

Albany Industrial Development Agency

21 Lodge Street
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John Reilly, *Agency Counsel*

To: Willard A. Bruce
Kathy Sheehan
Susan Pedo
Martin Daley

Mike Yevoli
Joe Scott
John Reilly
Erik Smith

Date: October 12, 2011

AGENDA

A meeting of the Finance Committee of the City of Albany Industrial Development Agency will be held on **Thursday, October 13, 2011 at 12:15PM** at 21 Lodge Street, Albany, NY 12207 (Conference Room)

Roll Call

Unfinished Business

- 4-6 Sheridan, LLC Final Resolutions
- Downtown Albany Revitalization, LLC Application Withdrawal

New Business

- City of Albany Industrial Development Agency Operating Budget for 2012

Other Business

Adjournment

* The next regularly scheduled meeting is Thursday, October 20th, 2011 at 21 Lodge Street, Albany, NY 12207

TO: City of Albany Industrial Development Agency Board

FROM: City of Albany Industrial Development Agency Staff

RE: 4-6 Sheridan, LLC- IDA Application Summary

DATE: October 14, 2011

Applicant: 4-6 Sheridan, LLC

Managing Members (% of Ownership): Guy Alonge, III (90%), Clemente Parente (5%), Daniel Sanders (5%)

Project Location: 4-6 Sheridan Avenue

Project Description: This building, a former restaurant and brewery, was vacant for two years due to bank foreclosure under the previous owner. The applicant is currently in the midst of rehabilitating the five story, 21,000 sq.ft. commercial building into a mixed-use structure. The building will house 13 market rate apartments (studio, one bedroom and two bedroom) on floors 2-5 and 3,000 sq.ft. of retail/ restaurant space on the first floor. The project requires the removal and replacement of many of the existing partition walls, plumbing, electrical wiring, HVAC, windows, etc.

Estimated Project Cost: \$1,750,000 (estimated amount spent to date \$750,000)

Type of Financing: Straight Lease

Amount of Bonds Requested: None

Estimated Total Purchases Exempt from Sales Tax: \$100,000-\$200,000

Total Mortgage Amount: \$325,000

Current Assessment: \$400,000

Estimated Improved Assessment: \$1,200,000

Requested PILOT: A 15 year PILOT with 100% abatement on the increased assessment value for the first 10 years. Then the abatement on the increased assessment value decreases for the following 5 years at 16.66% per year. At which time full assessment will be paid in Year 16 and every year thereafter.

Estimated Value of Total PILOT Payments:

- Total PILOT Payments: \$447,761 (over 15 year PILOT period)

Estimated Value of Tax Exemptions:

- NYS Sales and Compensating Use Tax: \$8,000-\$16,000
- Mortgage Recording Taxes: N/A
- Real Property Taxes: \$517,808 (over 15 year PILOT period)
- Other: N/A

Employment Impact:

- Projected Permanent: (40-50) new jobs via property management and restaurant staff
- Projected Construction: (25-40) jobs

Other Economic Impacts:

- Decreases the overall commercial vacancy rate downtown
- Adds to the supply of downtown residential to help meet the demand for such living options (as stated in Zimmerman/Volk Associates downtown residential market study)
- Increases consumer base to support downtown businesses
- Offers another option to downtown dining
- Increases local sales tax revenues

Strategic Initiatives:

- Revitalization and Diversification of Downtown - adaptive reuse of underutilized or vacant buildings
 - Eligible for the 485a Real Property Tax Abatement Program
 - Part of Main Street Grant sponsored by Capitalize Albany Corporation
 - Part of Capitalize Albany Corporation Real Estate Loan Program

Planning Board Actions:

- Issued a Negative Declaration for this Unlisted Action as per the provisions of SEQR on 2/10/11
- Approved the site plan on 2/10/11 with the following conditions:
 - The applicant shall submit plans depicting the size, material and location of the existing water and sewer service, as requested by the Department of Water & Water Supply.
 - The applicant shall establish traffic access and delivery patterns to be agreed upon with the Division of Traffic Safety.
 - The applicant shall obtain all necessary permits and approval from the Division of Engineering.

Estimated IDA Fee

- Fee amount: \$13,125

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.

4-6 Sheridan, LLC: PILOT Analysis

Calendar Year	Project Year	Tax Rate ⁽²⁾	Status Quo		Normal Tax			Proposed Project				
			Current Tax		Improved Assessment ⁽⁵⁾	Tax w/o PILOT ⁽⁶⁾	485a PILOT Payment ⁽⁷⁾	Abatement Savings ⁽⁸⁾	% of Abatement Improved Assessment ⁽⁹⁾	Requested PILOT Payment ⁽¹⁰⁾	Abatement Savings ⁽¹¹⁾	% of Abatement Improved Assessment ⁽¹²⁾
			Current Assessment ⁽⁴⁾	Current Tax ⁽⁴⁾								
2011	0	\$42.002682	\$400,000	\$16,801	\$400,000	\$16,801	\$0	\$16,801	0%	\$16,801	\$0	0%
2012	1	\$43.262762	\$400,000	\$17,305	\$1,200,000	\$51,915	\$34,610	\$17,305	100%	\$17,305	\$0	100%
2013	2	\$44.560645	\$400,000	\$17,824	\$1,200,000	\$53,473	\$35,649	\$17,824	100%	\$17,824	\$0	100%
2014	3	\$45.897465	\$400,000	\$18,359	\$1,200,000	\$55,077	\$36,718	\$18,359	100%	\$18,359	\$0	100%
2015	4	\$47.274389	\$400,000	\$18,910	\$1,200,000	\$56,729	\$37,820	\$18,910	100%	\$18,910	\$0	100%
2016	5	\$48.692620	\$400,000	\$19,477	\$1,200,000	\$58,431	\$38,954	\$19,477	100%	\$19,477	\$0	100%
2017	6	\$50.153399	\$400,000	\$20,061	\$1,200,000	\$60,184	\$40,123	\$20,061	100%	\$20,061	\$0	100%
2018	7	\$51.658001	\$400,000	\$20,663	\$1,200,000	\$61,990	\$41,326	\$20,663	100%	\$20,663	\$0	100%
2019	8	\$53.207741	\$400,000	\$21,283	\$1,200,000	\$63,849	\$42,566	\$21,283	100%	\$21,283	\$0	100%
2020	9	\$54.803973	\$400,000	\$21,922	\$1,200,000	\$65,765	\$32,882	\$32,882	75%	\$21,922	\$10,961	100%
2021	10	\$56.448092	\$400,000	\$22,579	\$1,200,000	\$67,738	\$32,882	\$45,158	50%	\$22,579	\$22,579	100%
2022	11	\$58.141535	\$400,000	\$23,257	\$1,200,000	\$69,770	\$11,628	\$58,142	25%	\$31,009	\$27,133	83.33%
2023	12	\$59.885781	\$400,000	\$23,954	\$1,200,000	\$71,863	\$0	\$71,863	0%	\$39,924	\$31,939	66.67%
2024	13	\$61.682355	\$400,000	\$24,673	\$1,200,000	\$74,019	\$0	\$74,019	0%	\$49,346	\$24,673	50.00%
2025	14	\$63.532825	\$400,000	\$25,413	\$1,200,000	\$76,239	\$0	\$76,239	0%	\$59,297	\$16,942	33.33%
2026	15	\$65.438810	\$400,000	\$26,176	\$1,200,000	\$78,527	\$0	\$78,527	0%	\$69,801	\$8,725	16.67%
2027 ⁽¹⁾	16 ⁽¹⁾	\$67.401974	\$400,000	\$26,961	\$1,200,000	\$80,882	\$0	\$80,882	0%	\$80,882	\$0	0.00%
	Total			\$321,856		\$965,568	\$374,856	\$590,713		\$447,761	\$142,952	

Notes:

- (1) Full assessment value will be paid (End of Proposed PILOT)
- (2) Assumed a tax rate of \$42.00268201 (does not include BID tax that is still payable under PILOT) in 2011 w/ estimated escalation of 3% thereafter
- (3) Current assessment as per City of Albany tax roll
- (4) Current assessment divided by 1,000 multiplied by appropriate tax rate
- (5) Improved assessment as per Applicant's assumption
- (6) Improved assessment divided by 1,000 multiplied by appropriate tax rate
- (7) As of right 485a Tax Abatement - 8 years of 100% abatement then decreases 25% thereafter until full assessment in Year 13
- (8) Difference of 485a PILOT Payment from Normal Tax
- (9) Percent abatement on increased assessment via 485a Tax Abatement
- (10) PILOT deviation requested - 10 years of 100% abatement then decreases at 16.67% thereafter until full assessment in Year 16
- (11) Difference of Requested PILOT Payment from 485a Tax Abatement
- (12) Percent abatement on increased assessment via PILOT deviation requested by Applicant

Michael Yevoli
CEO
City of Albany IDA
21 Lodge Street
Albany, NY 12207

September 30, 2011

Dear Mr. Yevoli,

This is a formal notification of the withdrawal of DAR, LLC's requested PILOT to facilitate residential development in downtown Albany as described in our AIDA application of June 20, 2011. I look forward to working with you, this City administration and AIDA to bring to fruition the redevelopment of our two properties on the National Historic Register, the Steuben at One Steuben Place and the Kenmore at 74-76 North Pearl Street. A new AIDA application will be forthcoming.

Sincerely,



Herb Ellis
Managing Partner, DAR, LLC

City of Albany IDA
2012 PROPOSED Budget

	2012 PROPOSED Budget	2011 APPROVED Budget	2011 Projected	YTD Variance to Budget
REVENUE				
Fees ⁽¹⁾	\$ 370,000	\$ 305,868	\$ 626,329	\$ 320,461
Project Benefit Agreement Revenue	100,000	-	-	-
CRC Grant/Administrative Fee	155,000	-	-	-
Interest	500	500	388	(112)
TOTAL REVENUE	\$ 625,500	\$ 306,368	\$ 626,717	\$ 320,349
EXPENSES				
<i>Economic Development and Community Development Support</i> ⁽²⁾				
Capitalize Albany Corporation Economic Development Support	\$ 250,000	\$ 115,000	\$ 57,500	\$ (57,500)
Sub-Lease AHCC	50,000	100,000	100,000	-
Capitalize Albany Corporation Management Contract	250,000	40,999	102,497	61,498
Agency Counsel	42,000	17,219	21,000	3,781
Albany Parking Authority Contract ⁽³⁾	23,100	23,100	21,000	(2,100)
Other Legal Expenses	-	-	-	-
Audits	7,000	6,600	6,600	-
D & O Insurance	1,200	1,200	1,010	(190)
Miscellaneous	2,200	2,250	1,821	(429)
TOTAL EXPENSES	\$ 625,500	\$ 306,368	\$ 311,427	\$ 5,059
Surplus/(Deficit)	\$ -	\$ -	\$ 315,290	\$ 315,290

⁽¹⁾ 2012 actual and estimated project activity includes:

Projects	Estimated Project Amount	Estimated Fee
Estimated project activity	\$ 370,000,000	\$ 370,000
Total	\$ 370,000,000	\$ 370,000

⁽²⁾ ED Support includes: Funds for further economic development- Administrative and Program Expenses.

⁽³⁾ APA has indicated that the rate changes bi-annually and is effective through 2012.

City of Albany CRC
2012 PROPOSED Budget

	2012 PROPOSED Budget	2011 APPROVE D Budget	2011 Projected	YTD Variance to Budget
REVENUE				
Fees ⁽¹⁾	\$ 160,700	\$ 382,500	\$ 416,963	\$ 34,463
Interest	-	700	190	(510)
TOTAL REVENUE	<u>\$ 160,700</u>	<u>\$ 383,200</u>	<u>\$ 417,153</u>	<u>\$ 33,953</u>
EXPENSES				
<i>Economic Development and Community Development Support ⁽²⁾</i>				
Capitalize Albany Corporation Economic Development Support	\$ -	\$ 185,000	\$ 92,500	\$ (92,500)
Capitalize Albany Corporation Management Contract	-	59,001	147,503	88,502
Agency Counsel	-	17,219	21,000	3,781
IDA Grant	155,000	-	-	-
Audits	4,500	6,600	-	(6,600)
D & O Insurance	1,200	1,200	1,300	100
Miscellaneous	-	-	-	-
TOTAL EXPENSES	<u>\$ 160,700</u>	<u>\$ 269,020</u>	<u>\$ 262,303</u>	<u>\$ (6,717)</u>
Surplus/(Deficit)	\$ -	\$ 114,180	\$ 154,850	\$ 40,670

⁽¹⁾ 2012 actual and estimated project activity includes:

Projects	Estimated Project Amount	Estimated Fee
Estimated project activity	\$ 16,070,000	\$ 160,700
Total	<u>\$ 16,070,000</u>	<u>\$ 160,700</u>