hard to justify an additional fee for refinances.

Mr. Furman asked about charging a fee to projects that are not meeting job creation levels or are not reporting other information in a timely manner.

Mr. Stamm stated that he would report on what other IDAs do in this regard at the next meeting.

### Administrative Director's Report

Trasonic Systems has not yet come back to the IDA as they were in the middle of an audit. They are working with the Workforce Investment Board on a diversity policy. They will come back to the board at the October meeting with updated information on jobs, a living wage, and diversity issues.

Mr. Squires updated the board stating the County is issuing an RFP for auditing services starting in 2010. If the Audit Committee would like to be involved the process will take place in October or so.

### **APPROVAL OF MINUTES**

**Mr. Cogan moved to approve the minutes from the July 10, 2009 meeting and the August 7, 2009 meeting. Mr. Sigler seconded the motion. The motion passed unanimously.**

Meeting adjourned at 5:30 PM