

Report of the Genesee County Industrial Development Agency d/b/a Genesee County Economic Development Center, Public Hearing for Ellicott Station, LLC held on Tuesday, October 23, 2018, 4:00 PM – Batavia City Hall – One Batavia City Centre, Batavia, NY

I. ATTENDANCE

Steve Hyde, President & CEO, Genesee County EDC
Mark Masse, Senior VP of Operations, Genesee County EDC
Chris Suozzi, VP of Business Development, Genesee County EDC
Jim Krencik, Director of Marketing and Communications
Betsy Richardson, Staff Accountant, Genesee County EDC
John Sackett, Town of Byron Resident
Marge Tuerk, Hanna CRE
Martin Moore, City of Batavia
Pierluigi Cipollone, Batavia Development Corp.
Rachael Tabelski, Batavia Development Corp.
Milissa Acquard, Savarino Companies
Kevin Hays, Savarino Companies
Brian Quinn, Batavia Daily News

II. CALL TO ORDER

The public hearing for the proposed incentives for Ellicott Station, LLC was called to order at 4:00 pm at the Batavia City Hall.

A notice of this public hearing describing the project was published in the Batavia Daily News, a copy of which is attached and is an official part of this transcript.

Mark Masse shared that the purpose of this public hearing is to solicit comments and feedback about the proposed incentives being requested by Ellicott Station, LLC. This public hearing will start with a short presentation/overview by the company of the proposed project followed by an overview of the proposed incentives given by Steve Hyde. Following the presentations there will be a time for public comments.

III. PROJECT SUMMARY

Kevin Hays and Milissa Acquard of Savarino Companies, representing the Ellicott Station project, gave a brief overview of the project:

This project is the adaptive reuse of an environmentally contaminated site in downtown Batavia, NY. The project consists of 1. Brownfield site remediation, 2. Removal of blighting structures and debris from the site, 3. Adaptive reuse of an existing two-story warehouse structure into a 16,695 sq. ft. craft beverage production facility, restaurant/bar, event space and outdoor beer garden for Resurgence Brewing Company, 4. New construction of a 5-story, 55-unit mixed-income multifamily residential apartment building with covered ground-floor parking and on-site playground, and 5. New construction of a single story, 16,850 sq. ft. class A multi-tenant office building targeting medical, educational and not-for-profit office tenancy.

S. Hyde of the GCEDC provided the following information in regard to the project:

Project Overview:

This public hearing is to seek public input as it relates to a revised local incentives application from Savarino Companies of Buffalo for the Ellicott Station, LLC project. This adaptive re-use project focuses on Brownfield remediation and redevelopment of two blighted properties (the vacant Della Penna and former

Santy's Tire shop) on Ellicott Street in the City of Batavia. The project currently as planned will invest some \$22.5M into this site and the community, will create some 68 full time equivalent positions once the project is fully leased up, and will construct over 99,000 sq. ft. of new and redeveloped facility space all while remediating a Brownfield property situated at a gateway location to the entrance of our downtown. This mixed-use facility will include office space, a microbrewery/restaurant/beer garden and a new apartment complex with 55 new affordable, near market rate apartments. Due to the scale and scope increase and considerable investment required to remediate and redevelop a property like this, cost increases and funding requirements from lenders have necessitated that Savarino Companies, as the project developer/owner to request the GCEDC to consider a re-framed/revised set of local incentives to enable this project's financing and implementation.

Project Benefits to Community:

- Brownfield clean up.
- Removal of blighted buildings at a gateway entry point of our city.
- Public infrastructure improvements/benefits including grand canal stormwater fortification and Ellicott Trail enhancements.
- Major step forward in Placemaking/Downtown Redevelopment.
- Positive spillover impacts to nearby neighborhoods.
- Millions of \$\$ of new investment in Downtown Batavia.
- Job creation commitment of 68 new positions including several available to those in poverty.
- Property tax base enhancement – more that \$2.7M in PILOT payments over the 30-year PILOT term – no property payments are being realized from the property (site) currently.

GCEDC (IDA) Local Tax Assistance approved in 2017:

A total of nearly \$2.2M in local tax benefits were approved for the project in August 2017 by the GCEDC board of directors helping to enable, what at the time was a \$17.6M investment project with 60 pledged jobs.

Today's Challenge:

Requirements from project funders have increased the size of the project by nearly \$5M (+26%) to include expanded housing by 4 added units and the inclusion of at grade parking garages. These adjustments have also increased the time requirements to finalize the project, increased transaction fees associated with the project by nearly \$1M all while interest rates have increased considerably. In addition, project funders (financial institutions/agencies) are requesting an enhanced PILOT on the housing portion of the project to expand from a 10-year term as previously approved to a 30-year term as currently requested to match the loan term for the project in order to contribute to the financial sustainability of the overall project.

Request currently being considered by GCEDC (IDA):

Given the benefits of the project to the community noted above, the GCEDC board of directors will be considering at our November 1, 2018 board meeting the request by Savarino Companies to expand the housing portion of the Ellicott Station PILOT to 30-years to ensure the financial sustainability of the project long term. Total benefits from the PILOT, BP2 fund reimbursements, sales tax exemption and mortgage tax exemption total just over \$3.8M over 30 years which is an increase in benefits of slightly greater than \$1.6M to what was approved in 2017. The developer has indicated, and GCEDC due diligence of their financial model has confirmed, the necessity of this action to enable closing and implementation of the project.

IV. COMMENTS

Martin Moore: The new Batavia City Manager shared that he is very excited and supportive of this project and is looking to get it off the ground and running. This project is very important to the City. He looks forward to continuing working with the GCEDC in ensuring this project is a success.

John Sackett read the following:

Good afternoon. I am John Sackett from the Town of Byron. As a voter-taxpaying citizen of Genesee County, I would like to expose you to my viewpoint. While our great Genesee County Legislature is taking away the increased future sales tax generated in our Towns and Villages due to State mandates; you, our supposed leaders of Genesee County, wish to take away future revenue sources, such as sales and use tax exemptions, mortgage tax recording fees, and partial property tax abatement for this proposed project. Why? Yes-Why? What happened to private enterprise that pays their fair share of taxes. Should you be more concerned about the drones in our society than the working tax paying Genesee County people? I say no to any more subsidized housing in Genesee County. If you, our GCIDA leaders cannot find jobs without subsidizing housing-perhaps its time to do away with this agency. It's becoming a grindstone around our taxpayers long enough! The City of Batavia does not need more subsidized housing and all the problems caused by the same. Never heard of any gun problems until lately. Perhaps you want more! I say/I suggest that its time to stop subsidizing housing in Genesee County. Thank you for listening.

Rachael Tabelski of the Batavia Development Corp. (BDC) read the following in support of the Ellicott Station Project:

The Ellicott Station site was identified in Batavia's Opportunity Area Brownfield (BOA) study, the City of Batavia Comprehensive Plan and the DRI as a prime site for private development. Savarino Companies answered an RFP issued by the Batavia Development Corporation (BDC) pledging to turn the site into a mixed-use campus that will include housing, Class A office, and a restaurant/brewery.

On March 16th, 2016 at 3pm Savarino Companies was identified as the developer to take on the Ellicott Station Brownfield site. Since that time, Savarino Companies has worked diligently with the City of Batavia and the BDC to bring the project to fruition. Multiple funding sources and grant sources were identified and awarded, engineering and architectural renderings were created, site plans were approved, brownfield remediation studies completed, grand canal issues were mitigated, and building permits were applied for. Finally, cost estimates and financial analyses were fine-tuned to reflect where the project is today, investing over \$21 million to rehabilitate the site.

During this time the developer also applied to the Genesee County Economic Development Center (GCEDC) for a Payment-In-Lieu-of-Taxes (PILOT). The PILOT was the first time that the GCEDC and BDC teamed up to help the developer mitigate extraordinary costs associated with brownfield redevelopment by offering the Batavia Pathway to Prosperity (BP2) program. The BP2 funding will be used to help with public infrastructure on the site, remediation, grand canal, sidewalks and improvements to the Ellicott Trail that runs directly behind the property.

It is my understanding that Savarino has asked to extend the housing portion of the PILOT to a 30-year term to make the project economically viable. In the City of Batavia market rents are depressed due to lack of high-end supply in the market, this directly impacts the developer's business case. Furthermore, a 30-year PILOT is encouraged by the housing lender to show a local commitment, overtime to the project.

The project will generate more revenue to the City in property taxes (long-term), sales tax, and employee spending. It will also benefit the community directly with new jobs and employment opportunities, however the largest benefit it will have for the community is the elimination of blight and the start of the transformation to the Route 63 Corridor.

We cannot continue to let our children walk to school by this blighted property anymore. We need to do everything in our power to clean up the site and make it a viable, vibrant social center.

Therefore, it is without hesitation that the BDC supports Savarino Companies and the Ellicott Station development.

Mark Masse opened the floor up for comments for those that had not signed up to speak but now wish to or for those who had commented before to make any additional comments they didn't make the first time.

John Sackett wished to add that the project is a great idea, it's the housing piece and the social problems that accompany subsidized housing that he does not like.

Pierluigi Cipollone, President of the Batavia Development Corp. shared that this project started back in 2013 after Savarino Companies responded to an RFP put out by the BDC. They were the only viable company to reply to the RFP. If this project doesn't get done by Savarino Companies, there is a good chance that this project will never happen. Its an eye sore and the City needs this project to happen.

Milissa Acquard reiterated that Savarino Companies have worked very hard with local agencies as well as several funding agencies on the financing of this project. The incentive package provided by the local agencies, specifically the GCEDC is necessary and imperative for this project to be successful.

V. ADJOURNMENT

The public hearing was closed at 4:34 PM.