

TO: City of Albany Industrial Development Finance Committee

FROM: City of Albany Industrial Development Agency Staff

RE: 132 State Street Properties LLC – Final Project Summary

DATE: January 10, 2014

Staff Notes:

This project summary is the result of the work staff has performed per the direction of the Finance Committee at the September 19th and November 11th meetings. As a result of the September 19th meeting the Applicant submitted a revised PILOT request for Committee review. The revised PILOT request included the reduction of the duration of the PILOT to 12 years and modified the percentage abatement amounts. Per comments made by the Finance Committee at the November 11th meeting staff has worked towards amending the PILOT request to ensure that, based upon the potential tenants, the project receive the appropriate financial assistance. The modified general framework of the PILOT is provided in the Project Summary below. A positive recommendation was given by the Committee at the December 11th meeting for project approvals at the January Board meeting. Please note this project summary will continue to be updated as the project progresses through staff review and Agency consideration.

Applicant: 132 State Street Properties LLC

Managing Members (% of Ownership): Joseph R. Nicolla (51%) and Richard A. Rosen (49%)

Project Location: 132 State Street

Project Description: Proposed acquisition of a parcel of land along with the acquisition of and renovation of an existing 5 story, 9,450 SF +/- building into commercial office space with retail on the first floor. The project includes the installation of tenant finishes, personal property, fixtures, furniture and equipment.

Estimated Project Cost: \$2,351,500

Type of Financing: Straight Lease

Amount of Bonds Requested: None

Estimated Total Purchases Exempt from Sales Tax: \$2,008,000

Estimated Total Mortgage Amount: \$2,162,500

Current Total Assessment: \$100,000 (per Commissioner of Department of Assessment & Taxation)

Estimated Improved Total Assessment: \$945,000 (per Commissioner of Department of Assessment & Taxation)

PILOT: The proposal entails the Applicant entering into a 12 Year PILOT agreement with the IDA. Generally, the PILOT agreement will include two PILOT scenarios. The general framework for process and procedures will be discussed at the meeting.

- Scenario #1: Annual payments in lieu of taxes will be calculated by adding A) an amount equal to one hundred percent (100%) of the Normal Tax due with respect to the current total assessment (i.e. the “base” assessment) and B) an amount equal to a percentage of the Normal Tax due with respect to the additional improved assessment from completion of the project.
- Scenario #2: Annual payments in lieu of taxes will be calculated by adding A) an amount equal to one hundred percent (100%) of the Normal Tax due with respect to the current total assessment (i.e. the “base” assessment) and B) an amount equal to a percentage of the Normal Tax due with respect to the additional improved assessment from completion of the project.

Please see attached Revised PILOT Analysis and Special Counsel Memo for specifics.

Estimated Value of Total PILOT Payments:

- Total PILOT Payments:
 - Scenario #1: \$177,686
 - Scenario #2: Greater than Scenario #1

Estimated Value of Tax Exemptions:

- NYS Sales and Compensating Use Tax: \$160,640
- Mortgage Recording Taxes: \$27,032
- Real Property Taxes:
 - Scenario #1: \$467,874 (*Not a Net Present Value*)
 - Scenario #2: Less than Scenario #2
- Other: N/A

Employment Impact:

- Projected Permanent: (3) new jobs and (17) retained jobs
- Projected Construction: (25) jobs

Other Economic Impacts:

- Increases retail options
- Increases local and state sales tax revenues
- Increases Downtown BID revenues that will be used to further the betterment of the district

Strategic Initiatives:

- Albany 2030
 - Increase job opportunities for all residents.
 - Encourage investment in urban land and buildings for employment and housing through development, redevelopment, rehabilitation and adaptive reuse.

Planning Board Actions:

- Issued a Negative Declaration for this Type I Action as per the provisions of SEQR on 10/17/13.
- Approved the site plan on 11/21/13 with conditions.

Estimated IDA Fee

- Fee amount: \$23,515

Mission

- The purpose of the Industrial Development Agency is to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing industrial, manufacturing, warehousing, commercial, research and recreation facilities. The Agency aims to protect and promote the health of the inhabitants of the City of Albany by the conservation, protection and improvement of the natural and cultural or historic resources and environment and to control land, sewer, water, air, noise or general environmental pollution derived from the operation of industrial development.