



City of Kingston Finance and Audit Committee
Meeting Agenda
Tuesday, July 28, 2020
6:30 PM
VIRTUAL:

You can also dial in using your phone.
(For supported devices, tap a one-touch number below to join instantly.)

United States (Toll Free): 1 877 568 4106
- One-touch: tel:+18775684106,,527244917#

United States: +1 (646) 749-3129
- One-touch: tel:+16467493129,,527244917#

Access Code: 527-244-917

RECORDING - <https://youtu.be/Jck2BgMEht0>

NEW BUSINESS

Kingstonian Pilot

[Communication- Special Finance Request Pilot Term Sheet.pdf](#)
[Kingstonian PILOT Term Sheet.pdf](#)

1 OLD BUSINESS

Finance and Audit Committee Agenda Item Report

Meeting Date: July 28, 2020

Submitted by: Elisa Tinti

Submitting Department: Common Council

Item Type: Informational Purposes

Agenda Section:

Subject:

Kingstonian Pilot

Suggested Action:

Attachments:

[Communication- Special Finance Request Pilot Term Sheet.pdf](#)

[Kingstonian PILOT Term Sheet.pdf](#)

CITY OF KINGSTON

Office of the Mayor

mayor@kingston-ny.gov



Steven T. Noble
Mayor

July 17th, 2020

Honorable Andrea Shaut
President
Kingston Common Council
420 Broadway
Kingston, NY 12401

Re: Request for Finance Meeting

Dear President Shaut,

I would like to respectfully request a Special Finance Meeting be held at the Council's earliest convenience. The purpose of this meeting will be to consider the Pilot Term Sheet for the Kingstonian Project. This project is a transformative project for Kingston and in particular for the Stockade District. As a priority DRI Project, this concept also received ample public comments and has also been improved through the in-depth consideration of the Kingston Planning Board. I am also particularly excited about the addition of 14 affordable housing units that have since been added to the project. I believe the benefits the City of Kingston will receive from this project are critical to our City's long term economic viability. The Pilot Term Sheet is attached to this communication for your reference.

Please feel free to contact me with any questions regarding this matter. Thank you for your consideration.

Sincerely,

A handwritten signature in dark ink, appearing to read "Steven T. Noble", is written over a light blue horizontal line.

Steven T. Noble
Mayor

Cc: Dan Baker

Kingstonian PILOT Term Sheet

1. Project answered City of Kingston 2016 RFQ to provide a substantial increase in parking with an associated transformative project, at no tax cost to City of Kingston tax payers.
2. Project will construct 420 car parking structure, at a cost of approximately \$17 million, of which approximately 277 spaces will be available to public for paid hourly, or monthly use. Further Project will pay all operation and maintenance costs related to parking structure for life of the project at a cost of approximately \$268,000 annually.
3. Project will construct, maintain, and operate a public space known as the Pedestrian Plaza, which will be free and open to the public the same hours as other City parks.
4. At the request of the business community, the Project will include unisex bathrooms constructed, operated and maintained at the expense of the developer (\$125,000 to construct and \$20,000/year over the life of the PILOT -- \$500,000 – to operate and maintain.)
5. Per the City of Kingston 2016 RFQ request, the Project will construct, maintain, and operate approximately 129 market rate apartments, *14 affordable rental units, 32 hotel rooms, and 8,000 SF of commercial space. (*for the life of the project, affordability standard verified by City of Kingston)
6. Project commits to at least a \$15 living wage for all employees associated with the operation of the apartments, hotel and garage.
7. Project will pay all current property taxes plus 3% annual increase for length of PILOT (\$1,077,408 over 25 years).
8. PILOT agreement to run concurrent with the financing term for the parking garage, which is 25 years, with no new PILOT sought after its termination.
9. Project will contribute \$5,000 annually over a ten-year period, for a total of \$50,000, to create a new scholarship fund held The Community Foundation, which will be distributed to a worthy recipient or recipients of the KCSD's choice each year.
10. Project will create and fund two paid internships at a cost to the developer of \$10,000 each per year for the life of the PILOT (a \$500,000 value) to help mentor KCSD high school students in both hospitality and real estate careers.

11. It is possible that the Project will be more or less successful than the current financial projections. In the event that the project is more profitable than projected, the Project will share 3% of the additional profit with the taxing jurisdictions at a rate proportional to the current tax rate. The calculation would be based on the increase in Net Operating Income above the first year of stabilized operation plus a CPI-W adjustment **. Remember NOI does not include any mortgage payments, which are the largest cost to the project. The formula would be:

$$\text{Additional Tax Payment} = 3\% * (\text{Current Year NOI} - (\text{Base Year NOI} ** \text{CPI-W Adjustment}))$$

Example if \$100,000 more profit than base year and base year NOI was \$1,000,000; assuming CPI-W of +2%:

$$\begin{aligned} &= 3\% * (1,100,000 - (1,000,000 ** 1.02)) \\ &= \$2,400 \end{aligned}$$

** (Current year's July 12-Month % Change of the U.S. city average, all items, not seasonally adjusted, CPI-W)