

**ECONOMIC DEVELOPMENT AND ENERGY COMMITTEE MEETING
40 Gleneida Avenue Room #318
Carmel, New York 10512**

Committee Members: Chairman Ellner and Legislators Addonizio & Crowley

Monday

July 24, 2023

The meeting was called to order at 6:15pm by Chairman Ellner who requested Legislator Addonizio lead in the Pledge of Allegiance. Upon roll call Legislators Addonizio, Crowley and Chairman Ellner were present.

Item #3 – Acceptance of Minutes – June 21, 2023

Chairman Ellner stated the minutes were accepted as submitted.

Item #4 – Discussion/Update/Putnam County Tourism/Tourism Director Tracey Walsh

Chairman Ellner invited Tourism Director Tracey Walsh to speak to the issue.

Tourism Director Tracey Walsh introduced her intern from the PILOT (Putnam Invests in Leaders of Tomorrow) Internship program, Nate Wolf. She stated Mr. Wolf is doing a great job, and thanked the Legislature for the PILOT program.

Legislator Montgomery thanked PILOT Intern Nate Wolf for his work and wished him luck in his academic pursuits. She stated the PILOT program is very important.

Director Walsh stated she will provide an update on what is going on around the County. She stated Upstate Art Weekend just concluded, which took place on the west side of the County. She stated this was the fourth year Upstate Art Weekend took place, and the County had not really had an active role in it previously. She stated the opening this year was hosted at Magazzino Italian Art in Cold Spring, with over 300 people in attendance. She stated other County participants included the Garrison Art Center, the Hudson Valley Shakespeare Festival, Manitoga, and Studio Tashtego. She stated the Cold Spring Trolley shuttled people from the Cold Spring Metro-North station, and it went very well. She stated the Hudson Valley Shakespeare Festival is in its second year, and because of its proximity to the Garrison restaurant, now offers price-fixed dinners and cocktails on-site. She stated they were awarded \$10,000,000 from the New York State Council on the Arts (NYSCA). She stated Magazzino Italian Art is also preparing for the opening of a new space called the Robert Olnick Pavilion, which would be open to the public on September 14th, 2023. She stated there would be a celebration for the opening on September 10th, which the Legislature would be invited to. She stated the new building will provide an additional 13,000 square feet of exhibition space to Magazzino, which would include a multi-purpose room, an auditorium, and a café. She stated this weekend would feature the Putnam County Country Fest and 4-H Showcase, which she stated the Legislature was also invited to. She stated the County was in a supportive role in helping to organize this event. She stated more vendors would be present this year than before.

She stated the County's service organizations would be present as well. She stated the Massaro House in Mahopac has been up and running for seven (7) weeks and has been a big success. She stated she has been in talks for finding out how to get tourists to stay and eat at both the Massaro House and other restaurants in Mahopac. She stated the inaugural tour for Cycle the Hudson Valley would be going through Carmel on the night of August 3rd, 2023. She stated there would be 275 riders and staff. She stated the organization contracted with the Paladin Center for glamping grounds. She stated they also hired two tour buses, one (1) with a route through Carmel, and another through Cold Spring, incentivizing riders to eat, stay, and shop in the County. She stated she hoped Cycle the Hudson Valley would go through the County every year. She spoke to various attractions in Brewster which were currently open to the public, specifically Green Chimneys, the Boni-Bel Farm Store, the Brewster Summer Music Series, the Hudson Valley Blues Society performing at the Studio Around the Corner, and the Uncle Cheef music venue. She spoke to various attractions in Patterson, specifically the new boardwalk over the Great Swamp, the steel bridge over the bike path in the Towners area, Iron and Wine restaurant, and the Patterson Library's outdoor programs. She stated despite a lack of tourism in Putnam Valley, it was currently hosting filming for the film *Companion*, which is a joint project between the Tourism Department, Industrial Development Agency (IDA) and Economic Development Corporation (EDC). She stated it is a 7-million-dollar production shot mostly on private property, and partly on the Durland Scout Reserve. She stated the film's production is staging its trucks and trailers in Putnam Valley, and is paying the town for it, as well as using local caterers. She stated there were issues with the Cold Spring Trolley schedule, as Metro-North changed its train schedule. She stated a new Trolley schedule is being distributed throughout the village, and it seems to be going well based on feedback from shop owners in the area. She stated she knew that IDA Board Chairman Bill Nulk reported on the Alexandrion project in June, which is still moving forward. She stated she met regularly with Chairman Nulk and EDC President Kathleen Abels to make sure they are acting in sync regarding certain projects. She stated she looked forward to getting back to the Committee in the future regarding the Film Putnam Project, as she is working on a fee schedule which she wished to get into the County Code.

Chairman Ellner thanked Director Walsh for her presentation and her hard work.

Legislator Addonizio thanked Director Walsh and expressed excitement about the filming of the *Companion* movie.

Director Walsh stated there have been location scouts looking at Mahopac for shooting a film written by someone who spent weekends in Mahopac growing up. She stated it was common for films shot in Putnam County to have very small budgets, and so *Companion* was a welcome change of pace.

Legislator Crowley spoke to her enthusiasm at seeing events taking place in the County, as well as her enthusiasm at the new ideas being brought by Director Walsh and thanked her for her hard work.

Director Walsh stated she tried to find a way to use the Trolley in each town to make it more visible and useful, with her giving examples of it being used for limited times in Carmel Hamlet

and Kent. She requested the Legislature keep her in mind if they had an idea for how to use the Trolley.

Chairman Ellner facilitated further discussion.

Legislator Sayegh questioned what efforts were being taken to advertise the County's farmers' markets.

Director Walsh stated the farmers' markets are being advertised on social media, in the field guide, and a list of all of them is sent to whoever asks about them. She stated there were also efforts to let people know whenever there is a location change.

Legislator Montgomery thanked Director Walsh for her efforts, and spoke to additional development projects being funded by New York State, as well as her enthusiasm toward the Hudson Valley Shakespeare Festival and the Tompkins Corners Cultural Center.

Director Walsh stated she did an information session with EDC President Kathleen Abels on Consolidated Funding Application (CFA) grant funding. She stated there were forty (40) people in attendance from different venues, who were filling out applications. She stated she hoped that would bring more funding into the County's programs.

Legislator Montgomery questioned what Director Walsh meant when she mentioned trying to codify a fee schedule for the filming of *Companion*, particularly if she meant there would be new County fees on top of the Town fees that already have to be paid.

Director Walsh stated no it would not. She stated the Tourism Department was hoping to discuss codifying County properties. She stated the fees being paid to Putnam Valley were going to Putnam Valley. She stated the Tourism Department was hoping to streamline the process for filmmakers to gain permission to film in particular towns. She stated there was an individual who was frustrated by the process for getting permission to film in the County. She stated the Tourism Department was trying to improve in terms of collecting information. She provides an example of this with the County website providing a redirect to the webpage of individual Town Clerks for people who wish to film in a given Town. She stated there was a hope that prospective film crews would fill out a form to provide information to the Tourism Department. She stated since some Town Clerks do not share information with the Tourism Department, they do not have a full accounting of what is going on where in the County. She stated there was a need for a specific set of County fees. She stated there is a business who wants to have a qualified production facility.

Legislator Montgomery stated her belief that the County was primed for an influx of filming opportunities due to the presence of facilities which contributed toward filmmaking in the area surrounding the County.

Item #5 – Approval/Payment In Lieu Of Taxes (PILOT) Agreement/Brewster Industrial Owner, LLC Project/Putnam County Industrial Development Agency

Chairman Ellner invited IDA Board Chairman Bill Nulk to speak to the issue.

IDA Board Chairman Bill Nulk stated the IDA originally asked for a PILOT based on the original proposal of Brewster Industrial Owner, LLC (BIO). He stated at the public hearing, the Brewster Central School District said they would not accept the PILOT, since it did not qualify under their policy. He stated the IDA then went back and issued a sales tax exemption in February, so that the BIO facility could begin to be built without a PILOT. He stated BIO would do a PILOT if the taxing entities, namely the County, the Town, and the school district, all agreed on the PILOT. He stated BIO developed a new PILOT, which they wished to propose tonight.

Chairman Ellner requested Chairman Nulk introduce the gentlemen who were with him.

IDA Chairman Nulk introduced Attorney for BIO Daniel Tartaglia and Lincoln Equities Group (LEG) Senior Director of Development Bob Schenkel.

BIO Attorney Daniel Tartaglia stated LEG is the managing partner of BIO. He stated LEG was currently working on two development projects, one in Rockland County, and the other in Putnam County. He stated the project in Rockland is smaller and was advanced faster than the one in Putnam, and that it received a PILOT lasting 15 years there. He stated the reason 15 years was asked for was partly because of a change in the marketplace regarding the type of project being developed, specifically a transportation, distribution, and logistics center. He stated demand for this type of development rose with the popularity of online shopping. He stated projects built on spec were atypical for the IDA to consider. He stated the IDA typically only considered projects which were either owner-occupied or had tenants already. He stated the IDA was willing to consider the project because of the significant economic impact it would have on the County, as did the Rockland IDA. He stated the reason for the extended PILOT period was because there would be a period of time where there would be building, and very few tenants, if any. He stated it was estimated that it would be around 2 years or less before the project would stabilize. He stated LEG's request for a PILOT was a means of being upfront with the County regarding the development project, rather than dealing with taxes as their development progressed. He spoke to the merits of the project, specifically that it would introduce \$192,000,000 worth of development to the County for a facility larger than 900,000 square feet, and with many permanent employees. He stated the IDA agreed to the proposal. He stated when the area the development would take place on was purchased by LEG, it was already approved for the development of a large number of single-family homes, which would grow the number of schoolchildren in the Brewster Central School District. He stated the cancellation of that project was a boon to the school district, as it would keep the number of children they would need to accommodate from growing. He stated this was communicated to the school district, and that they found the prospect attractive. He stated as part of the approval process, there was a requirement for the contribution of a 5-acre parcel of land that would be given to the County. He stated the process for handing over this land was being worked on with County Attorney's Office. He stated LEG is also making significant offsite improvements along Pugsley Road and

New York State Route 312, including traffic interchanges and road widening. He stated because of the way the land was acquired, LEG did not seek mortgage tax benefits, paying almost \$2,000,000 in mortgage taxes as a result prior to applying for PILOT benefits. He stated the benefits the project was looking for were sales tax benefits, which have been helpful due to the steep rise in prices of construction materials, such as steel, that occurred between the time the property was acquired, and development began. He stated there were very large fees paid to the Town of Southeast of almost \$900,000, for inspections fees, among others. He stated there was initially a 15-year PILOT plan, but the School District stated they could only approve projects which have a maximum PILOT of 10 years, and which have a certain percentage of tax discounts which are in line with Section 485B of the Real Property Tax Law. He stated the policy of the Southeast Town Board is the same as the County Board. He stated as a result, the 15-year deal was taken off the table.

IDA Chairman Nulk stated the IDA's universal tax-exempt policy contains a schedule prescribed by Section 485B, but that exceptions are allowed if they meet certain qualifications. He stated the IDA is still in favor of the project, as well as a deviation from Section 485B if it is necessary, which it is in this case.

BIO Attorney Tartaglia stated his belief the school district was merely unsure of the consensus among the County Legislature and the Southeast Town Board regarding whether the exception applied or not. He stated the PILOT schedule was then reduced from 15 years to 12 years, and changed the discount schedule to match Section 485B. He explained that the first two (2) years of the PILOT would offer no tax discounts, and years three (3) through 12 would contain the exact tax schedule prescribed by Section 485B. He stated this was done so that the first two years, when the project will probably not have tenants or be stabilized, would see PILOT payments paid just on improvements, with no income. He stated by year three (3), the project would be stabilized, and that was when the schedule would kick in.

IDA Chairman Nulk stated a common misunderstanding about PILOTs was that it does not involve the IDA giving LEG a 50% reduction in their total taxes, but only in the percentage of improvement in the assessment.

Chairman Ellner questioned if the resolution before the Committee meant not a 0% tax on the development, but a 0% tax discount in the first two years.

BIO Attorney Tartaglia answered in the affirmative to Chairman Ellner's question. He stated that because there were no stabilized tenants in place, if the PILOT was plugged into a 10-year schedule, then year 1 would have possibly no tenants when the development would be getting the largest benefit. He stated if there were tenants in place, they would only need a 10-year PILOT. He stated further having the largest tax benefits in place when the development had no tenants would be counterproductive and would hurt its ability to attract tenants in the future. He stated they possessed slides which could provide more information to the Committee.

LEG Director Schenkel presented the slides, and described their contents. The slides showed that the development would be two buildings, one being 618,000 square feet large, and another

being 303,000 square feet large. He stated the buildings were being built on Pugsley Road, a road off of New York State Route 312, which was formerly a gravel path, and is now being turned into a paved road. He stated each building would have a traditional warehouse design, and disagreed that it was a given that Amazon would be working there. He stated the warehouses were a tremendous investment, and they would generate many new jobs to the area. He stated this project was built on spec, differing from previous projects he had worked on when these developments were in high demand. He stated businesses are currently slow to make major capital decisions, and wish to see projects finished before they invest in them. He stated there would be ten (10) improvement offices on campus, in order to increase the ease with which businesses set up shop there. He stated the development would not be far from Interstate 84. He noted the 5-acre piece being given to the County. He stated this area of land was at the corner of Pugsley Road and 312, next to Tilly Foster Farm. He stated the development was one of the larger economic development projects in the region. He stated the school district was the biggest beneficiary of the project as there is no addition of school children. He echoed Mr. Tartaglia's statement that the PILOT was for the purpose of stabilizing assets. He stated the first building was constructed, while the second building is under construction. He stated potential tenants were currently being marketed to. He stated potential tenants want to see the project finished before they invest.

BIO Attorney Tartaglia stated potential tenants also wanted to know what the taxes would be.

LEG Director Schenkel agreed, and stated 10 years was a comfortable schedule for potential tenants.

Chairman Ellner questioned what Mr. Schenkel estimated the number of tenants would be.

LEG Director Schenkel stated the development was being designed such that two (2) tenants would be in the smaller building, while three (3) tenants would be in the larger building. He clarified that this meant designing potential storefronts and entrances for tenants based on the number that would be in the buildings.

Chairman Ellner stated he knew someone in the logistics business with freeport designation. He questioned if there were any advantages in that designation for this development.

LEG Director Schenkel stated he did not know.

Chairman Ellner facilitated further discussion.

Legislator Addonizio questioned IDA Chairman Nulk if the IDA was currently in compliance with their local labor policy.

IDA Chairman Nulk stated the current development and the third expansion project for Ace Endico were the first projects that the IDA had written a labor policy into. He stated both projects still need to get their paperwork in order, and that they have been given two weeks to comply. He stated the labor policy was new to the IDA, and so the process for labor management had yet to be streamlined.

Legislator Addonizio questioned if the difficulty in completing the labor audits came from the size of the development projects.

IDA Chairman Nulk stated labor audits simply never came up before.

Legislator Addonizio questioned if the goal was to have 30% of all project employees reside in Putnam County, and another 40% of all general project employees, such as contractors and sub-contractors, live in counties adjacent to Putnam.

IDA Chairman Nulk answered it is the goal. He stated the concept for employee residence would put Putnam first, then the surrounding region, and then elsewhere in New York State if necessary. He stated there was technical work which needed to be done for the project that could not be sourced from the County or the region, and so specialists had to be brought in from outside. He stated some people working on the pipes for the Gleneida Distillery are from outside the region.

Legislator Addonizio questioned if this meant the IDA was in compliance.

IDA Chairman Nulk stated the IDA was getting into compliance because they were establishing a new process.

Legislator Addonizio questioned if the IDA would know if it was in compliance by the next Full Legislative meeting.

IDA Chairman Nulk the IDA probably would not be in compliance by then, but it might be.

BIO Attorney Tartaglia stated the general contractor was a national building company named ARCO. He stated early on in the process, ARCO asked what the workforce policy was. They received a copy of the workforce policy, which was only adopted in 2021, which was why it was new for the IDA to get into compliance with it. He stated ARCO was aware of what the policy is. He stated ARCO did not have on-site records when the IDA made their first visit, but has them now, and had given them to him in anticipation for tonight's meeting. He stated the numbers from the records showed that over 62% of employees have been from the local area. He stated this was well within the 40% workforce limitation, and that he was not concerned that the development would be out of compliance at any point.

Chairman Ellner questioned if only private funds were being used for this project.

BIO Attorney Tartaglia stated this was the case.

Legislator Crowley questioned IDA Chairman Nulk if he was looking for someone to take charge of enforcing labor policy compliance.

IDA Chairman Nulk stated the IDA Board was trying to make a decision regarding whether that responsibility would go to an agency that the IDA would work with, or to an individual that the IDA would hire.

Legislator Jonke stated the project was in his district, and he was in full support of both it and the PILOT. He stated his belief that this kind of commercial growth should be encouraged all throughout Putnam County. He stated he spoke with Victor Karlsson, the business administrator for the Brewster Central School District. He stated they were hesitant to move forward with the project before another municipality moved forward with it, which was why he was glad the project was before the County Legislature tonight. He stated when he became the Assessor of Southeast in 1993, Southeast Supervisor Doug Scolpino took him for a drive to the property being discussed and that there were over 300 residential houses proposed for the development. He stated the property had a long history, and that the best outcome was what was in front of the Committee tonight. He stated these types of projects should be encouraged because the County is in competition with Rockland, Westchester, and Dutchess Counties, as well as Connecticut. He stated each of these jurisdictions had tax incentive policies in place, which was why Putnam has the IDA and PILOT tool in place. He restated his full support for the project.

IDA Chairman Nulk stated a large portion of the property had been set aside for non-development.

LEG Director Schenkel stated over 100 acres had been set aside for non-development.

Legislator Montgomery questioned if there was a conservation easement placed on the area.

LEG Director Schenkel stated no, and they were prohibited from building on it due to limits of disturbance.

Legislator Montgomery questioned if the area of land was a preserve.

LEG Director Schenkel stated it is.

BIO Attorney Tartaglia stated the restriction on developing the land was baked into the land use approval. He stated because the IDA is currently entitled to the entire piece of land, one of the things the applicant is required to do is to separate the undeveloped land such that the IDA may only be entitled to the developed land, as a means of limiting liability.

Legislator Montgomery stated the 5-acre piece set aside for the County is unimproved, and the developers have already been through the planning board process, meaning there was no requirement to improve the land by that point. She stated the Legislature would then not impose that requirement on the developers. She stated it was often on large parcels of land that the Legislature would give the land set aside for the County back to the developer so that they may also improve it, such as by making it into a park. She questioned if the developers received approval from the Town of Southeast for the PILOT.

BIO Attorney Tartaglia stated they had had their first meeting with the Town, but have not yet received approval.

Chairman Nulk stated they expected the Town to approve the PILOT the following Thursday night.

Legislator Montgomery stated her concern that the Labor Policy for the construction phase would not continue once there are tenants at the property.

BIO Attorney Tartaglia stated both labor policies were the same, as the labor policy being discussed was in place through the entire term of the PILOT.

Legislator Montgomery stated people which would be working in the warehouses would not be able to afford to live in the County, given the nature of the housing market and warehouse pay.

LEG Director Schenkel stated there were management jobs in the warehouses which paid well, as well as a stratification of salary structures in the works.

Legislator Montgomery questioned what the pay was for management jobs in the warehouse.

LEG Director Schenkel stated pay for management jobs was in the realm of six-figure salaries.

Legislator Montgomery questioned what the pay was for regular warehouse workers.

Cushman & Wakefield (C&W) representative Jane Orlin stated warehouse management salaries are currently ranging from \$65,000 to \$75,000 a year. She stated rank-and-file warehouse workers, such as forklift operators, would be paid in hourly wages ranging from \$22 to \$35 an hour. She stated this area had a higher compensation level, as well as benefits, stay bonuses, attraction bonuses, and training dollars, because of how competitive the labor market is in the area. She stated she has seen training workshops be used to attract prospective employees.

Legislator Montgomery stated Ms. Orlin had answered her question, and restated her concern for the ability of warehouse workers to live and commute in the area, given the lack of public transportation and affordable housing.

Ms. Orlin stated the County was a typical place for where warehouses would thrive, and that warehouse workers would be willing to commute 30 minutes to the workplace. She supported this statement by referring to ZIP code analyses performed by C&W. She stated this was desirable, because longer commutes meant that workers would be incentivized to spend money within the County, be it for ordering lunch or buying groceries for their families. She stated this resulted in terrific returns on investment in the past.

Legislator Montgomery stated she was glad to hear C&W had that data, and thanked Ms. Orlin for her contribution.

Ms. Orlin stated the Legislature was very fortunate to have this opportunity.

Chairman Ellner questioned what the projected number of jobs was for the development.

LEG Director Schenkel stated the number varied depending on tenants. He stated it could be hundreds of jobs, and those jobs could range to include any number of shifts.

Legislator Sayegh stated her full support for the development, the PILOT, and the investment opportunity for the County. She questioned the developers if they would be paying more taxes in a 10-year PILOT as opposed to the 12-year PILOT being discussed.

BIO Attorney Tartaglia stated that depended on whether the assessment number came in for the first two (2) years, but did say it was likely the development would be paying less taxes than occupied buildings.

Legislator Sayegh questioned if this meant that the difference in those two (2) years meant there would be less sales tax being paid.

BIO Attorney Tartaglia stated there was a net-zero decrease in taxes paid which was built into the formula. He stated the County would be receiving taxes on the land value now, and would never receive less than that.

Legislator Sayegh stated the purpose of PILOTs was to attract tenants.

LEG Director Schenkel stated they would have sought a 10-year PILOT if they had tenants in place, and stated the purpose of the first two (2) years was to attract tenants before the greatest tax benefits would take effect.

Legislator Addonizio questioned if PILOTs had been accepted when labor audits had not been completed.

Chairman Nulk stated the PILOT would have normally already been accepted, and that this was the first time an audit like this had been done. He stated it would be part of the normal process of managing PILOTs, and that these audits would be done continuously over the term of the PILOT, 12 more years in the case of the development in question.

Legislator Crowley questioned how often the IDA was required to report to the Committee on audits, complaints, and the progress of the development.

Chairman Nulk stated the IDA was never given that information and stated that was up to the Committee to decide. He stated he was often available to answer the Committee's questions. He stated each year, the IDA supplied the information the Committee was asking for to the Public Authorities Reporting Information System (PARIS) report, which goes to the Office of the State Comptroller.

Chairman Ellner stated he asked Commissioner of Finance Michael Lewis to review the PILOT, and he was fully in favor of it.

Chairman Ellner made a motion to Approve/ Payment In Lieu Of Taxes (PILOT) Agreement/Brewster Industrial Owner, LLC Project/Putnam County Industrial Development Agency; Seconded by Legislator Addonizio. All in favor.

Item #6 – FYI/ Unemployment Report – Duly Noted

Item #7 – Other Business – None

Item #8 – Adjournment

There being no further business at 7:23pm, Chairman Ellner made a motion to adjourn; Seconded by Legislator Crowley. All in favor.

Respectfully submitted by PILOT Intern Eamon Howley.