

TOWN OF BROOKHAVEN

**LOCAL DEVELOPMENT CORPORATION &
INDUSTRIAL DEVELOPMENT AGENCY**

JOINT GOVERNANCE COMMITTEE MEETING MINUTES

APRIL 16, 2013

MEMBERS PRESENT: Ronald J. LaVita
Ann-Marie Scheidt

EXCUSED MEMBER: John Rose

ALSO PRESENT: Gasper C. Celauro, IDA Board Member
Lisa M. G. Mulligan, Chief Executive Officer
James Ryan, Chief Financial Officer
Jocelyn Brinka, Assistant

The meeting was opened at 8:42 A.M. in the Economic Development Conference Room on the Second Floor of Brookhaven Town Hall, One Independence Hill, Farmingville, New York.

Ms. Mulligan updated the Members on the restoration of the retail prohibition for IDAs that was included in recent legislative changes. This prohibits the IDA from offering benefits for a retail project unless the project is considered a tourism destination, is located in a highly distressed area, or if the project provides products or services not otherwise available. This provision had been in place until 2008. There has not been a clear definition from the State about what constitutes a highly distressed area or even if our area is considered the Town of Brookhaven or Long Island as a whole. Pre-2008, if a project claimed to be a tourism destination, it was required of the project to have a study performed by a third-party to prove this. The definition of retail is also not clearly defined but the Agency has been advised by Mr. Weir that if an individual can enter the business and purchase a product or service it would be considered a retail operation.

For purposes of this discussion, the Members operated under the assumption that the area is classified as the Town. There is a statutory definition in the IDA enabling statute that states what a highly distressed area is which is what the Board will use until given more information, and the process of establishing if a project is a tourism destination will remain in place for now. The ambulatory surgical center that was discussed at the February meeting would no longer qualify for benefits since it would not be located in a highly distressed area, would be considered retail,

is not a tourism destination and did not offer a unique product or service. However, if this ambulatory surgical center offered a unique service such as a virtual colonoscopy and this service was not offered in Nassau or Suffolk, it could be eligible.

Ms. Mulligan informed the Board that she has heard from three different companies seeking to construct athletic facilities in the Town. The largest of these potential projects is an indoor/outdoor facility that would be located just east of Motorola on the Long Island Expressway and estimates they would hire between 200 and 300 employees. This company also believes they would be considered a tourism destination because they will host traveling tournaments. Ms. Mulligan noted that a local business, Baseball Heaven, attracts a lot of out-of-state business as a result of these sports tournaments and the hotel located just down the road is generally booked solid when there is a tournament in town. The second potential athletic facility would be a 50,000 square foot indoor complex to be located behind the hotel on Sawgrass Drive in Bellport. The third is slated to be constructed in the shopping center at the intersection of County Road 83 and Route 25 in Selden.

The members continued to discuss what factors should be considered when determining if assistance should be granted to potential projects, while taking care not to give one company an unfair advantage over another. Investment in the community, job creation and salaries are the key. Special consideration would be given to projects that may have a low number of new jobs if the salaries are substantial and if the services are unique. Ms. Mulligan noted that there is a cluster of pharmaceutical companies in the Town; if the IDA assisted one and not the other we would lose out on a lot of jobs. Mr. Celauro detailed the criteria he applies when assessing if a project should be induced that includes questions such as: would this project move forward without the assistance of the Agency? Does this business come from outside Brookhaven? Does this business create jobs that would result in adding to the local economy and tax base or will it cannibalize the existing tax base? Will this inducement cause an unfair advantage to those businesses already here performing similar work? Do the job creation numbers or uniqueness of the project justify tax abatements?

Ms. Mulligan gave the members a brief preview of the applications that will be on the agenda for tomorrow's regular meeting. These projects include an expansion for a current project, an assisted living facility that would be the first of three constructed in the Town, and a packaging facility. There has also been some interest from a moving company that caters to a specific

niche: they move high-end homes and store possessions exactly as they were in the client's home until they are moved to their new location. Ms. Mulligan also reminded the Board that they can adjust the length of the abatement a project gets as well as how much. The Members continued to discuss the local tax base and the Existing Inventory Policy. The fact that the Suffolk County IDA will cut existing property taxes is still a matter of great concern. The Brookhaven IDA only exempts taxes on capital improvements made to an existing facility. Ms. Mulligan noted that right now Economic Development directs any inquiries for these types of reductions to the Assessor's Office to see if there are any errors in the assessment. In the case of PK Metals which became a Suffolk IDA project whose existing taxes were cut, their assessment was accurate and there were a number of citations on their other property.

The Members reviewed the cost benefit analysis results for three recently induced projects. Ms. Mulligan explained that the NAICS code entered on these reports tells the average salary for that industry so that it can be compared with what is reported by the applicant. Ms. Scheidt emphasized the importance of considering the rate of salaries due to the high cost of living on Long Island. Since the reinstatement of the retail prohibition, a few of the applicants that have approached the Agency would not be eligible, including a daycare center and an accounting firm. Companies that provide professional business services would not be eligible for benefits unless there is a high job creation expected. The same consideration would be granted for a corporate headquarters. Ms. Mulligan will bring any unique potential projects to the Board's attention.

Discussion returned to the third athletic facility proposed for the intersection of County Road 83 and Route 25. This project involves \$3 million in capital investment in this 65,000 building and the roof would be raised by 50 feet. This is a Blight to Light site that would be transformed into soccer fields and would employ 10 to 15 permanent employees, as well as create 20 to 30 construction jobs. The applicant is seeking abatements on sales tax and possible the mortgage recording tax.

Ms. Scheidt summarized the decisions made during the meeting: exceptions to typical projects will be addressed on a case by case basis. If a project scores on the Blight to Light scale it will be reviewed by the Board. Companies that provide professional business services will not be considered for IDA benefits unless there is a high rate of job creation. This will also be the case for corporate headquarters. The type of jobs and if they are new to the area would be key considerations.

The possibility of establishing a program that would be geared towards helping smaller companies was mentioned.

The meeting was closed at 10:23 A.M.