



City of Ithaca

Community Investment Incentive Tax Abatement Program (CIITAP)

The City of Ithaca is committed to creating a work environment and community that values and supports diversity and inclusion and to developing laws, policies and procedures that are mindful and inclusive of our diverse community.

Hart Hotels Ithaca Hotel Project
— Public Information Session —
Meeting Minutes
August 19, 2013 – 5:30 p.m.
Common Council Chambers — 3rd Floor, City Hall

Introductions

JOANN CORNISH, City of Ithaca, Director of Planning, Building, and Economic Development

JENNIFER KUSZNIR, City of Ithaca, Economic Development Planner

HEATHER FILIBERTO, Tompkins County Area Development (TCAD), Director of Economic Development Services

DAVID HART, Hart Hotels, Ithaca Hotel Project, Developer

Project Approvals to Date

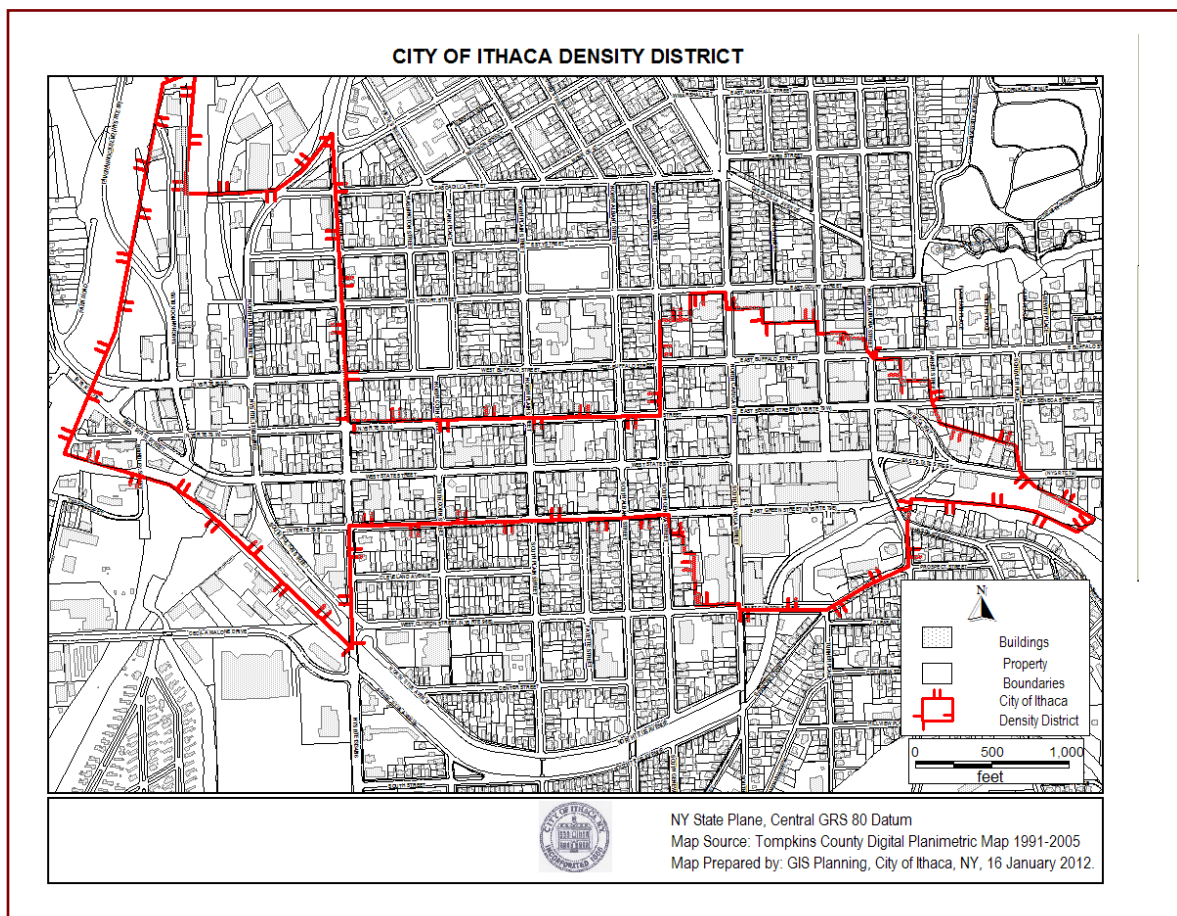
Cornish briefly summarized project approvals completed to date:

- December 12, 2011 – Submission of Site Plan Review Application
- February 3, 2012 – Revised Drawings Submitted
- February 23, 2012 – Neighborhood Meeting #1
- March 19, 2012 – Neighborhood Meeting #2
- March 27, 2012 – Negative Declaration of Environmental Significance issued by the Planning Board. (Review included: Construction Impacts; Stormwater Pollution Prevention Plan; Aesthetics; Impact on Historic Resources; Transportation; Noise and Odors; Public Health; and Growth and Character of Community.)
- April 3, 2012 – Area Variance granted for relief from two-story minimum to allow the one-story conference center.
- County Planning Department determined project has no negative inter-community or county-wide impacts.
- June 7, 2012 – Revised Drawings Submitted
- July 10, 2012 – Revised Drawings Submitted
- July 24, 2012 – Preliminary and Final Site Plan Approval issued by Planning Board.
- January 11, 2013 – Asbestos Survey Submitted & Noise Impact Assessment Submitted
- June 7, 2013 – Revised Drawings Submitted

Overview of Community Investment Incentive Tax Abatement Program (CIITAP)

Kusznir briefly summarized the City's CIITAP process and the minimum size, density, and location criteria. Minimum eligibility criteria are as follows:

- Minimum Size – Projects must be able to demonstrate that they will increase the property value.
- Minimum Density – Projects must be at least 3 stories in height or be a major restoration of an existing structure.
- Project must be located in the City of Ithaca Density District shown below.



Overview of Tompkins County Industrial Development Agency (TCIDA)

Filiberto summarized the role of the IDA and the full application process. After a project receives City endorsement, the IDA has a preliminary meeting to review the application and schedules a public hearing. After the public hearing is held, the IDA has a subsequent meeting to review the comments received and consider the project for abatement.

Project Presentation

Owner and applicant, David Hart, then presented an overview of the proposed development project. Plans include closing the entire hotel in November of this year. The existing two-story wings, each containing 22 rooms, will be demolished, while the existing tower will undergo complete renovation. Once this work is completed, the hotel will partially re-open with 80 guest rooms in May 2014, while construction on a new tower continues for an additional year. The work is expected to be completed in May 2015. The hotel will contain 177 total guest rooms. In addition to the hotel, a 15,000 square-foot conference center will be added to the north side of the hotel. The conference center will seat up to 400 and will not only be used for conferences, but for large-scale events, weddings, etc. The existing ballroom and meeting spaces will remain and be used for smaller venues and breakout spaces when needed. A restaurant/bar and entertainment space will be located on the roof of the new tower. Hart is also proposing to offer housing on the premises for approximately 12-15 employees, at a reduced rental rate.

Questions & Answers

Applicable questions from attendees and developer responses are summarized below, but are not recorded verbatim.

Public Comment: Proposed conference center is not large enough to attract a large conference.

Developer Response: The site is being utilized to its maximum capacity. This proposal is expected to be able to attract small- to medium-sized conferences.

Public Comment: Will the Holiday Inn brand name be dropped?

Developer Response: Yes.

Public Comment: Increased traffic and car pollution will have negative health impacts. This project will result in more cars and more traffic.

Public Comment: Roof-top entertainment space appears to be facing the residential area. The developer should consider reversing the location of the entertainment area, so the noise will be on the Cayuga Street side, away from the residences to the west.

Developer Response: Due to the building height and the proposed sound attenuation (glass panels), as shown in the Noise Impact Assessment, the noise is not expected to impact neighboring properties.

Public Comment: Who will pay for the parking?

Developer Response: The guests will pay for their own parking.

Public Comment: The City needs low-cost meeting space for community groups. Would the developer consider allowing non-profits and other community groups to use the conference space at a reduced rate, when it is not being used for other functions?

Developer Response: The Holiday Inn currently hosts the Rotary Club and plans to continue this service. They may consider offering similar services to other groups, but this has not yet been determined.

Public Comment: For the workforce housing units, if an employee quits their job, would they need to vacate their property by the end of the week?

If some units are not used by employees, would the owner consider making them available to the public?

Developer Response: The units are intended to be used by employees on a short-term basis; however, all the details have not yet been thought through. If an employee leaves their job, they would certainly be given adequate time to secure other living arrangements, but the expectation would be that the units are for employees.

Public Comment: Will employees who take advantage of the housing have reduced wages?

Developer Response: No, it is intended to be an added benefit.

Public Comment: Has this housing arrangement ever been done before?

Developer Response: The Holiday Inn currently has been testing similar arrangements on a very limited basis.

Public Comment:
**(Rick Adie, General
Manager, Statler Hotel)**

As general manager of the Statler Hotel and Chair of the Tompkins County Strategic Tourism Planning Board, the area needs more conference space. Low mid-week occupancy is not good for employees. Hotels are always looking for additional employees on the weekends, but cannot support the same number of employees on weekdays.

Public Comment:

Nearly 70% of property in the City is off the tax rolls; the last thing the City needs is more tax abatement. What if the lifecycle of the hotel is less than the abatement period? The abatement is unfair to existing businesses. Average tax payers are bearing the burden of big developers getting property tax abatements. Large projects will increase traffic in the City. It is also unfair for the City to provide parking to the developers. The City should not be maintaining and paying for parking for the developer.

Developer Response:

The property will not be tax-exempt. The property will still pay significant taxes, even if it receives the abatement. The abatement is only for a portion of the taxes, and only on the increased investment to the property, not on any of the existing property values. Should the business fail, then the investment would remain and another owner would take it over. The investment is completely private; the only City investment would be to forgive a portion of the additional taxes, which would only be generated if this project moves forward.

Mayor Response:

The City has already constructed the garages and has to maintain them; however, there are about 450 vacant spaces. The more the spaces remain vacant, the more the City has to subsidize the costs of maintaining them.

When considering this project, the question should not be whether or not to build additional hotel rooms. The market has determined it can support more hotel rooms. The question is whether the hotel rooms will be built in the City or in our neighboring communities. If the hotels are downtown, then the guests are less likely to rely on their personal vehicles.

Public Comment:

Speaking from personal experience, planning a wedding in Ithaca is extremely difficult, because of the limited available large-function space. The conference space will have a profound impact on the community.

Public Comment: The current living wage for this area is \$12.62/hour. Paying employees a living wage is a very important issue for this area. Developing a plan to address living wage issues for your employees would generate a lot of support for this project. Also, a diversity plan is essential and should not only address diversity in lower-level employees, but should include diversity in the management staff.

Developer Response: Diversity is very important to us and we certainly understand it should extend beyond lower-level employees. We also understand that diversity goes beyond race. We offer flexible shifts for working parents and have many single mothers who work for us. We understand employees need to be allowed to make their families their number one priority and we work with our employees to allow them to have that balance.

Public Comment:
**(Tiffany Gallagher,
Holiday Inn General
Manager)** As general manger for the Holiday Inn for the last 4½ years, I can say that they are an excellent employer. For the first 5-6 months after taking this position, my mother was very ill and the Hart family allowed me to work half-time and still paid me for full-time. This company is extremely supportive of their employees.

Mayor Comment: The City is launching a hospitality training program and is looking for hotels to host the people in training; and I want to thank Mr. Hart for considering being a host hotel.

Developer Response: These programs are beneficial to us. We are always looking for good associates. We would rather have associates who want to learn and have a good attitude, regardless of whether they have any previous experience.

Public Comment: The workforce housing is a great benefit. Is there a policy for how long employees will be able to live in these units?

Developer Response: The details have not yet been established; however, the current plan is to have them used for short-term occupancy, until they can get settled in the community. The occupancy rules will need to be established.

Public Comment: The Ithaca/Tompkins County Convention & Visitors Bureau has economic data to support the demand for a conference center and the beneficial economic impacts that can result from having one located downtown.

Public Comment: As an event planner, I can also confirm that event space is needed.

Public Comment: Will you use local contractors?

Developer Response: The main contractor will likely be the Krog Corporation from Buffalo. We have worked with them in the past. However, we will try to use local trades, where they are available.

Public Comment: This project will have an impact on McGraw House.

Developer Response: We did a sound study and we do not feel it will have a negative impact on the McGraw House.

Public Comment: Would it be possible to host an informative meeting about the construction, for the public?

Developer Response: Yes, as we get closer to construction we will hold a public meeting to discuss the construction plans.

Public Comment:
(Will Burbank, IDA Member) This project will generally be positive. However, the Marriott has a commitment of wages for their housekeeping staff, that was established when it purchased the land from the City. This arrangement would put them at a disadvantage to the Hart Hotels project. As this project is considered, the wages for the housekeeping staff will be an issue.