

II. RESPONSES TO DEIS COMMENTS
DEIS Sec. IV.H · Socioeconomic and Fiscal Impacts

COMMENT NUMBER	COMMENT/RESPONSE
	<u>DEMOGRAPHICS</u>
1203	<p>Why is this Census Tract population projected to decrease? When you consider the ideas floated by the new comp plan I don't think that will be the case.</p> <p>Census Tract 59.02 has a noticeably older population than either the County or New Rochelle as a whole, with a median age of 43.7 years. The census tract has a higher percentage of its population in the age 55 and older cohorts than the two larger geographies. For Census Tract 59.02 and its component Block Group 1, a population decrease of 9.4% is projected through 2016, based on data from the US Census Bureau and ESRI, a national data provider.</p> <p>The general population growth in New Rochelle is expected to be minimal through 2016, with the population continuing its trend of ageing, with an increase in the number of persons age 65 and older. For the immediate areas around the Project Site, demographic characteristics are likely to change during the next few years. By 2016, both Census Tract 59.02 and Block Group 1 are projected to lose 9.4% of their respective populations, and over 10% of their resident family households. In addition, the over 12% projected decreases in residents age 0 to 19 in both Census Tract 59.02 and Block Group 1 will help hasten the aging of the underlying local population.</p>
1222 1508	<p>FCRG's population trends take into consideration only what was, not what we think will be our future. Therefore their numbers should be scrutinized to make sure they don't limit the project's impact on NR.</p> <p>DEIS Section IV.H: <i>Socioeconomic and Fiscal Impacts</i> describes the existing population trends, the impact of the Project's projected population on the City's demography, as well as analyzing the future socioeconomic conditions without the Project in the "build year" of 2016. As noted above, population growth in New Rochelle is expected to be minimal through 2016. For Census Tract 59.02 and its component Block Group 1, a more dramatic population decrease of 9.4% is projected through 2016.</p>
	<u>PAYMENT-IN-LIEU-OF-TAXES (PILOT)</u>
805	<p>The project when completed, if you believe the figures, will have a net positive impact of 818,000 dollars a year. Under the Pilot program, the City will give the developer over 20,421,000 dollars, in tax abatements, over 20 years (see Table II-1) or 1,021,000 dollars a year. It will cost the City 10 million to move the city yard not</p>

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including the debt service on the bond. The total cost, to New Rochelle, will be more than 30,421,000 dollars over 20 years or more than 1.5 million dollars a year. Based on these figures, the City will have a net loss of over 682,000 dollars per year for 20 years. The taxpayers of New Rochelle cannot afford to subsidize this project under these terms. Just to become revenue neutral, will require an additional 682,000 dollars a year in either increased taxes or reduced services.

806 If Forest City is unable to realize a profit from this project without over 20 million in tax abatements, they need to rethink the project or move on. City Council also needs to accept the possibility, the City cannot afford to develop Echo Bay at this time under these terms.

1403 The tax abatement is too rigid and does not benefit the city or the tax payers.

The City is not giving the Applicant 20 million dollars in tax abatements. The Applicant will invest approximately \$12 million in public benefits and new public assets, including up-front capital contributions to assist the City with the debt service for the new City Yard, funding for the acquisition by the City of the Nelstad parcel, environmental clean-up and physical stabilization of the Project Site (but not the Armory building or portions of the Armory parcel not being utilized as part of the Project), and creation of new, publicly accessible waterfront open spaces. Due to this significant up-front investment in public assets, it is the Applicant's opinion the Project would not be financially feasible without a PILOT agreement.

Utilizing a time-neutral net fiscal impact methodology, it was determined that the proposed FEIS Project would generate approximately \$445,877 in municipal costs and \$479,076 in education costs per year. In contrast, the proposed FEIS Project would also generate approximately \$1.26 million in annual municipal and School District revenues, over \$138,500 in municipal refuse and parks and recreation fees, and over \$275,000 in utility and general sales tax revenue for the City. Thus, the proposed FEIS Project is projected to have a net positive fiscal benefit to the City of New Rochelle of \$753,593 per year. In addition, the proposed FEIS Project would generate approximately \$1.02 million in one-time fees. The FEIS Project would also include \$2.5 million in funding by the Applicant to help the City defray debt service costs to be incurred in connection with the relocation and reconstruction of the City's DPW facility, payment by the Applicant of approximately \$2.5 million to defray any costs the City might incur in connection with the City's acquisition and reuse of the Nelstad parcel and/or reuse of the Mancuso Marina parcel, and a \$1.5 million Empire State Development Grant that the Applicant helped the City secure that would provide funding for public infrastructure improvements at the Echo Bay waterfront.

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The Project is intended to be assisted by the New Rochelle Industrial Development Agency, which would acquire title to the Site from the Applicant (at no cost to the Agency), and would lease it back to the Applicant. The **Project** financial model has not been reviewed by the City and the approval of the PILOT is subject to a separate public review process by the IDA. See FEIS Section I: Introduction, *Review by New Rochelle Industrial Development Agency* for a description of the IDA process for review of a “PILOT Agreement”. The PILOT scenario assumes payments-in-lieu-of-taxes sufficient to cover the projected education costs associated with the new housing units as shown below in the chart and detailed in FEIS Appendix I: *Socioeconomic and Fiscal Impacts Analysis – FEIS Project*.

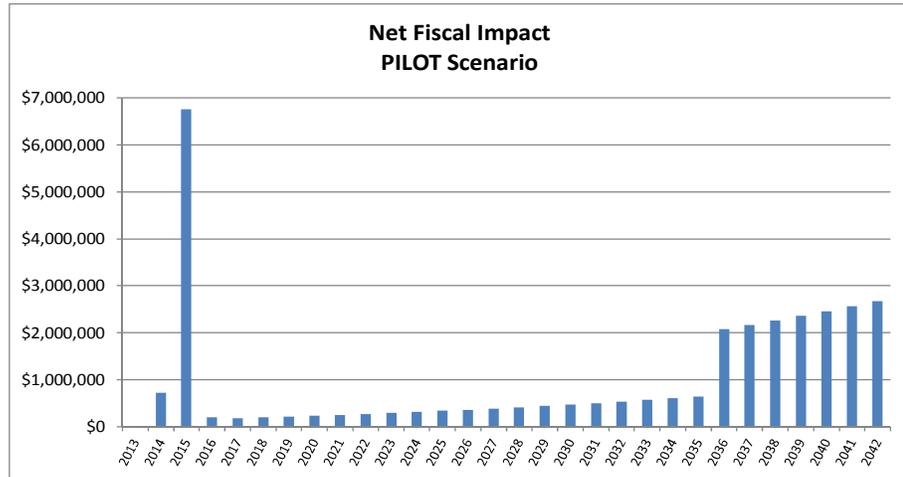
The PILOT for the three taxing jurisdictions (School District, City, Westchester County) is set off of a “base year” so that the revenue to the School District covers the marginal cost (for public school education and private school transportation) of the projected school child generation. The revenue to the City and Westchester County is then allocated in the same proportion as taxes would be allocated. The base year is the 2012-2013 school year. In subsequent years, the PILOT payment for each jurisdiction will then rise (or fall) at the same rate as the increase (or decrease) in the tax rate of the jurisdiction. For example, the table below shows that the PILOT payment for the School District in the first year would be \$18,846, assuming a 2.5% increase in 2014, 2015 and 2016:

Calculation of PILOT Payment to the School District Assuming 2.5% Growth Rate		
Year	Tax Rate Change	Payment
2013	-	\$17,500 (Base Amount)
2014	2.50%	\$17,938
2015	2.50%	\$18,386
<i>2016 (First PILOT year)</i>	<i>2.50%</i>	<i>\$18,846</i>

In the 11th year, the payment to the School District will be re-calculated using the *actual* school child generation experienced in years 6-10. Utilizing the 11th year marginal cost (based on the tax increases from the previous 10 years), the new School District payment will be set.

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1202
1509

I'm assuming that New Rochelle is verifying the fiscal benefits and costs that are suggested in the DEIS.

Comment noted. City staff and consultants have reviewed the Project. The Project is intended to be assisted by the New Rochelle Industrial Development Agency, which would acquire title to the Site from the Applicant (at no cost to the Agency), and would lease it back to the Applicant. The Project financial model has not been reviewed by the City and the approval of the PILOT is subject to a separate public review process by the IDA. See FEIS Section I: Introduction, *Review by New Rochelle Industrial Development Agency* for a description of the IDA process for review of a "PILOT Agreement".

1204

Why would NR lengthen the Pilot program when the financial benefit is weighted in the favor of the developer?

As noted above, the Project is intended to be assisted by the New Rochelle Industrial Development Agency (IDA), which would acquire title to the Site from the Applicant (at no cost to the Agency), and would lease it back to the Applicant. The Uniform Tax Exemption Policy of the New Rochelle Industrial Development Agency (which would confer the tax exemption) provides that the term of a PILOT Agreement shall be 15 years, but gives the agency the flexibility to extend the term to the 20 years proposed by the Applicant. The Applicant would make a significant financial investment in public infrastructure including restoration of shoreline and construction of a waterfront esplanade and public improvements on the existing City Yard and Armory parcels. The Applicant would also contribute to the City's debt service for the new City Yard, fund a pedestrian bridge to Five Islands Park, pay for the

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environmental remediation of the Site, and contribute to the cost of City acquisition of the Nelstad parcel for future public development and/or reuse of the Mancuso Marina parcel. The requested PILOT would provide the Applicant with the level of financial certainty it needs to be able to make the public investment.

PURCHASE OF CITY YARD PARCEL

PH102

Another thing is, Forest City, you got a lot of money. Us, the taxpayers, are going to have to pay to move the City Yard. I think you guys should pay for it. If you want that property so bad, come down and give the City a big fat check.

The relocation of the City's Department of Public Works Yard from the Echo Bay waterfront has been contemplated since 1983 when the Main/Echo Urban Renewal Plan was adopted, and again when it was revised in 1994, as well as in the City's 1996 Comprehensive Plan and the City's 1999 Harbor Management Plan.

In 2004, the City began the SEQRA process related to the relocation of the City Yard in order to facilitate the City's plans for sound redevelopment of the Echo Bay area. The DEIS was completed in 2007 with Environmental Findings adopted in 2008. The City Yard was due to be either relocated to a new site with consolidation of operations (to a proposed site on Beechwood Avenue that is zoned for light industry and is surrounded by other commercial/industrial buildings), renovated and modernized in the current location, or the City could continue to defer improvements. In November 2012, the City Council approved the issuance of up to \$25 million of general obligation bonds to finance a new public works facility on Beechwood Avenue.

In December 2012, New Rochelle was awarded a \$1.5 million Empire State Development Grant providing funding for public infrastructure improvements at the Echo Bay waterfront. According to the City's CFA application, the award would assist the City in leveraging the additional funds to provide the necessary streets, sewers, drainage, power, sidewalks, and landscaping of parkland. It would also leverage the City's investment in a new public works yard needed as a result of the existing, aging facility that has become obsolete.

In addition to the estimated fees and miscellaneous revenues generated by the proposed Project, the FEIS Project would include \$2.5 million in funding by the Applicant to help the City defray debt service costs to be incurred in connection with the relocation and reconstruction of the City

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Yard, payment by the Applicant of approximately \$2.5 million to defray any costs the City might incur in connection with the City's acquisition and reuse of the Nelstad parcel and/or reuse of the Mancuso Marina parcel, and a \$1.5 million Empire State Development Grant that the Applicant helped the City secure that would provide funding for public infrastructure improvements at the Echo Bay waterfront.

COMMERCIAL DEVELOPMENT - TAXES

801 Commercial development will increase the City's tax base and provide more revenue than residential development. In addition, residential development places an increased burden on our schools which are already under stress.

1401 I question the idea that we need more housing to attract business. We need to develop the property for commercial or rate payer projects. This I know is hard since we rejected IKEA.

Comment noted. Both the DEIS and FEIS Projects include approximately 25,000 square feet of commercial uses along the East Main Street frontage. As described in FEIS Section Introduction, the proposed PILOT agreement has been structured so that the Project would cover the annual projected cost impact on the School District.

BENEFITS OF THE PROJECT

PH402 The project's going to create over 100 construction jobs which are so desperately needed in our community, over 69 permanent jobs, and generate the \$1.2 million in annual tax revenues, which is not happening right now on the state - on the site.

Comment noted.

PH1402 To start, I believe the value of the tax abatements far exceeds what is shown in the DEIS. For example, the report assumes that fully loaded taxes would grow only 2½ percent per year, but that is well below what we are likely to see. In fact, the growth in school taxes alone are going to cause the project's total tax bill, if fully loaded, to grow more than 2½ percent per year.

The inflation factor was modified and updated for the FEIS Project. The FEIS Project assumes a PILOT agreement requiring payments-in-lieu-of-taxes sufficient to cover the projected education costs associated with the new housing units. A thirty (30) year time horizon was used for the analysis to project how the fiscal impact of the FEIS Project would change over a substantial portion of the FEIS Project's effective lifetime. Several factors were utilized to account for inflation. It was assumed that tax revenues would increase by 3.5% on an annual basis. This figure was derived from examining the annual tax rate increase for all taxing

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jurisdictions between 2000 and 2013; the calculated annual average for this time period was 3.5%. Likewise, costs were projected to increase by 2.5% annually. This reflects uncertainty regarding the future inflationary environment. These inflation rates are a best-guess estimate for analysis purposes. Under the PILOT structure presented in the FEIS, the payments-in-lieu-of-taxes will rise at the same rate as conventional taxes to ensure parity over time.

REAL PROPERTY ASSESSMENT

PH1403

At full assessment, this property would provide more than \$960,000 to our schools in the first year, but as currently contemplated, Echo Bay would pay only \$385,000 in the first year, for a shortfall of \$575,000. That shortfall is worth 5 full-time teachers or 10 teaching assistants. Economic developments are supposed to provide positive economic benefits to the community. Not only will Echo Bay not pay a fair market rate of taxes to the school district, but it will add children to the system causing a net economic loss on day one.

As described in FEIS Section I: *Introduction*, the proposed PILOT agreement has been structured so that payments-in-lieu-of-taxes would be sufficient to cover the annual projected cost impact on the School District. The Project would cover the marginal cost to educate the children projected to attend New Rochelle public schools, as well as the cost to provide transportation to children that would attend area private schools (a cost borne by the School District). The projected per pupil costs for public and private school children used in the analyses have been agreed to by the School District. The school child generation projections are based on the widely used and accepted Rutgers model. In order to provide further accountability to the City, the Applicant has agreed to a “look back” provision, so that in the tenth year an audit would be undertaken of the actual school child generation for the preceding five years, and the PILOT payment for the ten years would be subject to adjustment based on the findings.

The PILOT for the three taxing jurisdictions (School District, City, Westchester County) is set off of a “base year” so that the revenue to the School District covers the marginal cost (for public school education and private school transportation) of the projected school child generation. The revenue to the City and Westchester County is then allocated in the same proportion as taxes would be allocated. The base year is the 2012-2013 school year. In subsequent years, the PILOT payment for each jurisdiction would then rise (or fall) at the same rate as the increase (or decrease) in the tax rate of the jurisdiction (see example above in Response 805/806/1403).

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