

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**

**Tompkins County IDA Meeting Minutes
October 2, 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

Excused: Kathy Luz Herrera

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

Guests Present: Elizabeth Emig-Rosekranz, Paul Gardner (Transonic Systems), Jeffrey Rimland, Scott Whitham (Hotel Ithaca), Julia Mattick (Workforce Investment Board), Nikki Sayward, Mary Loehr, Claire Grady, Carl Feuer, Fran Spadfona Manzella, Christopher Church (Tompkins County Worker's Center), Leslie McCormick (ICSD), Karen Ross (UAW Local 2300), John Schroeder, David Iles, Kyle Tuttle (TCCC), Tim Joseph, Robert Abele, Chris Hyde, Kelly Wessler, Alicia Swords, J. Dixwayman, Gale Smith, Nick Lawrie, Theresa Alt, Linda Holabaur, William Goldsmith, Pete Meyers (Residents) Bob Steinkamp, Steven Hugo, Gary Ferguson, Frost Travis, Joseph Gaylord (Downtown Ithaca Association), Mallory Diamond, Jill Petty, Samantha Wolfe (Students, Ithaca College), Krisy Gashler (Ithaca Journal), Joel Zumoff (Common Council), Nels Bohn (IURA), Tom Rodman (Ithaca Bakery, Electric contractor), Tom Sieling (Midstate Central Labor Council), David Marsh (Laborers Local 785), Jennifer Kusinir (City Planning Dept.), Philly DeSarno (City Economic Development), Jeremy Siegfried, Jessical Yoon (Students Cornell University), Fred Bonn (Ithaca/Tompkins CVB), Marlana Fontes (Cornell Organization for Labor Action)

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

ADDITIONS TO THE AGENDA

None.

PRIVILEGE OF THE FLOOR

Joseph Gaylord, President of the DIA and manager of "American Crafts", spoke in favor of the sales tax exemption for construction materials and the partial mortgage recording tax for the Hotel Ithaca project. He emphasized that this is an exemption, not an abatement. Property taxes, sales taxes and room occupancy taxes will begin to be generated when the hotel opens. This project is a great anchor project for downtown. It is great for the fact this it will increase revenues and create more jobs

downtown. Other shops downtown will sell more product due to increased traffic flow. This will increase pay for employees and possibly benefits.

Frost Travis read a statement from **Mack Travis**, Business Retention and Development Committee, DIA, “At the end of the day, the businesses that survive are the ones in which the income exceeds the outgo. It is these businesses that are able to provide services and products to their customers, wages to their employees, and taxes to the governing authorities on an on-going and sustainable basis. Every business on earth has risks associated with its start-up. Every business owner on earth must weigh the risks for success or failure, as he or she begins the long and complicated journey toward the decision to proceed, or not to proceed. Mr. Rimland is in the process of weighing his risks as he creates the new Hotel Ithaca – a our-star hotel that will attract visitors and tourists to our area; a project that, combined with a restaurant, will provide 120 jobs and a million dollars of combined sales tax and property tax revenues annually in the Ithaca community. As part of his negotiations with the City, he has agreed to provide living wages to the housekeeping staff equal to 156% of minimum wage. The cost of this will be another \$50,000 per year to the project. Forcing additional wage concessions onto this project will upset the balance of risk beyond the level of tolerance acceptable to both himself and his lenders. We all want the most we can get for ourselves, for our community, for each other in life. If we push too hard to get it, if we become too involved in our personal agendas, if we lose sight of the big picture and how inter-related we are with each other, we run the risk, each of us, of ending up on the rocks with nothing. The IDA board can chose to support this project with the tools at its disposal – a forgiveness of sales tax and mortgage tax. As members of the Ithaca community, we ask you do so.”

Mayor Carolyn Peterson made a statement via recording with the following talking points:

Introduction

- Mayor
- unable to attend – but too important to miss completely, therefore this audiotape
- Request IDA approve sales tax/mortgage recording tax abatement for Hotel Ithaca project

Why Project is Good for City & County

- Major investment that strengthens the downtown & tax base
- Peer architect-designed handsome building
- Appropriate location for hotel – in-fill site on Commons, near transit, walkable to restaurants shops and services
- No on-site parking

Follow IDA Downtown Density Incentive Program

- IDA & City revised incentive policy in 2007
- Objective to Induce investments in downtowns (anti-sprawl policy) that deliver a broad spectrum of community benefits
- City & IDA adopted a list of community benefits and scores required to be eligible for assistance
- IDA: 15 benefits eligible for assistance – 23 benefits eligible for full assistance
- City determined that this project will provide 26 benefits
- IDA independent determination on # of benefits – if you determine it provides 15+, then it should receive IDA assistance

Change in Economic Climate from 2007

- Economic climate has drastically changed from 2007 (example: City & County imposing hiring freezes and budget cuts that would have been off the table in 2007)
- Lenders are now very, very cautious in current market – demand much more equity in project
- Project was predicted not to need IDA assistance in 2007, but it needs some assistance now (not asking for property tax abatement) due to change in the economy & lenders

Conclusion

- Follow your own policy - project meets community benefit test – should receive IDA assistance
- A denial will send wrong message to other developers considering downtown vs. car-dependent suburban locations for projects
- City working very hard to realize this project:
 - + Sale of land
 - + CIIP
 - + New Market Tax Credit allocation thru NDC
 - + Convened meeting of local and regional lenders to finance project
- Thank you for your consideration

Joel Jumoff, Common Council member, backed up the Mayor’s statement. He stated that he hopes the IDA Board will move forward with this project.

Theresa Alt, citizen from Eddy Street, Ithaca, offered the following statement:

“It took a Republican, Mike Sigler, to say it at the August IDA meeting. You are named the Industrial Development Agency because your mission is to encourage the growth of industry in Tompkins County. That is your task because industry hires employees at good wages. It can pay well because its investment in automation gives workers such tremendous productivity that they can earn good wages while producing goods that are affordable to consumers and even leave enough over for reasonable profits. An analogous mechanism can prevail in high-tech or research & development, only in this case the investment in the training of the workforce maybe more essential than that in the equipment. Such mechanisms do not apply to the service sector, where low-paid workers perform tasks that the customers too could perform (make beds, clean rooms, scan barcodes at a cash register), and the profitability comes from the workers being paid less. Do I need to argue why it is better to have more well-paid people in the community, paying taxes, buying the goods and services that their neighbors produce, and meeting their own needs without having to have routine recourse to soup kitchen and social services? So there is good reason why it is the mission of the IDA to promote primarily those sectors that pay their workforce well. It is also very reasonable that, instead of guessing on the basic of sector, the IDA should simply require applicants for assistance to lay out how they plan to compensate their workforce; at the very least promising to pay every employee a living wage, and that the IDA should provide for taking back benefits already granted if the employer fails to live up to promises. It is in the community interest that tax benefits not be used as a source of money to oppose unionization of the workforce, so those who will benefit from tax abatements should sign a neutrality agreement promising to accept unionization by card check. The workers who build the hotel should get prevailing wage. Uphold your standards!”

Leslie McCormick, Interim Director for Business Services, Ithaca City School District, read the following statement:

“On behalf of the Ithaca City School District’s Finance Committee, we wish to state our support for the request for sales tax exemptions on the construction cost for the Hotel Ithaca construction project. The increase in property assessment that this project will generate will have a positive effect on the community as a whole. As you are aware, 66.5% of the school district’s revenue comes from the tax levy. With the increase in the total assessed valuation of property within the school district’s boundaries, tax payers will ultimately receive tax relief in future school district’s tax rates.”

Karen Ross, UAW Local 2300, spoke on behalf of the Cornell University maintenance workers at the Statler Hotel. They oppose abatements for the Hotel Ithaca project unless the project agrees to a living wage for all workers, claw back provisions if criteria are not met, and also payment of prevailing wages for construction workers on the project. Increased revenues will allow the hotel to pay higher wages, but it does not mean that it will do this. Without this the taxpayers will end up paying for low wagers in the form of food stamps, heat help, and food banks. This project should be able to pay a living wage. She called for neutrality in labor contract negotiations. They are tired of subsidizing the wealthy. The project did not check off the box on the application about paying a living wage to workers and about paying prevailing wages to construction workers – why not?

David Iles read the following statement from **Jean McPheeters**, president of the Tompkins County Chamber of Commerce:

“On behalf of the Board of Directors of the Tompkins County Chamber of Commerce I want to register our support for the Hotel Ithaca project and Mr. Rimland’s application for sales tax abatement and a partial mortgage recording tax abatement for this project. We believe that this project will benefit the residents of the City of Ithaca and of Tompkins County by generating an expected \$172,000 annually in room occupancy tax and \$137,000 in local sales tax. The building would also add considerably to the property tax base of the City, County and Ithaca City School District. The hotel project will also generate construction jobs for approximately 18 months as well as many on-going hotel staff positions.

This project is one of the very few projects that could effectively use that plot of land on the Commons. It is a difficult site and Mr. Rimland’s interest and commitment to building the hotel at this location is to be commended.

I urge the members of the IDA to grant the sales tax abatement and to help move this project forward.”

Kyle Tuttle, TCCC Board of Directors, commented that there are two things that make the Hotel Ithaca project unique. One is that the cost benefit is tremendous when you think of taking a parking lot and turning it into a hotel. There is a huge benefit to the City of Ithaca. The other is the cost of building on that particular site. It is a very expensive site to build.

Nick Lawrie stated that there are bigger issues at stake. It is about what this project says about our community and what businesses we want in our community. A lot of us are here to ask for a community benefit. We would like workers to be able to afford lunch and dinner on the commons where they are working.

John Schroder stated that he is upset that there is not a Federal livable wage. He believes in density projects. The Hotel Ithaca project does it right, it is walk able, being constructed on unused land, and will help other businesses in the area. In terms of the wage issue, it has taken a significant step and

agreed to pay 156% of the minimum wage to housekeepers. He would like to see all the hotels in the county pay this rate.

Fred Bonn, Director of the Ithaca/Tompkins County Convention and Visitors Bureau, read the following statement:

“I would like to take a moment and share some data regarding trends in our local tourism market that relate to the Hotel Ithaca project that is requesting abatements of sales tax for building materials and mortgage recording tax.

As I have discussed this project with community and business leaders and with members of my own family the question “don’t we have enough hotel rooms already?” is always asked.

Since 2004, our community has, on average, experienced an annual increase in the total number of hotel rooms of 4.5%. This is almost double the average in New York State and the United States of between 2% and 2.5%. During the same period we have also been able to absorb the additional inventory successfully. Room demand during the period actually increased, on average 1.4% between 2004 and 2008. This includes the significant downturn our market experienced in Q3 and Q4 2008. If the recession had not taken place it could be projected that Room Demand would have increased 4.5% or better for the year bringing our historical average to 3.3%.

The fact that Room Demand has historically remained strong despite significant increases in inventory when coupled with our very strong average daily rate means that our market will see other hotel developers look to build product in our community. I would ask members of the IDA to consider where that type of growth would have the greatest positive impact in our community and where density has been determined to be a desirable development strategy.

The second consideration I would ask the IDA to consider is that the opening of the Hotel Ithaca will assist our office in recruiting more meetings, conferences and association/education events. The function space is desperately needed and the fact that our total available room inventory in our downtown would exceed 420 rooms will enable us to bid on business that we have been unable to meet in the past due to facility limitations.

I would be happy to discuss any of these market aspects in greater detail if that would assist in your discussion today or later in the process.”

Gary Ferguson, DIA, spoke in favor of the IDA granting the request for sales tax exemption and partial mortgage tax exemption by the proposed Hotel Ithaca project. He stated:

“This project has been under consideration and development for more than three years. We, the City of Ithaca and the Downtown Alliance, worked closely with Jeff Rimland to conceive and create a project that would best meet the needs and requirements of the community.

This project proposal has gone through more review and more scrutiny than any local project in memory. This developer has been responsive to the community and tried to make accommodations, whenever feasible. With so much of the attention today focused on wages, it is easy to overlook and

minimize the many concessions that have been made and the many assets this project will bring to our community.

1. Location: This location has been empty since the early 1960s when the former Hotel Ithaca was demolished by urban renewal. For nearly 50 years this parcel has remained vacant and unproductive – an eyesore to people traveling on Routes 79 and 96B. Should this project not proceed it is likely to remain empty and unproductive into the foreseeable future.
2. Green Project: This project should set the new standard for a green project in our community, not just because it will be a LEED silver certified project, but because of where it is located. Nothing could be more central. Central to TCAT, to parking, to the pedestrian mall. The energy savings to our community gained by locating this hotel at this location are tremendous. For this reason alone, this is a valuable and critical project.
3. Tax Revenues: The City, the County, and the School District are suffering fiscal shortfalls, all seeking dollars to fund critical services and programs, but not wanting to raise taxes to solve their dilemma. This project delivers about \$1,000,000 begging in year one in combined tax revenue to our localities. There are only three actions elected officials can take when considering their public budgets – cut services, raise taxes, or find new money from new economic development. This project provides us with that new money.
4. Design: The community was understandably nervous about this project and this location. It's prominent site begged for quality design and a building that would stand the rigors of time. Jeff Rimland responded to this challenge, hiring world renowned Gensler Architects and creating a design that has been praised and applauded. The design has passed reviews by the City's Design Review Board and by an independent third party peer architect. When questions about roof top mechanicals were raised, a problem common to many other downtown projects, Rimland proposed a novel solution that embeds the mechanicals in the upper floor – creating a seamless and attractive design.
5. Traffic and Access: The project went through several iterations attempting to find a solution that best addressed issues of drop off and pick up, street traffic and transit.
6. Wages: When the project began its CIIP review at the City, Jeff Rimland worked with City officials and obtained substantial input from the Worker's Center and members of this Board on the issues of wages. The result was a precedent setting agreement that provides enhanced wages to the most vulnerable of hotel workers – housekeepers. The agreement puts this hotel a this developer at the forefront of the entire private lodging industry in Tompkins County.
7. Downtown Impact: This project will deliver substantial benefit to the downtown marketplace. It will anchor the Ithaca Commons, provide daily influxes of people eager and willing to spend at local shops, restaurants, and entertainment venues. It is a project we in downtown want and have worked hard to bring to fruition.

I urge you to move it forward and grant the requested exemptions.”

Bill Goldsmith, a 46-year resident of Ithaca, commended TCAD and Michael Stamm for their efforts. They are known nationally for doing a great job in economic development. He stated that he thinks the Hotel Ithaca project is a great project. He thinks the Density program is great in terms of urban planning. He would like the IDA Board to get the quid pro quo for the tax exemptions.

David Marsh, Tompkins County Building Trades Council, referenced the Gateway project which employed local construction workers while being built. He would like to see the Hotel Ithaca project do the same.

Other submitted statements from the public:

“My name is **Steven Hugo**, I have been a resident of Tompkins County for most of my life, I am a downtown Ithaca Resident, Vice President of the Ithaca Downtown Alliance, and an architect with HOLT Architects of Ithaca.

I am here to voice my support for Jeff Rimland’s project, the Hotel Ithaca. Especially as a downtown resident, who has chosen to live and work in the heart of Tompkins County, I am happy that Jeff has chosen our community for this very exciting project. Jeff and his team have taken a seemingly challenging piece of property and found a way to bring great benefit to the community through its development. The Ithaca Commons is the number 1 tourist attraction in Tompkins County, and it as well as the many building owners and business owners in the region, will greatly benefit from the development of this project.

As others may have mentioned, this project will benefit the community in the following ways:

1. Starting year one this project will bring nearly \$1M in new tax revenue to the region..
2. It will strive for LEED silver certification, which is a measurable national standard of green buildings and sustainability.
3. It will act as a new programmatic anchor for downtown and the region.
4. It will act as a catalyst for future development which is greatly needed in the heart of our county.
5. And finally this project will bring much needed jobs to Ithaca and the County through both the construction and operation of this new and exciting facility.

In conclusion, I would like to urge you all to approve the requested sales tax exemption for this project. As I understand that this process is about reaching compromise, I believe that the benefits to the community far outweigh the communities cost in allowing this tax exemption.”

“My name is **Ursula Kurman Browning**. My husband Peter and I own Viva Taqueria & Cantina. I have owned my business in downtown Ithaca for almost 15 years. I am a local resident, property owner, business owner, taxpayer, employer, and Cornell graduate.

I am fully supportive of Jeff Rimland’s project to bring a hotel to downtown Ithaca and believe that he should be granted the sales tax exemption he is seeking. We are fortunate that he believes in Ithaca and feels confident of his huge investment in our community.

This project will provide high-quality lodging that is badly needed on a location that is currently unused. Rimland is proposing to build a world-class “green” building in our little downtown; his hotel will be something that Tompkins County (or our region) does not have anywhere else. It will bring jobs, visitors, visibility, status and money to our downtown. This hotel is a project that is complementary to our existing downtown community; even the hotel’s competitors will benefit from its existence. Our community would be making a big mistake to reject this investment.

This project will strengthen our tax base; the tax revenue this project will generate is significant and lasting. This project will generate foot traffic and spending in our downtown and in our county. I hope the decision makers in our community will realize the value of this project and the positive impact it will have for everyone in our community.”

BUSINESS

Trasonic Systems Update

Mr. Stamm reviewed the incentives being sought by this project. They are private activity tax-exempt bonds and the other standards IDA incentives. The project has already held a public hearing and is awaiting the SEQR results from the Town of Lansing. The next step is to go through PDEQ and the Legislature.

Ms. Emig-Rosekranz and Mr. Gardner of Trasonic Systems reported on the work they have done on the diversity hiring plan. They have been working with the Workforce Investment Board and the diversity plan is almost complete. They have sent job posting to a number of different venues. The WIB has been able to give a number of new resources to the company as well has help in setting up baselines.

Mr. Furman asked why not all the new jobs are at the livable wage level. Ms. Emig-Rosekranz stated that it has to do with skill level. They can offer 85% of their employees a living wage. Mr. Gardner also stated that they have a very robust health plan and they pay 100% of the premium including family coverage. They also offer 4 weeks of vacation starting at day one of employment. They agreed to continue to offer this level of health benefits to employees. Ms. Robertson stated that the lowest paid employee starts at \$9.36 and if you add in the benefits then that is a living wage. It was also stated that when skill levels go up, so do wages.

Ms. Roberston asked what the green building practices where. The company is working with NYSERDA on heating and lighting options.

Mr. Stamm reminded all about the difference in process between this project and Hotel Ithaca which is a Density Program project.

Hotel Ithaca Application

Ms. Robertson thanked all who made comments on this project during privilege of the floor. She hope s that this project will move to a public hearing where more can express themselves. After a public hearing the project will still need to come back to the IDA Board for final approval. She also thanked Mr. Rimland for coming to the meeting.

Ms. Filiberto gave an update on the project’s empire zone benefits. The Hotel Ithaca project is empire zone certified. The downtown Ithaca empire zone was included to promote retail businesses downtown. Hotel Ithaca qualified and was certified March 2009. The business can participate in the state income tax incentive program. This will reduce the tax liability based on what the business actually does. They will be eligible for the wage tax credit for 5 years and a real property tax refund for possibly 7 years.

Ms. Filiberto commented that combining both empire zone and IDA incentives is a very common practice in New York State.

Mr. Furman asked about the correct number of jobs projected for this project. Ms. Filiberto stated that the most recent up to date numbers should be used.

Mr. Rimland addressed the board. He read from a prepared statement. He thanked the board for the opportunity to speak. He is the owner of the Rothchild building in downtown Ithaca. He is also the parent of two Ithaca College Alumni. He understands the community will reap benefits from this project. Earlier, it was felt that the project would not need to come to the IDA for help. But the economic developments have changed this outlook. The City's CIIP program stipulates a minimum of 15 benefits to quality. The Hotel Ithaca project has 26 benefits listed, which is more than the 23 required to receive full incentives. The hotel will be a LEEDs certified silver building and this adds costs to the project. Vertical construction is also more costly. The project will use existing infrastructure, parking, transportation, and will utilize an empty lot. The hotel will be built with bricks and stone instead of concrete and mortar. The return to the community will outweigh the incentives given. The project is not tax exempt and the local governments and school district will get the full taxes. He has agreed to pay the house keeping attendance 156% of the NYS minimum wage. Most other employees will have a livable wage. He needs flexibility in terms of wages in order to survive. The IURA can enforce the wages for the housekeepers. Why not all employees? That type of inflexibility and obligation has made Detroit and the US Autoworkers uncompetitive. The hotel will have competitors. It cannot be burdened with these kinds of obligations.

Mr. Furman asked about the sales tax exemption amount. It is 4% which is the local portion only.

Mr. Koplinka-Loehr pointed out that on page 5 the value of sales tax abatement should be \$491,750 which is the value of \$352,200 plus \$139,550.

Ms. Robertson stated that the starting dates on page three do not match the employment projection dates. Is 2010 year one? Yes. On the employee projection (page 9) while the hotel will not be open the first two years, there will be some employees.

Mr. Furman asked if the projected room nights were correct on the application. Yes.

Mr. Furman mentioned that the difference between the City's CIIP and the IDA's Density Program, is that any benefit becomes part of the binding agreement.

Mr. Cogan stated that the project is seeking sales tax exemptions and partial mortgage records tax exemptions. The IDA will not take title to the land for these benefits. Therefore there will be no PILOT agreement and thus no legal mechanism to enforce agreements.

Mr. Stamm stated that a sub committee of the IDA Board will be meeting to discuss this issue and to see what kind of agreement can be set up.

Ms. Robertson pointed out that the CIIP lists one of the benefits as having 25% of construction work done by local labor. Is that the number of workers? A percentage of overall costs? What is local labor – Tompkins County only, contiguous counties? The details need to be worked out.

Jeff Furman moved and Michael Koplinka-Loehr seconded that following resolution:

Whereas the Hotel Ithaca, LLC is applying to the Tompkins County Industrial Development Agency for a sales tax abatement valued at \$929,000 and a mortgage tax abatement valued at \$115,000, and

Whereas the Hotel Ithaca has already been approved for property tax benefits from the Empire Zone valued at \$3,200,00 plus additional benefits,

Resolved that as a condition for the IDA to move the application forward to a public hearing, all employees who work at the Hotel Ithaca in the hotel operations as well as Night Cleaners will received as part of their employment agreement at least a living wage as defined periodically by the Alternatives Federal Credit Union (AFCU) of Ithaca, New York (for 2009, \$11.11 per hour with employer provided health insurance, and \$12.11 per hour without insurance). If during the time period, the AFCU has not adjusted the living wage calculation within two years, the Consumer Price Index (Northeast region) will be used to govern adjustments so that the wage keeps pace with inflation, and be it further

Resolved that any individuals who perform any of the services usually performed by employees listed in the IDA application under a contracted out arrangement will receive the same amount of compensation due as above, and be it further

Resolved hat the final legal agreement will receive the same amount of compensation due as above, and be it further

Resolved that the final legal agreement will include reporting requirements and penalty provisions for noncompliance satisfactory to the Hotel Ithaca and the IDA.

(Note based on the information submitted by the Hotel Ithaca the total number of employees impacted is eight plus the 10 housekeepers.)

Mr. Koplinka-Loehr stated that he does not know if this will make or break the deal. He would need the ROI review.

Mr. Furman stated that if the average room rate were \$195, increasing it to \$197/night would allow paying a living wage to all employees. This may impact room use. Another thing to consider: what would happen to room usage if there was more positive spin, more positive community input due to the fact that it would be a living wage hotel?

Mr. Rimland stated that they are asking him to take on an obligation not knowing the future. This would put all the risk on him, the developer. He needs flexibility to the hotel will not go out of business.

Mr. Furman stated that the issue is that the agreed upon living wage is not indexed in the current agreement.

Mr. Koplinka-Loehr pointed out that the developer has said that for all intents and purposes other workers will get a livable wage. Housekeepers are entry level. Other positions have greater responsibilities and will want more money too.

Mr. Cogan stated that the CIIP program/Density program process is what has been accepted and expected. The IURA agreement is that an agreement. What the project is asking for is small compared to the usual property tax abatements. The IDA did infer that if property tax abatements were dropped then the project would move forward. The program will benefit hotel workers. There is a need for hotels and if this is one is not built, then other hotels will be built somewhere in the County.

Mr. Sigler stated that the IDA board needs to decide if it will make the livable wage a requirement. It can have that debate. It is unfair to this developer to make him the “poster child.” Other developers are supporting this project; the school district supports the project. The return on investment is quick – sales tax, room tax, and property tax. A \$27M project in upstate New York is a big deal. He will be supporting this project.

Ms. Robertson stated that the board will spend time in the future on this issue.

Mr. Stamm stated that a significant amount of time was spent in creating this new Density Program process. When TCAD and others are out marketing this program we work with this approved program. There is no expectation to have a discussion on unclaimed points.

Mr. Furman argued that he could help the hotel be seen as a livable wage hotel. Mr. Furman read a statement from Kathy Luz Herrera:

“Thank you for reading this statement and entering it into the public record. I am sorry that I am unable to be at the IDA meeting today, especially to weigh in on the Hotel Ithaca Project.

I am making this statement to make it clear that I am strongly in favor of a contractual requirement assuring that all the hotel workers at the Hotel Ithaca receive a living wage according to AFCU standards. The living wage standard is a moral minimum for the women and men who clean rooms, tot luggage, and provide all the needed services to the hotel guests. My understanding is that the Statler is paying at minimum \$12.49 per hour to all its workers. AFCU standards fall below that amount, so this request falls below the amount paid to workers at the Statler, which Hotel Ithaca seeks to compete with.

Therefore, I strongly urge my colleagues to support this requirement, which embodies economic development in its purest form. The project is already getting property tax abatements from the Empire Zone. Any sales tax or mortgage recording tax abatements should be contractually tied to a living wage requirement for all Hotel Ithaca Workers.”

Ms. Robertson stated that she thinks this is a good project. She sees the resolution as something to make the project better. She believes that when you pay people better they will stay longer. Turn over is expensive. Perhaps with less turnover there will be more empire zone wage credits. She will support the resolution.

Michael Koplinka-Loehr called the question on the resolution. Michael Sigler seconded. The vote was 2 (Furman, Robertson) in favor and 4 opposed (Sigler, Baum, Cogan, Koplinka-Loehr). The motion failed.

Dan Cogan moved that the Hotel Ithaca project be moved to a public hearing. Larry Baum seconded the motion.

Mr. Furman proposed an amendment to the motion to go to public hearing that will clear up the language in the IURA agreement focusing on housekeepers only to try to index the wage to the inflation rate. Martha Robertson seconded the amendment.

Whereas the Hotel Ithaca, LLC is applying to the Tompkins County Industrial Development Agency for sales tax abatement valued at \$929,000 and a mortgage tax abatement valued at \$115,000, and

Whereas the Hotel Ithaca has already been approved for property tax benefits from the Empire Zone valued at \$3,200,000 plus additional benefits, and

Whereas there may be some confusion as to the Hotel Ithaca's commitment to pay a living wage for housekeepers, be it hereby

Resolved that, per the IURA Purchase and Sales Contract (signed 9/5/08), the number of housekeepers subject to the living wage agreement will be a minimum of ten FTEs and be it further

Resolved that as a condition for the IDA to move the application forward to a public hearing, the position described as housekeepers, and others who may perform duties normally associated with hotel housekeepers, are to receive as part of their employment agreement at least a living wage as defined periodically by the Alternatives Federal Credit Union (AFCU) of Ithaca, New York (for 2009, \$11.11 per hour with employer-provided health insurance, and \$12.11 per hour without insurance). If, during time period, the AFCU has not adjusted the living wage calculation within two years, the Consumer Price Index (Northeast region) will be used to govern adjustments to that the wage keeps pace with inflation, and be it further

Resolved, that any individuals who may perform the housekeeping services under a contracted-out arrangement will receive the same amount of compensation due as above, and be it further

Resolved, that the final legal agreement will include reporting requirements and penalties for noncompliance satisfactory to the Hotel Ithaca and the IDA.

Ms. Robertson stated that 156% of \$7.25 is now \$11.35. She asked the developer if he accepts this – yes. So if the minimum wage goes up, this amount goes up? Yes. Does the \$11.11 of AFCU assume healthcare? Why did they not use the AFCU rate in the IURA agreement?

Nels Bohn stated that is was part of the negotiations. There was a concern of a gap being created with competition to the hotel. The minimum wage is a known amount that other hotels might pay.

The difference between housekeepers and housekeeping attendants is house keepers is a broad term and could include bellboys. Housekeeping attendants actually clean rooms. Mr. Furman accepted changing housekeepers to house keeping attendants in the motion.

Mr. Baum stated that this does not make sense. A lot of communities would want this project. We are giving the developer a hard time.

Mr. Furman withdrew his amendment to the motion to go to public hearing.

A vote was taken on the motion to move to public hearing. 5 (Robertson, Baum, Cogan, Koplinka-Loehr, Sigler) for and 1 (Furman) opposed.

Mr. Stamm stated that there is a 30-day notice that will be published. The Public hearing will be held in the evening at the City Hall of Ithaca. There will also be a stenographer recording the event.

Mr. Baum stated that there are no bank commitments yet for the project. Is this process holding up the project?

Mr. Rimland stated that yes it is. Banks are requiring 40-50% down instead of 10-20% due to the financial situation and the subprime debacle. Any abatements help put more equity into the project.

ADMINISTRATIVE DIRECTOR'S REPORT

None reported this meeting.

APPROVAL OF MINUTES

Michael Koplinka-Loehr moved to accept the September 4, 2009 minutes. Larry Baum seconded the motion. The motion passed unanimously.

Meeting adjourned at 5:48 PM