

**ECONOMIC DEVELOPMENT & ENERGY COMMITTEE MEETING
HELD IN ROOM #318
PUTNAM COUNTY OFFICE BUILDING
CARMEL, NEW YORK 10512**

Members: Chairwoman Addonizio, Legislators Gouldman & Gross

Tuesday

March 22, 2016

The meeting was called to order at 6:54 P.M. by Chairwoman Addonizio who led in the Pledge of Allegiance. Upon roll call, Legislators Gouldman and Gross and Chairwoman Addonizio were present.

Item # 3 – Approval of Minutes- February 9, 2016

The minutes were approved as submitted.

Chairwoman Addonizio made a motion to waive the rules and accept the additional draft resolution for Item #5; Seconded by Legislator Gross. All in favor.

Chairwoman Addonizio stated she will not be accepting the other additional items provided to the Legislature as many Legislators did not have time to review them.

Item # 5 – Discussion/Tourism Matter/Director Pataki

Chairwoman Addonizio stated the additional draft resolution that was accepted as additional would propose the County Auditor to refrain from approving any voucher payable to the Putnam County Visitor’s Bureau, Inc. (“Visitor’s Bureau”) until the Economic Development & Energy Committee (“Committee”) authorizes to do so.

Legislator Scuccimarra stated she does not support this proposed resolution. She stated to not approve the Visitor’s Bureau spending the funding the County allocated to them would hinder them from conducting business.

Chairwoman Addonizio stated this draft resolution implies the Committee would review the money the Visitor’s Bureau would be spending.

Legislator LoBue stated it is her understanding that Legislator Scuccimarra cannot speak to matters that pertain to funding the Visitor’s Bureau as she is the treasurer of the Tourism Corporation.

Legislator Scuccimarra stated she can speak to this matter.

Legislator Gouldman suggested this discussion continue after discussion item #4.

Item # 4 – Discussion/Putnam County Industrial Development Agency (IDA)

- a. Correspondence/Fr. Law Department D:02/29/16 SUB:IDA Member Resignations**

- b. Correspondence/To. County Executive D:03/09/16 SUB: Request of Overview of IDA Options & Directions Available**
- c. Correspondence/To. County Attorney D:03/10/16 SUB: Overview of IDA Options & Directions Available**
- d. Correspondence/Fr. EDC President D:02/23/16 SUB: Opinion Reorganization of IDA**
- e. Correspondence/To. EDC President D: 03/09/16 SUB: Options for IDA**
- f. Correspondence/Fr. Putnam County Chamber of Commerce Chairwoman D: 02/22/16 SUB: Putnam County's Economic Development Team**

Economic Development Corporation President Jill Varricchio stated economic development is very important to Putnam County. She stated for the County to remain competitive with its economic development it needs a functioning Industrial Development Agency ("IDA"). She stated in one (1) particular project, they are asking about IDA incentives; however with the current state of the IDA, incentives cannot be offered. She stated in being proactive, she found a certified public accountant ("CPA") firm that can do the required audit for the IDA.

Ms. Teri Waiveda stated she had a professional career in community development and economic development. She stated she ran the Westchester County IDA for 13 years. She stated she also was on the Putnam County IDA for several months in 2012 before resigning. She stated on March 31st the IDA and other organizations that fall under the New York State Authority Budget Office have to submit an audit for the previous year. She stated if the IDA has not completed their required reports by July, they will possibly not be eligible to provide benefits to businesses. She stated the Legislature has the authority to reconstitute an IDA Board, as the IDA falls under the purview of the Legislature as indicated in Article 18a of the General Municipal Law. She stated two (2) of the IDA members can be elected officials and/or county employees. She stated once members have been approved to be part of the IDA, they will sign an oath of office and a notice will be sent to the Department of State. She recommended having the new members attend a training session to understand the IDA and their roles; then the necessary policy adoptions can be sent to the New York State Budget Authority Office. She stated she recommends all of the various tasks she listed be completed by Mid-June.

Legislator Gross believed some former IDA members would like to come back. He questioned if it is possible to have those individuals sign the required oath of office.

Ms. Waiveda stated that is up to the Legislature to decide. She stated she is concerned with the Butterfield Project because the IDA members were potentially not authorized representatives.

Legislator Gross stated there are projects in the pipeline and he is concerned with. He recommended reconstituting the former IDA members.

Legislator Albano questioned if it would be beneficial for the Legislature to authorize an audit since time is of the essence.

Ms. Waivedea stated the seven (7) policy and by-laws need to be readopted. She stated when she was a member of the Putnam County IDA she believed the by-laws were outdated and it gave a lot of power to one (1) person versus the whole board.

Legislator Nacerino stated the Legislature is at a cross-road. She believed the former IDA members were cognizant of their decision to resign and the impact that it would have moving forward. Therefore, she would not support reinstating the former members. She believed it is time to move forward with new members.

Legislator Scuccimarra concurred with Legislator Nacerino. She believed this is the perfect opportunity to recreate the IDA, perhaps with County employees. She stated each Legislator can put forth names of individuals that can serve on the IDA.

Legislator Gross stated the former IDA members resigned over frustration as they were promised funding but, the funding remained in sub-contingency. He furthered the discussion as he advocate for the former IDA members.

Mr. Richard Ruchala stated it is his understanding that the other former IDA members would not come back and continue to work for the Board. He stated economic development is struggling in the County impart of the ongoing issues with tourism. He believed that the EDC is struggling because they need the assistance of the IDA. He believed under the current Administration, the IDA never received a fair chance to succeed. He stated Ms. Waiveda would be very helpful in getting the IDA back up and running. He stated as Legislator LoBue previously asserted the wheel does not need to be reinvented; the IDA and the EDC used to work together. He stated he is apprehensive with County employees being part of the IDA because politics can dictate the actions of the Board.

Legislator LoBue stated the IDA is the incentive arm. She stated she is not in favor of having County employees being part of the IDA Board; she believed it is important to have individuals who are a part of the business community be on the Board. She believed it is crucial to the have the members be autonomous. She stated when government takes over services, the cost increases dramatically.

Legislator Albano stated if it is under the Legislature's authority, he would like an audit to be conducted.

Ms. Waiveda stated a CPA firm needs to do the audit. She stated an elected official can be on the IDA Board as indicated in the Section 856 of the General Municipal Law; some counties do this to bridge the county economic development office.

Chairwoman Addonizio questioned if it would be beneficial to have a representative from each municipality on the IDA Board.

Ms. Waiveda stated at one point in time that was a policy.

Legislator Albano restated he believes doing an audit is very important.

Senior Deputy County Attorney for Risk & Compliance Adrienne Lotto stated a lot of the questions that the Legislature has were answered in a memorandum from Deputy County Attorney Anna Diaz (*dated 02.29.16*). She stated she spoke with the New York State Comptroller's Office ("State Comptroller's Office") and the New York Attorney General's Office ("AG's Office") regarding the IDA. She stated due to the outstanding projects the IDA has, someone

from the State level would have to bring forward legislation to abolish Section 927F; legislation that established the IDA. Therefore, the chance of abolishing the IDA becomes a nonissue. She stated effectually the resignations of the IDA members were mute because they never took an oath of office. She stated what occurs with the future of the IDA is up to the discretion of this Legislature. She stated the Legislature must appoint no more than seven (7) members and no less than three (3) members and they can all be County employees if the Legislature chooses to do so. She stated she spoke to the State Comptroller's Office and many small upstate towns and a number of counties have county employees act as various members of the IDA. She stated as indicated in Deputy County Attorney Diaz's memorandum, if a County employee is selected to be an IDA member, the Law Department requests to conduct conflicts of interest checks. She stated the State Comptroller's Office and AG's Office affirmed that the EDC and the IDA can have the same board members; however they did not like merging the two (2) Boards. She suggested if the Legislature would like to combine the two (2), the governance be kept "clean" and understand there are two (2) separate bank accounts, two (2) separate governing documents, and two (2) separate board meetings. She stated once the Legislature decides how to move forward with the IDA, she will inform the State Comptroller's Office and AG's Office.

Legislator Gross stated he is concerned with the political pressure a County employee may face if they are on a board such as the IDA. He conquered that an audit needs to be completed as soon as possible and also agreed that representatives from each municipality should be on the IDA.

Senior Deputy County Attorney for Risk & Compliance Lotto stated once the IDA is reestablished, under the law the former IDA members have a duty to overturn the books and records to the County or the new IDA Board. She stated currently the County is not in possession of any documents.

Legislator Gross questioned if Mr. Ruchala will give the documents to the Law Department.

Senior Deputy County Attorney for Risk & Compliance Lotto stated under the law the documents would go from the former IDA to the new IDA; however she can ask County Attorney Jennifer Bumgarner to see if the Law Department can hold the documents in escrow as a good faith for safe keeping. She stated if it is the request of the Legislature to do an audit, she suggested having the documents be turned over sooner rather than later.

Legislator Gouldman questioned if this process has to be completed by mid-June.

Senior Deputy County Attorney for Risk & Compliance Lotto stated neither the State Comptroller's Office nor the AG's Office specifically gave her a deadline when everything needs to be completed by, but she can relay the various issues and concerns that were brought up this evening to them.

Legislator Albano stated the Legislature's priority should be to find individuals to serve on the IDA.

Legislator Scuccimarra stated her rationale for having County employees on the IDA is to do the necessary accounting of the reports.

Mr. Ruchala stated he was never made aware that the IDA members needed to sign an oath of office with the County. He stated when a new IDA chair is selected he will hand over the necessary documents. He stated the documents are in a safe place and are not being tampered with.

Legislator LoBue questioned the status of the Butterfield Project application.

Mr. Ruchala stated the Butterfield Project utilized the tax abatement offer. He stated the IDA is still waiting for the lease agreement to finalize the application.

Legislator LoBue stated the Legislature also has not received the lease agreement.

Legislator Nacerino stated she supports having members of the IDA represent all of the municipalities within the County. She stated in looking to the Westchester County IDA as guidance, she supports having County employees on the IDA Board to ensure the necessary reports are completed in a timely manner.

Legislator Gross restated he believed that there should be representation from all of the municipalities on the IDA. He stated he does not have an issue with a County employee being on the IDA and do clerical work; however he is apprehensive of having a County employee being on the Board and make decisions on projects within the County.

Chairwoman Addonizio concurred with Legislator Gross.

Legislator LoBue also concurred with Legislator Gross. She stated the IDA needs to remain autonomous.

Ms. Waiveda stated the Westchester County IDA has a seven (7) member board and they contracted with Westchester County. She stated the day-to-day finances are done by the Westchester Assistant Commissioner of Finance. She stated the recent legislation passed by Governor Cuomo will go into effect in June; which will require a standard application that every IDA in the State are required to use. She stated the legislation also requires the IDA to conduct a cost benefit analysis on every project. She stated State Legislation has created more regulations for the IDA, which results in issues.

Chairwoman Addonizio stated a Special Committee meeting can be scheduled to keep this matter moving.

Camel-Kent Chambers of Commerce President Bill Nulk stated an IDA is important for economic development.

Item # 5 – Discussion/Tourism Matter/Director Pataki (Continued)

Visitor's Bureau Inc. Acting Director Frank Smith stated he sent a memorandum on March 16, 2016 to the Legislative Office requesting this topic be tabled. He stated also, there is no definitive date to meet with the AG's Office, but it is anticipated the meeting will be held in the first week of April. He stated he can also provide the initial requested information (*dated 03.04.16*) as well.

Chairwoman Addonizio questioned if Acting Director Smith will provide the Legislature with the requested information in April.

Acting Director Smith stated yes.

Legislator Gross questioned if the Visitor's Bureau is continuing to move forward.

Acting Director Smith stated yes. He stated he is here to address Item #6 as well. He stated once the Visitor's Bureau receives the "I Love New York" matching funds they can move forward. He stated they just signed on to be the platinum sponsor for the Cold Spring Music Series. He stated the State has provided the Visitor's Bureau more funding than they have received in the last four (4) years.

Chairwoman Addonizio questioned if Acting Director Smith can speak to the increase in funding from the State in the Matching Funds Program.

Acting Director Smith stated the Visitor's Bureau submits two (2) separate applications to the State. He stated normally the request is much higher than the actual funding granted by the State; for instance, the Visitor's Bureau requested approximately \$200,000 and the State awarded them about \$61,000. He stated it was anticipated they would receive approximately \$57,000; therefore this year the State awarded the Visitor's Bureau more money than anticipated.

Legislator LoBue questioned what Acting Director Smith's official title is.

Acting Director Smith stated his title is Acting Director.

Legislator LoBue questioned who made him the Acting Director.

Acting Director Smith stated prior to Mrs. Libby Pataki's resignation, she appointed him to become the Acting Director.

Legislator LoBue questioned who signs Acting Director Smith's paycheck.

Acting Director Smith stated the paychecks come directly from the Visitor's Bureau's accountant. He stated this accountant is the same individual that conducts their audits.

Legislator Albano stated there has been a lot of misinformation in the newspapers. He stated in the correspondence the Legislative Office received (02.08.16), the AG's Office acknowledges the importance and value of the Visitor's Bureau. It also stated the AG's Office believes the Visitors Bureau's operations should not be interrupted. He stated tourism is a tremendous benefit to the State and to the County. He stated tourism assists in the County receiving high sales tax revenue. He concurred with the AG's Office's statements.

Legislator Gouldman questioned what is being done to remedy the Visitor's Bureau's website.

Acting Director Smith stated the critiques of the website have been fixed. He stated as of now the website is operating at 100%.

Legislator Nacerino concurred with Legislator Albano's statements. She stated the Visitor's Bureau assists in sales tax revenue and enhances the quality of life for the residents of Putnam County; therefore she is not in favor of any interruption as the prime of the season is about to begin.

Legislator Scuccimarra commended Acting Director Smith for taking over the role of director. She stated the Visitor's Bureau also has an extensive Facebook Page. She stated the prime season for tourism is about to begin.

Chairwoman Addonizio questioned if Acting Director Smith is responsible for distributing the funding.

Acting Director Smith stated yes. He stated the Tourism Economics Company conducts the economic study for tourism throughout New York State; it was concluded that in 2014 the sales tax revenue was over \$7 million in Putnam County.

Chairwoman Addonizio questioned if that total included the sales tax of gasoline.

Acting Director Smith stated he will provide the information to the Legislature.

Legislator LoBue questioned who runs the Visitor's Bureau website and Facebook Page.

Acting Director Smith stated he is responsible for the Facebook Page. He stated as of now the Visitor's Bureau does not have a web developer.

Legislator LoBue questioned who updates the website.

Acting Director Smith stated some aspects of the website are his responsibility; however an outside company, Are You Media Worthy updates the website.

Legislator LoBue stated Faith Butcher, who is a County employee, runs that Company.

Ms. Patty Villanova stated she has a business in the Village of Cold Spring. She stated she is attending this Committee meeting to address some of the concerns she has with a correspondence written by Legislator LoBue. She stated a lot of the tourism businesses are in the Village of Cold Spring and if the budget is cut for the Visitor's Bureau it will impact these businesses. She stated she works hard with the Cold Spring Merchants Association. She stated because of the Visitor's Bureau, there are radio advertisements and brochures in Grand Central Station. She stated the money earned from tourism is "clean money." She stated those that reside in Putnam County pay a very high tax rate and tourism helps in generating sales tax revenue. She stated currently, in working with the Visitor's Bureau, they are trying to raise the profile of Cold Spring at Grand Central Station, especially because people from New York City can travel to the area by taking the train. She facilitated the discussion further by speaking to initiatives that help bring people to the Cold Spring area.

Legislator Gross stated the Legislature does not want to cut the Visitor's Bureau's budget, they want to ensure the website and programs are moving forward. He stated he has confidence that Acting Director Smith will assist in keeping the Visitor's Bureau progressing.

Ms. Alexandra Ballentine stated she is here to speak as a business owner within Putnam County. She believed that it is unfair that the Village of Cold Spring area receives the most attention and the most government benefits. She believed that tourism does not generate tremendous funding for the County. She believed the County Executive has too much power in the Visitor's Bureau. She stated she views the Putnam County Government as inhibiting her business from making money. She stated she also believes the County is making her pay for other business' benefits and they distort the market place. She believed in the principles of the Free Market.

Legislator Gross stated there are events that occur outside of the Village of Cold Spring.

Legislator Gouldman questioned if there is anything done in Grand Central to promote the County.

Acting Director Smith stated the Visitor's Bureau needs to receive funding from the Matching Funds Program to put towards a project to promote the County in Grand Central.

Legislator Gouldman questioned what the proposed project is.

Acting Director Smith stated he would like to place kiosks in Grand Central and throughout Manhattan.

Chairwoman Addonizio questioned the approximate cost to complete this project.

Acting Director Smith stated he would like to find out if it would be better to have target months or promote all year round. He believed to use all of the outdoor kiosks centers would cost approximately \$700 per month.

Legislator Nacerino stated the eastern side of the County has tourist like attractions, such as Thunder Ridge in the Town of Patterson. She stated tourism is a vehicle used to have individuals from outside the County use businesses and restaurants.

Chairwoman Addonizio stated the additional proposed resolution would have the County Auditor refrain from approving any voucher payable to the Visitor's Bureau until this Committee authorizes them to do so. She stated this would allow the Legislature to have oversight of the Visitor's Bureau.

Legislator Nacerino stated she adamantly opposes this resolution. She stated she does not know if it is appropriate or allowed through the Charter to have a separate committee review the vouchers payable to the Visitor's Bureau. She believed passing this resolution would be micromanaging. She believed Acting Director Smith is more than responsible in appropriating their funds.

Legislator Albano concurred with Legislator Nacerino.

Legislator LoBue stated the Legislature is responsible for the County's finances and believes more oversight is needed. She stated there have been issues with money not being appropriated properly, for instance the AG's Office is looking into the Visitor's Bureau. She stated this

Organization's spending is outrageous. She stated it is an embarrassment that the Legislature was not aware of the second private tourism corporation.

Legislator Nacerino stated the money has been allocated and she has full confidence the appropriations will be done properly. She stated at this time, she does not believe that Acting Director Smith needs to come before this Committee before spending any money because it would impede the County's tourism.

Legislator Albano stated has never seen a problem in how the Visitor's Bureau spent their money. He stated he does not support micromanaging. He stated tourism assists the County's sales tax revenue. He stated if the AG's Office finds something within their inquiry; the Legislature can address it at that point in time.

Chairwoman Addonizio stated after the AG's Office's inquiry, the Legislature will receive the previous requested information.

Legislator Scuccimarra stated when she was Chair of this Committee, she requested information from the Visitor's Bureau and in return they Legislative Office received detailed reports.

Legislator Gross stated he does not have an issue with Acting Director Smith using the funds for the Visitor's Bureau to continue their business. He stated oversight is important and this Legislature needs to improve upon having better oversight.

Item # 6 – Approval/Budgetary Amendment (16T030)/Tourism Agency/Matching Funds Program

Acting Director Smith stated he reached out to New York State Matching Funds Program Administrator Marissa Fin to discuss the options that the Visitor's Bureau has because the State Match for funding was much higher than the County had budgeted for.

Chairwoman Addonizio questioned if the Legislature did not move forward with the extra funding for the Matching Funds Program, would the State take away the other funding.

Acting Director Smith stated the State would not take away the complete funding, but the portion that the County would not match. He furthered the discussion as he advocated for the additional funding.

Legislator Gouldman believed the Legislature should fund the Visitor's Bureau the additional money, as it would go a long way to bring people into our community. He stated if the County finances had flexibility, he would have wanted to actually increase the Visitor's Bureau's Budget.

Legislator Gross made a motion to move Budgetary Amendment (16T030) to the Audit & Administration Committee; Seconded by Legislator Gouldman. All in favor.

Item # 7– Approval/Memorialization/Chenango County Resolution/Opposing an Increase in the New York State Minimum Wage to \$15 Per Hour

Legislator Gross stated he supports this memorialization. He stated many of the jobs affected by this Legislation are transient jobs. He stated if the minimum wage increases it will significantly negatively impact businesses.

Legislator Gouldman stated the increase in the minimum wage would become effective in 2021 in Putnam County. He stated there will be ramification to small businesses by increasing the minimum wage, such as raising the cost of the products or reduce the number of employees. He stated small businesses will be killed off by this Legislation. He believed increasing the minimum wage will actually increase the poverty level in the County and the State.

Legislator Nacerino concurred with Legislator Gouldman.

Ms. Ballentine stated she is glad the Legislature opposes the increase to the New York State minimum wage.

Legislator Gouldman made a motion to support the memorialization to oppose and increase in New York State minimum wage to \$15 per hour; Seconded by Chairwoman Addonizio. All in favor.

Item # 8 – FYI/Putnam County Chamber of Commerce/Putnam BIZCON

Carmel-Kent Chamber of Commerce President Nulk stated BIZCON is a home and business show. He stated the Putnam County Chamber of Commerce would like consumers to become involved in this event as well. He stated thus far there are 75 businesses participating in this event.

Legislator Castellano questioned if sales can occur at the event.

Bill Nulk stated no, but leads can be generated.

Item # 9 –FYI/Unemployment Report- Duly Noted

Item # 10 –Adjournment

There being no further business at 8:39P.M. Legislator Gross made a motion to adjourn; Seconded by Chairwoman Addonizio. All in favor.

Respectfully submitted by Administrative Assistant, Lisa Sommers.