

A. Saugerties – RESTORE II – Partition Street (W039)

August 18, 2011

General Project Plan

- Grantee:** Village of Saugerties (the “Village”)
- ESD Investment:** A grant of up to \$780,000 to be used for a portion of the cost of hazmat removal, demolition, site preparation, and reconstruction.
- Project Location:** 25 South Partition Street, Saugerties, Ulster County
- Project Completion:** October 2011
- Grantee Contact:** Mary Frank
Village Clerk
43 Partition Street
Saugerties, New York 12477
Phone: (845) 246-2321 Fax: (845) 246-0887
- Project Team:** Project Management Jill Wolfeld
Affirmative Action Denise Ross
Environmental Soo Kang
Design & Construction Joseph Burkard
- Regional Council:** The Mid-Hudson Regional Council has been made aware of this item.

Project Description:

Background

The Village of Saugerties is located in Ulster County and is one of the mid-Hudson region’s most beautiful historic communities containing over 90 buildings of special architectural or historical interest. The Village is a tourist destination and is also the home to an equestrian event that spans a period of 10 weeks throughout the summer months. Additionally, one of the largest businesses in Saugerties is catering facilities. Generally all that are located within the Village are too small to accommodate groups larger than 250. Thus large meetings, banquets and weddings have been forced to either limit attendance or secure a larger facility outside of the area. The ability to capture and serve these larger events will result in an increased economic benefit for other businesses in the Village.

The Cantine Paper Mill (“the “Mill”) site has been vacant since 1978 when the historic structure burned, leaving a significant gap in both the economic and architectural landscapes of the Village. Since the closing of the Mill, the Village has suffered a loss of more than 17% of the revenue generated by local employment. The Mill serves as a point of entry into the business district of the Village. The site was included in the Local

A. Saugerties – RESTORE II – Partition Street (W039)

August 18, 2011

Waterfront Revitalization Plan in its “Land Use” section as the parcel is vacant unused and abandoned.

With ESD’s \$780,000 Restore NY grant, the Village was encouraged to reconstruct the former Mill. Without these funds, the Village would be unable to secure the necessary financing to complete this project and revitalize this blighted area.

The Project

The project entails the reconstruction of the former vacant Mill into 63,815 square feet of commercial space to include a 150-seat restaurant, a 400-seat conference center, and a 31-room hotel. The site is owned by Partition Street Project, LLC, which is owned by Struzzi Properties, Inc. Site work commenced September 2010 and construction began December 2010.

This project will also encourage improvements to street alignment, turning lanes and parking. It is expected to promote further investment in other properties leading into the central business district of the Village due to the increased traffic posed by the Villages emergence as a destination for tourists, conference-goers and customers of much needed new retail outlets regionally. It is expected that the project will be completed in October 2011.

Financing Uses	Amount	Financing Sources	Amount	Percent
Land	\$350,000	ESD Grant	\$780,000	6%
Building & Site Work	8,975,000	Developer Equity*	3,338,071	26%
Furniture, Fixtures & Equipment	2,100,000	M&T Bank Loan - Recovery Zone Bond Allocation**	8,833,000	68%
Architects & Engineering fees	455,000			
Construction Loan Interest Fees	421,000			
Legal, Approvals & Misc.	485,071			
Hazmat Removal - Engineer, Legal and Soil Disposal	55,000			
IDA Fees	110,000			
Total Project Costs	\$12,951,071	Total Project Financing	\$12,951,071	100%

*Source of equity is \$2,387,000 from the Developer.

** 10 years at 4.66%, with an option to the borrower to accept a new fixed rate for an

A. Saugerties – RESTORE II – Partition Street (W039)

August 18, 2011

additional 10 years/20 years/lien on real estate.

Financial Terms and Conditions:

1. Upon execution of the grant disbursement agreement, the Village will reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Village will be obligated to advise ESD of a materially adverse change in its financial condition prior to disbursement.
3. The Village will ensure the contribution of at least a 10% match of the grant amount to the Project.
4. Up to \$780,000 will be disbursed to Grantee upon documentation of project costs totaling \$12,951,071 and upon completion of the project substantially as described in these materials, assuming that all project approvals have been completed and funds are available. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after January 15, 2008, to be considered reimbursable project costs. Previously expended funds may be applied toward match requirements retroactive to June 23, 2006, when the Restore New York Legislation was enacted.
5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$780,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Village and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.

Design and Construction:

D&C staff will review the project budget, plans, specifications and at its option, visit the 25 South Partition Street site in Saugerties to monitor reconstruction progress for the scoped work. There will be multiple progress payments, not less than quarterly and each requisition will be reviewed and recommended for payment only when D&C requirements have been satisfied.

The aforementioned project will be reviewed in conjunction with D&C requirements and forms.

Environmental Review:

The Village of Saugerties Planning Board, as lead agency, has completed an environmental review of the proposed project, pursuant to the requirements of the State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. This review found the project to be a Type I

A. Saugerties – RESTORE II – Partition Street (W039)

August 18, 2011

Action, which would not have a significant effect on the environment. The lead agency issued a Negative Declaration on February 10, 2010. ESD staff reviewed the Negative Declaration and supporting materials and concurs. It is recommended that the Directors make a Determination of No Significant Effect on the Environment.

Due to the site's archaeological sensitivity, ESD has confirmed that the project sponsor initiated consultation with the New York State Office of Parks, Recreation and Historic Preservation ("OPRHP") pursuant to Section 14.09 of the New York State Parks, Recreation and Historic Preservation Law. ESD will ensure that consultation is completed with OPRHP in accordance with a Letter of Understanding.

Statutory Basis – Restore NY Communities:

Land Use Improvement Project Findings

1. The area in which the project is to be located is a substandard or insanitary area, or is in danger of becoming a substandard or insanitary area and tends to impair or arrest sound growth and development of the municipality.
The project involves the reconstruction of a vacant commercial building, which has been deemed by the Village to arrest sound growth and development in the area.
2. The project consists of a plan or undertaking for the clearance, replanning, reconstruction and rehabilitation of such area and for recreational and other facilities incidental or appurtenant thereto.
The project involves the reconstruction of a site that the Village has included in its overall Local Waterfront Revitalization Plan (1983-86) in its "Land Use" section as the parcel is vacant unused and abandoned.
3. The plan or undertaking affords maximum opportunity for participation by private enterprise, consistent with the sound needs of the municipality as a whole.
The Village published a property assessment list and held a public hearing on the project at the time of application. The Village will ensure compliance with all applicable local laws and regulations.
4. The requirements of Section 10(g) of the Act are satisfied.
There are no families or individuals displaced from the Project are

August 18, 2011

Saugerties (Mid-Hudson Region - Ulster County) – Saugerties - RESTORE II – Partition Street – Restore NY Communities 07-08 – Determination of No Significant Effect on the Environment

RESOLVED, that based on the material submitted to the Directors with respect to the Saugerties – RESTORE II - Partition Street Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

* * *