

-via electronic transmission and certified mail, return receipt requested-

February 8, 2019

Chairman Richard Kessel
Nassau County Industrial Development Agency and
Theodore Roosevelt County Executive & Legislative Building
1 West Street, 4th Floor
Mineola, New York 11501

Re: Notice Regarding Proposed Projects in the Syosset Central School District

Dear Chairman Kessel:

I am writing at the request of the Syosset Board of Education in the interest of improving communications between our two entities, so we may better serve the public we share.

The Syosset School District has twice written to the Nassau County IDA expressing concern with the inadequate level of notice for (and therefore compromised opportunity to adequately comment on) applications for tax abatement before the IDA Board. The first letter was prior to the IDA's consideration of the BSL Woodbury application¹ and again more recently regarding the Southern Glazers liquor distributorship located on Underhill Boulevard². In the former case, we were granted just 5 business days (2 of which we were closed for religious observance) advance notice, and in the latter case just 7 business days.

In both cases, the timeframes were far too abbreviated to ensure an adequate analysis of these significant projects, and they made impossible any public consideration at a Board of Education meeting. The School District recognizes that while the IDA is charged in part with promoting economic development in Nassau County, we also believe that the IDA should be considering the impact that any proposed project will have on the school district and its community. Accordingly, we believe we have a role to play in commenting on the impact these applications to the IDA for financial assistance may have not only on our School District, but also the taxpayers who support it. Our ability to comprehensively perform that function is compromised under the dramatic time constraints your process imposes.

At the Southern Glazers public hearing, you indicated to the School District's representatives that it was your intention to improve upon the notice given to other public entities such as school districts. This was reiterated at the Nassau County IDA Board meeting held on December 12, 2018. During the course of the meeting, several statements were made by the IDA Board concerning reasonable notice and an opportunity to be heard, which included the following : (1) the IDA needs to review the time interested parties are given and that it is important

¹ BSL Woodbury Letter link

http://www.syossetschools.org/Assets/Board_Discussions/020819_Letter_to_Nassau_County_IDA.pdf?t=636852358088930000

² Southern Glazer Letter

http://www.syossetschools.org/Assets/Board_Discussions/122118_Syosset_CSD_Letter_to_IDASouthernGlazerSyosset_Property121218.pdf?t=636809985760570000

to allow them sufficient time to review and comment on a proposed project; (2) affirmative notice should be given to the affected school district; (3) the IDA should have a more transparent process to help make people more fully informed and to give them time to respond; and, (4) applicants should be given a list of affected stakeholders and instructed to communicate with them. The IDA Board members also expressed a willingness to engage in productive discussions with the School District on this topic in the near future.

Many of the projects considered by the IDA can have 10-20 year impacts on the School District. These impacts are long lasting. While we are not seeking to add an impediment to the process, we do not think it would be unreasonable to provide sufficient notice to allow the School District to consider a project at a regularly scheduled meeting of the Board of Education. This would also afford the School District with an opportunity to receive and review documents requested related to the proposed project. As an example, in the case of the Southern Glazers application, the tax abatement the IDA ultimately approved resulted in an aggregate shift of some \$18 million in tax burden away from the applicant and onto other School District taxpayers, and may impact the calculation of the School District tax cap, which affects the tax levy for future years. These are considerations for which the School District was offered only 7 business days' notice.

We wish to also take this opportunity to reiterate certain criteria we use to evaluate applications before the IDA. Please note that the following criteria are provided by way of example and are not meant to be exhaustive, as they may change depending upon the nature of the project and its impact on the School District:

1. **Does the PILOT payment diminish the existing tax revenue from the parcel?** Any PILOT converts an existing property tax payment into a contractual payment whose terms are specified by the IDA, not driven by the tax rate in effect. As a result, if the "Base PILOT" on a parcel represents a reduction in amount from the current tax revenue produced by a parcel, the result would be a shift in the tax burden from the parcel to all other taxpayers in the School District.
2. **Does the PILOT payment keep pace with inflation?** The School District tax cap is calculated based on a complicated formula contained in law. To the extent that the PILOT payment does not escalate comparably over time, it would result in the parcel not keeping pace with other taxpayers in the School District, essentially again shifting a tax burden to other parcels in the School District.
3. **Does the PILOT payment decrease the amount that the School District can increase its tax levy?** In addition to the reduction of the allowable levy growth factor resulting from the inclusion of additional PILOTs in the School District's tax levy limit calculation, property that is subject to a PILOT agreement may not be included in the School District's tax base growth factor calculation. Because property subject to a PILOT agreement is not included in the tax base growth factor, any new growth (new construction or expansion of existing facilities never benefits the community from a tax revenue perspective.
4. **Does the PILOT payment account for a fair share of any new debt the School District may incur?** The Syosset School District has embarked on several capital projects initiatives to restore and repair its facilities. A PILOT payment calculated solely on the tax base prior to the new construction would essentially shield the parcel from a share of the debt service incurred, leaving this responsibility to be shared solely by other taxpayers in the School District.

5. **Are there protections or notification requirements for the School District contained in the PILOT agreement?** Among other concerns, no PILOT agreement should be structured in such a way that the applicant should be permitted to terminate the PILOT mid-year nor should any applicant be permitted to forego the second installment of their agreed upon annual PILOT payment.

The above concerns are heightened when a proposed project is a mixed-use or residential project. In such cases, more detailed financial impact analyses are required.

In closing, we appreciate the work the IDA performs to incubate economic development in Nassau County. However, given the impact to the School District and the large shifts in tax liability incurred as a result of the IDA's actions when granting financial assistance to an applicant, we believe that meaningful comments from the School District should constitute an important part of your process, and that participation is undermined by the artificial time constraints the IDA has asked the School District to operate under thus far. Simply stated, sufficient notice is essential to allow for a complete analyses of the impact that a project will have on our School District and our school community in the future.

Thank you in advance for sharing with our representatives your inclination to improve notice to us on projects that come before the IDA. We look forward to more specific proposals in your response. We likewise welcome a meeting with you to review these concerns and their impact on our School District and our residents.

Sincerely,



Dr. Tom Rogers