

BC Planning, LLC
555 Route 32, PO Box 489
Highland Mills, New York 10930
(845) 827-5763
fax: (845) 827-5764
email: bcocks@frontiernet.net

MEMORANDUM

To: Town of Newburgh Planning Board, Consultants and Applicants
From: Bryant Cocks
Date: February 24, 2012
Subject: Marketplace (2004-54) Project Review for March 3, 2012 Planning Board Meeting

The applicant is before the Planning Board to discuss their submission to the Orange County IDA for tax relief and the Amended Site Plan showing the phasing of the construction of the third entrance drive.

Site Plan Comments:

The applicant indicated that they would be submitting a visual representation of what the undeveloped portion of the site will look like if it is not constructed. This representation should have been reviewed by the Planning Board in the SEQRA documentation, but was not submitted.

An amended DOT approval letter will be needed since only two access points will be constructed at this time.

The Orange County Planning Department issued a Local Determination on December 19, 2011 with a few advisory comments. The comments regarding internal circulation and traffic impacts of the phased entrance plan have been addressed in the site plan and have been reviewed by the Town of Newburgh Planning Board Traffic Consultant. The Planning Board also questioned whether the area variances issued for the internal subdivision of the project will be affected. The proposed phasing plan does not look to affect any of the variances.

IDA Submission:

The applicant has provided the application package to the IDA for the Planning Board's review. The Marketplace is seeking financial assistance in four areas: Payment in Lieu of Taxes (PILOT) for real property taxes, sales tax exemption for tenant improvements and FF&E, sales tax exemption on building materials and mortgage recording tax exemption.

The PILOT program will provide a reduced property tax rate for the first 15 years of the existence of the project after construction. Without the PILOT program the applicant would pay approximately 1.2 million dollars in property taxes per year, with the program

the applicant would pay \$60,000 in the first year and the rate would increase by \$60,000 per year until year 15, when they would pay the full 1.2 million. This creates a total payment of property taxes in the amount of 8.1 million over 15 years, a 9.9 million dollar reduction in total property taxes paid.

The Marketplace would also be eligible for the 485-B Property Tax Abatement from New York State to promote economic development if the PILOT program is not approved. Under this program the applicant would receive a \$3.3 million reduction in property taxes over the first 10 years post construction. The \$14.7 million of total revenue generated by this program over the first 15 years of the project would be \$8.1 million more than the PILOT program would produce.

The DEIS listed the estimated property taxes for the whole site to be 2.6 million dollars, so the applicant is stating that Phase 1 would produce less than 50% of that number in property tax revenue (1.2 million). The report submitted by the applicant does not include the new estimated values of tax revenue for the Newburgh Enlarged Central School District, Town of Newburgh Fire, Police and Ambulance Departments, along with the Town of Newburgh Highway Department, Crossroads Sewer District and Consolidated Water District. These original estimated figures were listed in the DEIS, and the Planning Board should consider the reduction in tax revenue to each of these agencies.

The applicant looks to be requesting a 30% discount on sales taxes for tenant improvements, FF&E (furniture, fixtures and equipment) and building materials. The applicant should explain the project costs from page 5 of the report, and indicate the amount of money will be saved with these reductions in sales tax. I am not sure if all of these construction costs are eligible for the sales tax reduction. The building material sales tax exemption will last for the first two years of construction, while the tenant improvements will be eligible for the full 15 year period.

The applicant discusses the mortgage recording tax exemption as follows: "The mortgage recording tax exemption is applicable to all phases of expanded redevelopment and new construction project with fees payable as the benefit is utilized". I do not see where any of the financial numbers for this benefit are listed in the document provided by the applicant.

In addition, the applicant estimates Phase 1 will produce \$5.7 million in increased sales tax revenue for the County and Town per year when construction is complete if the IDA approves the financial assistance. The DEIS listed the estimated tax revenue for the Town of Newburgh would be \$278,000 for the entire site when constructed, the report submitted by the applicant lists estimated tax revenue for the Town of Newburgh as \$101,000 when Phase 1 is completed, a 64% reduction.

The applicant also submitted a letter from Laborers' Local Union No. 17, dated January 24, 2012, stating that the Marketplace "committed to awarding the site work to a contractor committed to hiring local and is signatory to collective bargained agreements with Laborers' Local 17 and Operating Engineers Local 825". The Orange County IDA's labor policy is to *encourage* all companies availing themselves of IDA benefits to use local workforce and pay prevailing wages on their project where possible. This does leave the applicant with leeway to hire workers outside of the local workforce.