

8324 Oswego Road, LLC
Public Hearing
August 9, 2016

The Public Hearing of the Onondaga County Industrial Development Agency, held on this day, Tuesday, August 9, 2016 at the Town Hall, Town of Clay, 4401 Route 31, Clay, New York was called to order at 10:00 am by Public Hearing Officer Steven Coker.

ATTENDEES:

Steven Coker, Public Hearing Officer
Isabelle Harris
Nate Stevens
Octavia Evans
Arleen Fordock
Bob Antonacci
Rob Bick
Lisa V.
Judy Rios
Jim Clark
Joseph Capilli
Miguel Fonseca
Mark Territo
Rick Robinson
Mark Nicotra
David Hess
Jamie Rodems

The Public Hearing was conducted regarding the application and project described as follows:

8324 Oswego Road Enter into a straight lease transaction for a project consisting of the acquisition of and improvements to 8324 Oswego Road.

Location: 8324 Oswego Road
 Town of Clay

NOTICE IS HEREBY GIVEN that a public hearing, pursuant to Article 18-A of the New York State General Municipal Law, will be held by the Onondaga County Industrial Development Agency (the "Agency") on Tuesday, August 9, 2016 at 10:00 AM, local time, at the Town Hall, Town of Clay, 4401 Route 31, Clay, New York, in connection with the following matter:

8324 Oswego Road LLC (the "Applicant") has requested that the Agency enter into a straight lease transaction for a project consisting of the acquisition of and improvements to 8324 Oswego Road in the Town of Clay.

The Agency contemplates that it will acquire an interest in the Project by accepting title to or leasehold interest in the Project and leasing the Project to the Applicant pursuant to a lease or installment sale agreement. The financial assistance requested includes exemption from sales taxes and the mortgage recording tax and a Payment in Lieu of Tax Agreement consistent with the policies of the Agency. The Applicant is requesting \$2,149,080 in benefits. The total project cost is \$28,807,482.

A representative of the Agency will be at the above-stated time and place to hear comments, and accept written statements, from all persons with views in favor of, or opposed to, the proposed financial assistance to the Applicant or the location or nature of the Project.

Public Hearing Officer Coker asked if anyone had any comments in favor of the proposed project.

Miguel Fonseca – My name is Miguel Fonseca and I live at 3 Apple Tree Lane. To me it seems to fair to all the people that are not here my belief is for the 3,000 people in this town we only have not even 1% of them. Is that fair to the other people that we decide what is going to happen to them in the future. I don't think it is fair. Everybody should be entitled to being here for any decision in this town. Thank you.

Public Hearing Officer Coker asked if there was anyone else who would like to speak on behalf of the project. There being none. He then asked if anyone wanted to speak in opposition to the proposed project.

Rob Bick – Rob Bick, 9394 Bear Springs Road, Cicero, NY also the Assessor for the Town of Clay. Ladies and Gentlemen, the Onondaga County Industrial Development Agency, first and foremost I would like to thank the Agency for providing appropriate tax relief for development that falls under the industrial and manufacturing categories is a benefit to those in need. However in this case I believe the scenario is somewhat different. SOS is an existing business. Family Practice is an existing business. All these businesses are doing is combining into one facility. It may or may not actually create the 12 jobs they promised. We have seen that scenario play out dozens of times across New York State due to our liberal business incentives combined with poor oversight in regard to the actual production of jobs promised. All these fiscal shenanigans do is cost tax payers money now and into the future. So in light of the speculative nature of the need for this PILOT I have a few questions. Have you considered the ramifications to the tax base and the taxing jurisdictions including the schools not only having a new building paying minimal taxes but now two vacant or mostly vacant buildings will no doubt seek tax relief due to their vacancy status. Not only do the towns of Lysander, Clay, Liverpool and Baldwinsville School Districts get shorted on the new building in regard to appropriate revenue but they will no doubt have to deal with valuation issue and losing tax dollars on the existing buildings to satisfy the level of vacancy. In short two towns with populations of over 80,000 people combined and two school districts that educate roughly 11,000 students have to absorb the lost revenue while two currently successful businesses can realize an even higher profit margin and speculatively create 12 jobs. Jobs that would calculate in the lost revenue from the above scenario will cost about \$200,000 a job. Generally to enroll in a PILOT program there are substantial fees involved. Can the Agency make public the dollar amount of the fees involved in creating and managing this PILOT. Fourth statement, OCIDA gives away prodigious amounts of tax payer dollars, why don't the members of OCIDA attend their own public hearings. The perception created is one of indifference to tax payers concerns. And while we are on the topic of speculative PILOTs I would also like to address the Morgan Management PILOT for the townhouse development slated for the construction in Clay. Morgan Management includes Morgan Community Apartments, Morgan RV Resorts, Royal Manufactured Homes, Morgan Commercial and Morgan Self Storage. Billions of dollars in real estate assets in 12 different states. They are also buying the former holdings of Longley Jones for I believe \$110,000,000. These people run good businesses, they build good projects, do you honestly believe the payment in lieu of tax agreement to build anything. The PILOT agreements on residential apartments are quite frankly a gross misuse of tax payer dollars. It appears there is a lack the appropriate research on the part of OCIDA to actually establish need. The notion that these projects would not be built without incentives is preposterous. Both owners know that. It should also be noted that SOS received a special permit to build this facility and did not disclose their pursuit of incentives to the Town of Clay Town Board or Planning

Board. It would be my recommendation to the Board that they pull the special permit and require to reapply for project approval. This is not under my jurisdiction just a recommendation. I would also like to address statements that I've heard were made by some of the public officials involved in the OCIDA project. A number of them have stated that these projects would benefit the town by generating sales tax, neither of these comments apparently understand the fact that Onondaga County no longer shares sales tax with the towns, the very areas where the vast majority of these sales taxes are generating. I find it quite disturbing that some of these individuals do not understand or recall that Onondaga County no longer shares sales tax with the towns. It should be noted that Onondaga County is only one of nine counties in the state out of 51 counties that do not share sales tax revenue with the towns. The other eight counties are rural in nature. In conclusion one of my old Harvard professors use to say, property taxes are only 1-3% of a business's gross operating expenses. If their margins are that tight and they cannot build a project without these incentives, they probably either should not be doing the project or not being in business to begin with. So that begs the question, do any of these businesses really need a PILOT to survive. Would they survive without it. If they truly need corporate welfare to survive should they even be in business. If they don't need it we need to think and work smarter and stop spending tax payer dollars to increase their profit margins and Christmas bonuses.

Robert Antonacci – Robert Antonacci. 5015 Brittney Lane, Syracuse New York. I am also the Onondaga County Comptroller. Let me start out by saying I think if a resident wants to speak a little longer than 5 minutes they should at least be given some extra courtesy but with regard to the public meeting I think it is great that you are in the host community but I would have liked to have seen a board member at a public hearing regarding a project. As my understanding the board members don't come to these meetings, they should. Let me first and foremost say that SOS is a great medical practice. They actually replaced my hip. I know I don't look old enough to have a hip replacement but Dr. Clark did a great job. This is not about SOS, this is about the IDA at how they go forward on analyzing these projects. In my opinion this project is nothing more than moving an existing business from one part of the county to another part of the county that is not within the province of the IDA. This is about a medical practice that lives off the existing patients and people that are already in this community. There is no evidence that SOS is going to leave this community should they not get these tax breaks There is no evidence that there is a competitive disadvantage with the buildings that they have and I would urge the IDA to focus its efforts and deny this project based on the General Municipal Law Section 862, subparagraph 1 which is commonly known as the anti-pirating provision under the General Municipal Law which basically says no financial assistance of the Agency shall be used and respect any project if the completion thereof would result in the removal of the facility or plant or project from area of the state to another. Since I only have five minutes I won't read the entire statute but it General Municipal Law 862 and ends with that the project is reasonably necessary to discourage the project occupant from removing such other plant or facility to a location outside the state. I don't think SOS can move to Tennessee and ship their patients down to Tennessee for checkups and surgery, so we know they are not leaving the state, or is reasonably necessary to preserve the competitive position of the project occupant in the respective industry. I don't think there is any evidence that SOS has a bad competitive atmosphere. As a matter of fact they are one of the best medical practices in Onondaga County. In fact they quoted as saying in a newspaper article recently done by the Syracuse Post Standard, they said the project will result in an increase of 12 jobs because the new building will have the room to offer a greater number of services so I don't see this as keeping them in an existing business. This is clearly an opportunity for this practice to increase its business thus make more money at the expense of the tax payers. This is simply rearranging the debt chairs ladies and gentlemen. Moving this business from county or one town to another is not what industrial development should be about. It is not what projects should be used for and I would implore the Agency to deny the application.

Arleen Fordock – This is Arleen Fordock. 204 Granville Street, Syracuse, NY, Town of Salina if anybody cares. I care about everything that is going on around this place. The rip-offs started with Congel and its continuing to feed off the premise that anybody can apply for something through OCIDA and the other the thing is Syracuse Industrial Development Association also plays in this game. I agree with Mr. Antonacci fully because of his expertise. He knows more about that stuff than I do. I am wondering in the vetting of SOS and Family Practice Associates how much is on their profit and loss statement that caused this to come to the OCIDA to begin with. Are they in some need of some sort. They are a monopoly as far as I am concerned. Big business all over the place with all kinds of arms, wrists, legs, hips necks, you name it. What partners have ever done a violation in any court system in New York State. I'd like to know the back ground of the people that they are going to be asking for my money and other tax payers' money. This is not a slush fund at OCIDA to do a benefit like this. We need to watch what is being done and if there needs to be a watch dog over OCIDA maybe somebody can appoint somebody to be a watch dog over OCIDA whether it is Mrs. Mahoney Overdyk or whatever her married name is or it is the Senators of this area to watch what is going on. Somebody needs to figure this out so we don't give away the hen house while it is being watched by nobody. That is an old expression. I cannot afford any more taxes if this happened in my area because Governor Cuomo is going to stake his claim on losing the ability to have the star program for seniors. It will happen in 2017. He didn't get it done in 2016. That means we will have to pay school tax that we never had to pay before. Seniors are on limited income and I see this as a grab to make our property taxes go up and all kinds of fees go up for whatever towns charge fees for permits and everything else and then Mrs. Mahoney has a demarcation line in the County for which no more development or sewers should ever be installed. That was her act in 2015 or 2014. It's all plotted on maps where she and her planning committee will allow developments to come in. Where does this development fall in that rule she set up in the past with the Onondaga County Legislature. Somebody needs to curtail some of this stuff and be a watch dog and Mr. Antonacci doesn't have time to do all this. Somebody else has to step to the front and I thank you for your time.

Jamie Rodems – My name is Jamie Rodems and I live 3477 Melvin Drive North in the Town of Lysander, actually Baldwinsville. I am here to represent the Baldwinsville Central School District and the Superintendent and I decided to come today because people kindly sent us the notice that this meeting was occurring. School districts suffer when it comes to PILOTs. Baldwinsville Central Schools, I think this is going to be the 5th one. We have G & C Foods, Tessy Plastics. Both of those I came to hearings and supported because those are more traditional IDA type of ranges where they are building buildings and they are going to employ people in my school district which is going to add to the economic activity but this one is just taking a practice from my school district and from Lysander and sticking it in Clay or just moving the pea under another walnut. And then we also had one gentleman about the residential PILOTs which are really a poison tool for school districts. PILOT money, if I build 400 apartments, the PILOT money like for the Morgan Apartments on Downer Street, they are going to have 450 apartments and if I get 200 children out of there, the PILOT money is only going to pay for 50-60 of them. My other tax payers are going to pay the rest of the kids that move in there. Not only am I going to lose the tax money off of my levy all the other tax payers pay for that that make up the difference because my levy is left whatever my voters approve, that's what we put in the tax levy so other people aren't paying their fair share, my other tax payers are going to pay for it. And once that initial, say for Downer, if I lose half million dollars on my first year I'm never going to have the opportunity in the 2% tax cap world to put that \$500,000 back in so really what is is I have a gift that keeps on giving on a \$5,000,000 shortfall over historical period and I am never going to be able to put that money back in so I lose that money out of my levy. I think this is a broader issue. All the other taxing municipalities including the towns, the villages and the school districts are struggling under the tax cap and it seems like the County has a vested effort. First they took away the sales tax money from the schools in the last five years. Cost my district \$1.3 million dollars. Now I raise about \$500,000 on a 1% increase on a tax levy so basically

I lost over 2 points. That burden is shifted to somebody else because somebody has to pay the bills. We operate in a heavily mandated environment so I look at County restricting development, doing these PILOTs. It is almost like the County is at war with the other governments and our obligation, our legal and ethical obligation, is to educate children. I'm just here trying to figure out how to finance and I have 1,000 employees that are written paychecks every two weeks so we are a tremendous economic engine my community. We have a \$100,000,000 budget this year but more and more of this stuff is like death by slow torture. More and more of our revenue stream goes away and there is only so efficient you can be. I don't know if this is forcing us to do consolidation. Another way to look at school districts, is school districts supposed to continue to be the heart of the community. We can't continue to be the heart of the community unless we have the ability to raise funds to pay our bills. The PILOTs, I have been to the Board, the Board has been very good to listen to me and to other school business officials but we still continue to see the same., I can't believe you are doing PILOTs for apartments, that just absurd. IDAs should be industrial development authority. I know you are operating in the State of New York which is difficult to operate in because of regulations and mandates that are the very same mandates the school district operate businesses are operating under. I understand the pressure it is to try to get industries to move but it seems like we are taking money away from some people and giving it to somebody else. I don't think it is fair to all the other taxpayers or the other municipalities involved.

David Hess – David Hess. 7723 Japine Drive, Liverpool, Town of Clay. Also Town of Clay Board Member. I wanted to apologize first of all. I was a couple minutes late I was speaking outside. I am definitely in opposition of this for multiple reasons. First of all as Mr. Antonacci stated and Mr. Bick that this is just a reallocation of the two different towns between Clay and Lysander. There will be no basis to add 12 jobs at \$2,000,000. Here we have apartments that went up behind Kohl's on 31 where the County is stating that VerPlank is unsatisfactory for more traffic and at that point so these people got to drive through 31. Why don't you take the \$2,000,000, put it into that road and open that road for these people instead of making them drive through a shopping center to get to the road. In addition to that, I have one other point and I can't remember it. That was it but it was definitely in opposition to this.

Public Hearing Officer Coker then asked if anyone wanted to make any general comments about the proposed project. There were none. The Public Hearing Officer also noted that no written comments concerning the project had been received as of August 9, 2016. The comments are kept on file and available for public viewing at 333 West Washington Street, Suite 130, Syracuse, New York.

The notice for Public Hearing has been read. The opportunity for comments for and against the proposed project has been noted. There being no further business, Public Hearing Officer Coker closed the hearing at 10:23 a.m.

Dated: August 9, 2016

ONONDAGA COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

By: _____



Steven Coker, Public Hearing Officer