

WARREN COUNTY BOARD OF SUPERVISORS

COMMITTEE: **ECONOMIC DEVELOPMENT**

DATE: **May 31, 2007**

Committee Members Present:

Supervisors Monroe
 Stec
 Mason
 Champagne
 F. Thomas
 Girard
 Sokol

Others Present:

Representing Warren County Economic
Development Corporation:
Peter Wohl, Vice President
John Wheatley, Project Manager, Queensbury
Industrial Park
Jeff Farley, Director, Adirondack Regional
Business Incubator
Hal Payne, Commissioner of Administrative &
Fiscal Services
Joan Sady, Clerk of the Board
Nicholas Caimano, Budget Officer
Supervisor Gabriels
Supervisor Belden
Supervisor Haskell
Supervisor Bentley
Supervisor Geraghty
Fred Fisk, Acclaim Property Management
Charles Fiegl, *The Post Star*
Debra L. Schreiber, Legislative Office Specialist

Mr. Monroe called the meeting to order at 9:32 a.m.

Motion was made by Mr. Mason, seconded by Mr. Girard, and carried unanimously to approve the minutes of the April 30, 2007 meeting, subject to correction by the Clerk.

Privilege of the floor was extended to John Wheatley, Project Manager, Queensbury Industrial Park (QIP), who distributed copies of his agenda packet to members of the Committee, a copy of which is on file with the minutes.

With respect to the first item on the agenda, Queensbury Industrial Park, Mr. Wheatley apprised that most of the prior discussions concerned the various funding/planning streams; however, he said, many of the activities now focused on the construction and marketing stages. He stated the closing on Lot #3, transferring ownership to the Queensbury Economic Development Corporation (QEDC), was imminent. In addition, he said, the final estimates for the National Grid grant were near completion and the Economic Development Agency (EDA) was compiling the necessary paperwork relative to the grant they had been awarded.

In order to comply with the deadlines proposed by the National Guard, Mr. Wheatley referred the Committee to the aggressive construction phase of the QIP. He stated five bids of the seventeen requests for the bid packages they received were opened at their office on May 30, 2007 and still being evaluated. Upon the completion of the analyses and review of references, Mr. Wheatley said they anticipated awarding the contract in June 2007 and construction would commence in July 2007. While this project was bid on a 90 and/or 120 day schedule, based upon the response they

received, he said they may recommend a quicker timetable. With respect to the utilities at the QIP, Mr. Wheatley advised they had been in communication with National Grid and Verizon to assure their efforts were coordinated and needs fulfilled.

Mr. Wheatley apprised that Warren County was prominent at the recently attended trade shows. In addition, he stated, EDC had developed a Conceptual Park plan, as well as a network building to enable Warren County to capitalize on new businesses looking to locate in the region. In response to an inquiry by Mr. Caimano, Mr. Wheatley responded that QIP and Tech Meadows were the two premiere parks in Warren County; however, he said, attendees were apprised of other available sites.

Relative to Item 2 of the agenda, Mr. Wohl stated he would try to clarify the misunderstanding surrounding the Adirondack Regional Business Incubator (ARBI) Resolution of Support for annual funding, as well as the Memorandum of Understanding. He indicated he would review the commitment of the County to the ARBI project and its overall impact and then distinguish it from the objective of the Memorandum of Understanding (MOU).

Mr. Wohl apprised that in 2005 the County made a \$250,000 multi-year commitment to support ARBI operations. While they receive support from other sources on the ARBI project, he noted the County was the sole supporter from an operational standpoint and that all other sponsorship contributions fund the building and renovations of 36 Elm Street in Glens Falls. Consistent with that agreement, he said, County funds were utilized for ARBI operational components including salaries, marketing and web site development. Mr. Wohl stated these funds were vital to the development of this program and upon the recommendation of the County Attorney, a formal resolution must be presented each year requesting these funds.

Approximately three years ago, Mr. Wohl commented the ARBI through its sponsors pursued and secured federal funds in the form of an EDA (Economic Development Agency) grant for the renovation of 36 Elm Street. While the approach appeared to be logical at that time, he said, they had since concluded it was not feasible for the following reasons:

- significant financing would be required to complete the renovations;
- a 20 year lien would be filed against the property by EDA;
- use of the property would be limited;
- subsidies would be required for ongoing operation and maintenance; and
- the building would not be returned to the tax rolls.

Facing this reality, Mr. Wohl stated an alternative approach was developed and shared with the subcommittee, which recommended a public/private partnership. In the end, he related, they suggested selling the building at 36 Elm Street to a private developer, who would build out space according to ARBI specifications, and lease it back to the program on a long-term basis. Mr. Wohl stated this addressed the shortfalls previously mentioned and avoided the need to constantly solicit sponsorships. By engaging in this public/private partnership, he said, a Memorandum of Understanding executed by all sponsoring parties would be required allowing the funds obtained from the sale to be re-invested in a long-term lease for space for the ARBI program. While he acknowledged this was a departure from the original agreement, he related this Memorandum of Understanding was forwarded to all parties for their review and signature to validate the recommended approach. He apprised that EDC, Greater Glens Falls Local Development

Corporation and Adirondack Community College (ACC) had agreed to the MOU; therefore, he said, it was now being forwarded to the County for their review and evaluation. Mr. Wohl reiterated that this MOU defined the space and building renovation specifications and had no interaction with the operational support that it received from the County, which was so vital to the program.

Mr. Champagne stated it was his understanding the Finance Committee was concerned about expending funds "to the extent that there were deficiencies." He said some members felt if there was a gap in funding, that the gap would be filled by the County. Mr. Monroe said the Finance Committee queried whether the funds produced from a sale and leaseback could be utilized for the ARBI operations; thereby eliminating the need for the \$50,000 in County funds.

Mr. Wohl responded that if the building were sold, the program would be required to lease one to two floors of the building and the MOU dealt with that ability to lease space. Without the MOU and the ability to pay for the leased space, he said, they were unsure how they would afford space to operate the program. He said the funds that had been approved to date were utilized solely for operational components, non-space related.

In response to an inquiry by Mr. Caimano, Mr. Wohl reiterated that none of the County funds had been utilized for the building. He stated the original approach called for the purchase of the building while this option recommended a cost-neutral alternative that allowed the ARBI to lease space for its program, as well as return a renovated/rehabilitated building to the tax rolls that would serve as a catalyst for Warren County.

Through the support of the County, Mr. Farley said, he anticipated building a program as if it were his own business. While it would be his responsibility to solicit additional sponsorships and research loan coverage, he stated, the Board must be accountable to making this a profitable organization. Within the next few years, he said, he expected a significant return on this \$50,000 investment. Mr. Caimano replied the \$50,000 County contribution was in the Budget but it must have some purpose in order to be approved by the Finance Committee. Mr. Monroe queried whether the EDA grant funds had been utilized and Mr. Wohl responded they had been unsuccessful in their attempts to negotiate some flexibility on that grant. If the grant were relinquished, Mr. Monroe asked whether that had any impact on their ability to receive future grants. Mr. Wohl stated this was a concern they expressed in the past but they were attempting to minimize any repercussions. Mr. Farley added he felt this new approach would be advantageous to the County.

Mr. Girard asked for clarification relative to the status of a Small Cities grant. He said it was his understanding that Michael Barody, former At-Large Supervisor representing the Town of Queensbury, requested the Glens Falls Common Council advocate soliciting a Small Cities Grant and he queried whether that grant had been submitted, did they anticipate receiving these funds, and could these monies be utilized for this building. Mr. Wohl replied Mr. Girard was referring to a Restore New York Grant, specifically designed to revitalize older buildings in an effort to return them to the tax rolls. The prerequisites of that Restore New York Grant accommodated the ARBI project very nicely; however, he said, it necessitated a governmental agency being elected as a sponsor (City of Glens Falls). Just prior to the deadline, he said the City of Glens Falls decided not to apply for the grant leaving them with no alternative but to wait until the next round of funding. If they were successful in obtaining this grant, together with the EDA funds, Mr. Wohl said the

building renovations would be completed, which he estimated to be approximately \$1 million. Furthermore, he would ask that all financial assumptions be revisited. Mr. Stec asked if the City of Glens Falls gave a reason for not applying for the grant. Daniel Burke, TD Banknorth, responded that the City of Glens Falls decided to allocate the funds for other priority projects. Mr. Caimano stated he would encourage all governmental agencies to work together.

Motion was made by Mr. Champagne, seconded by Mr. Mason and carried unanimously authorizing the request to approve the funding for the agreement with the Adirondack Regional Business Incubator (ARBI) for 2007, in the amount of \$50,000; and to forward same to the Finance Committee for consideration. *A copy of the resolution request form is on file with the minutes.*

Mr. F. Thomas recommended that Warren County sponsor any Restore New York grants to eliminate deadlines being overlooked. Warren County did receive a grant for a general store in Hague, apprised Mr. Wohl.

Motion was made by Mr. Stec and seconded by Mr. F. Thomas requesting that Warren County sponsor the next Restore New York grant.

According to his understanding, Mr. Champagne stated some grants had eligibility requirements, for example, "cities" only. He said he recalled a similar attempt by the County to secure funds for a city project that was unsuccessful. If the program became privatized, he noted the opportunities for grant funding would become severely limited. Mr. Caimano recommended that the Committee adopt a resolution notifying the City of Glens Falls that all applications for grant funding would be submitted by the County should they elect not to apply. Perhaps it was a matter of miscommunication or a conflict of where to appropriate the funds, added Mr. Girard. Mr. Farley emphasized that the City of Glens Falls was extremely supportive of this ARBI program; however, at that particular time, they had another project of higher importance.

After discussion, Mr. Monroe called the question and the motion was carried unanimously; and the necessary resolution was authorized for the June 15th Board Meeting.

Mr. Farley exited the meeting at 10:07 a.m.

Continuing on with Item 3 of the agenda, Mr. Wohl requested a Resolution of Support for a Tribune Pilot payment schedule. He stated they were attempting to keep Tribune Media Services and its current workforce of approximately 400 people in Warren County.

Mr. Wohl apprised that this project involved the design, renovation and ownership of a 66,000 square foot office building to be constructed on the Connector Road between Main Street and Luzerne Road near Exit 18 in Queensbury. A crucial element in securing the commitment by Tribune to locate on that site was a PILOT program designed to neutralize their real property tax liability associated with the project, he added. With the assistance of the Warren/Washington County Industrial Development Agency (IDA), he noted a 15 year mutually beneficial Hybrid PILOT had been developed qualifying Tribune as a new Empire Zone enterprise. He said Tribune would make property tax equivalent payments to the IDA for the first 10 years with a negotiated amount of those payments held in trust for distribution to the affected tax jurisdictions in PILOT years 11-15. The remaining payment amounts in PILOT years 1-10, he indicated, would be distributed by

the IDA to the affected tax jurisdictions. While enabling the new entity to effectively neutralize its real property tax liability through the Empire Zone credit for the real property tax program, he stated, this Hybrid approach provided the affected taxing jurisdictions with a more consistent revenue stream than a traditional base PILOT.

Mr. Wohl referred the Committee to the graph examples attached to the agenda of a Standard versus Hybrid PILOT program. He noted in the Standard PILOT schedule (utilizing a \$100,000 tax liability), the taxed entity would be relieved of tax payments for the first five years and in years six through ten be 50% responsible, for a total PILOT payment for 10 years of approximately \$250,000. If this example were extended 15 years and full payments were added for years 11-15, he said, the total PILOT payments made under that scenario would be approximately \$750,000.

Under the Hybrid approach, Mr. Wohl stated the first ten years, the taxed entity would pay the equivalent of their property tax liability to the IDA and a portion of that payment would be put in a trust/escrow account for years 11 through 15 of that PILOT. He explained this particular program revealed if the negotiated agreement put 40% into escrow for years one through ten, approximately \$60,000 would be paid and in years 11 through 15, approximately \$80,000 would be paid out of the escrow account. Mr. Wohl indicated the total payments distributed through this Hybrid PILOT would be \$1 million compared to the \$750,000 that would be received under the base PILOT.

Mr. Wohl said they were seeking a Resolution of Support from this Committee to proceed with a Hybrid PILOT for this project.

Mr. Stec stated in his conversations with Tribune Media Services they indicated they were prepared to make a determination to locate to Exit 18 pending 1) site plan approval, which they received last week from the Town of Queensbury Planning Board, and 2) this PILOT program.

As an update, Mr. Stec apprised that the Connector Road would be advertised for bid commencing June 11, 2007 with a close out date of July 2, 2007; that by mid July, the Town of Queensbury would award the bid; and construction would commence at the end of July. He advised that most of the utility services were under control and he complimented the Economic Development Corporation (EDC) for their efforts in keeping Tribune Media Services in Warren County. Mr. Monroe queried why the Hybrid program was more attractive than the Standard program and Mr. Wohl responded that Tribune Media Services would now qualify as a new entity for Empire Zone benefits, compensating them for all payments made for the first ten years of this PILOT. In response to an inquiry by Mr. Champagne, Mr. Wohl indicated that in order to qualify as an Empire Zone enterprise, they would be required to meet employment and investment ratios. In addition, he said, the IDA could impose job and investment standards.

Motion was made by Mr. Stec, seconded by Mr. Champagne and carried unanimously authorizing a Resolution of Support for Tribune Media Services request to receive enhanced PILOT program benefits; and the necessary resolution was authorized for the June 15, 2007 Board Meeting.

With respect to the last item on the agenda, Mr. Wohl updated the Committee on the Civic Center study that was commissioned with the National Development Council (NDC). He said NDC had completed their informational gathering and was currently analyzing the information they received. Mr. Wohl emphasized that this Civic Center study would present findings and not make

recommendations. He stated the purpose of this study was to review and assess the available options to all interested parties with the hopes of facilitating a prudent decision on which direction the Civic Center should take.

There being no further business to come before the committee, on motion by Mr. Champagne and seconded by Mr. Girard, Mr. Monroe adjourned the meeting at 10:15 a.m.

Respectfully submitted,

Debra L. Schreiber
Legislative Office Specialist