

SPECIAL MEETING OF THE NORTH HORNELL VILLAGE BOARD
NOVEMBER 21, 2005

Mayor Falci called the meeting to order at 7:00PM

Attendance: Mayor John Falci
Trustees: William Coleman, Joseph Dick
William McNelis, & Glenn Thomas
Clerk/Treasurer: Kristene Libordi
Hornell IDA Director: James Griffin

LOWES SHOPPING DISTRICT

The purpose of this meeting is to look at all angles on the proposed Lowes shopping district.

Tonight the Mayor and Trustees will look at the tax advantages if the property is kept in the Village or if the City of Hornell is involved like the previous Wal-Mart pilot and we annex the property to the city. Mayor Falci wants to keep the village tax rate as low as possible. Tax rate now is \$5.43 per \$1000. He has looked over the existing Wal-Mart Pilot and believes it is a good pilot.

Mayor Falci introduced Mr. James Griffin director of the Hornell Industrial Agency. Mr. Griffin talked about keeping sales tax dollars in the community. Based on \$50 million in sales, 8% tax rate would generate \$4 million in tax dollars. If Lowes came into the Village, not the city, revenues generated in the county outside of the cities (Hornell & Corning) are distributed on a prorated share. The City would receive no sales tax. If annexed the City would get 1 1/2% of sales tax. The City has devised a plan to keep a good portion of the sales tax dollars in this part of the county. Unfortunately because of that, there is no other way to share the sales tax. However, there is a formula that passes on property tax to the Village and the Town. With the Wal-Mart PILOT, over the previous ten-year period the Village has received over \$700,000. It is a way to set up a payment in lieu of taxes for the developer. The developer knows what his taxes are going to be ten years from now, which helps in setting up leases with potential companies. If the project stays in the Village, the Village property tax, based on \$8 million, would be \$43,440 and they would share in sales tax thru the County in the amount of \$12,000. Total revenue \$56,000. If it goes to the city, the Village share in PILOT would be approximately \$129,000 and sales tax \$6,000. Total revenue \$136,000. Based on those figures, the City asked the Village if they would consider annexation and the reasons for it. The PILOT would be in effect for 20 years.

Trustee Glenn Thomas asked what happens in twenty one years. The PILOT runs out and it goes on the tax rolls. The Village would then receive 35% of the taxes the City collects on the property. Trustee Thomas asked if it is legal for one municipality to give its tax money to another municipality. Mr. Griffin said you have to structure the agreement to give that amount of money to the Village for services that the City and the Village agree on. Services would have to be talked about such as police or fire protection or monitoring the amount of sewage that goes thru the Village from the north. There have been instances where PILOTS have been extended. Trustee Thomas asked about the buildings built after the original PILOT in the Wal-Mart plaza and if there is tax money due the Village from those parcels- 35% of property tax. Mr. Griffin declined to talk about it due to legal issues. He has talked to Mayor Hogan who will sit down with Mayor Falci and make right on those parcels. According to Mayor Falci's calculations, that would result in as much as \$8,000 per year for the Village. With the proposed Lowes PILOT it would state that any and all projects on these two tax parcels would fall under the same agreement. At the end of the PILOT, the Village would continue to receive 35% of the city's property taxes collected on the two parcels.

Mayor Falci stressed that the County regulates the sales tax. Mr. Griffin stated the city would get nothing in taxes unless it annexes the village property. Without annexation this end of the county will lose a substantial amount of money. Trustee Thomas asked who set the assessed value of Lowes property at \$8 million. Mr. Griffin stated that he got the amount from Lowes. If this is annexed what control does the Village have on how it is built. Mr. Griffin said that would be worked out with the City. It would only be done in

accordance with the way the Village would do it. Lowes has extended an invitation to the Village to look at other Lowes built in areas similar to the Village and talk to residents living in the area. Mayor Falci said he would work with Lowes so that property values of those residents living on Cleveland Ave. would not go down. From what he has seen so far, they do a very good job on making the property look good.

Mr. Griffin stated that time is of the essence. In order for the property to go into the Empire Zone, the village board needs to make a resolution before December 8th to petition the City to put the parcels in the Empire Zone. The Empire Zone gives the developer tax credits against his state tax. Also gives gives him credit for people he employs - those people who are eligible and fit the criteria, such as the unemployed or disadvantaged.

Mr. Frank Libordi asked where he got his figures. Mr. Griffin responded that he got sales tax from the county treasurer and the other figures were from Lowes (estimates of sales) and property taxes that were on the books from the Village and Town. Trustee Joseph Dick confirmed the numbers. If the property is not annexed into the City than the empire zone reverts back to the City. The Empire zone does not commit the Village to annexation. Mr. John Troy asked if the Medical Arts Building will be taken down as part of the expansion of the property. Most likely it would be. He would like some kind of a time frame when that information would be available.

Trustee Dick asked about a twenty-five year pilot. Mr. Griffin said he was not aware of it, but he would inquire.

Mayor Falci stated that a public meeting would be held on November 28, 2005 at 7:00PM. The hearing will address the PILOT and the Empire Zone request. Mayor Falci Adjourned the meeting at 8:10PM

Village Clerk