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Minutes of a CDA Meeting held by the Town Board of the Town of Riverhead, at Town Hall, Howell Avenue, Riverhead, New York, on Tuesday, June 15, 1999 at 2:00 P.M.

**Present:**

Vincent Villella,	Chairman
James Lull,	Member
Mark Kwasna,	Member
Philip Cardinale,	Member
Christopher Kent,	Member

**Also Present:**

Andrea Lohneiss,	Director
Barbara Grattan,	Town Clerk
Adam Grossman, Esq.,	Town Attorney

Chairman Villella called the meeting to order at 4:30 p.m.

Resolution #13

Andrea Lohneiss: "Resolution 13 authorizes the Chairman to execute a contract with Calverton Camelot LLC. We need a motion to take it off the table first."

Member Kent: "I will move that we take this resolution off the table and bring it forward for a vote."

Member Cardinale: "Seconded."

Chairman Villella: "Moved and seconded to take it off."

The Vote: "Cardinale, yes, to take it off the table; Kent, yes; Kwasna, yes; Lull, yes; Villella, yes. The resolution is adopted."

Member Kent: "And I'll move the resolution authorizing the Chairman to execute a contract with Calverton Camelot, LLC."

Member Kwasna: "Second."

Chairman Villella: "Moved and seconded."

The Vote: "Cardinale."

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Member Cardinale: "Predictably, I'd like to make a few comments before I vote. This is it. If you haven't seen it, it's probably because it isn't on file at this moment but it will be right after the meeting which gave me some pause as it did Sal, which I'll address in my remarks.

I've carefully reviewed this contract, this lengthy contract, as well as the other-- as with the other members of the Board, there's much I like in it, there's much I did not like in it, which I suppose makes this a contract as opposed to a decree. And I want to thank Andrea, the RDC, and our realtors, our lawyers, getting us to this point.

I also want to make two things clear which were quite confused at the end of the debate surrounding the initial contract. This contract addresses only a small part of the whole parcel the town received from the Navy. It addresses specifically 472 acres, including the Grumman buildings of the 2,900 acres we received from the Navy, 2,500 or so which are developable. So it's 472 acres and the buildings.

I looked at this contract as late as 2:00 this morning and as I said there's some in it that all of us like, some that we didn't, but that's what contracts are about. We've all-- I have and I think we all have carefully reviewed the contract. Ironically, the public has not had the same opportunity which I find odd. And yet we are being asked to authorize the Supervisor to sign a contract which hasn't been on file with the Clerk. That gave me a lot of pause. What's the deal here with public participation? You may wonder, as I think Sal just did. Well, you need not. This contract-- if you read it as we did-- requires a public hearing with public input before we make our decision as to whether this purchaser is qualified as a sponsor, that is a participant, in our Urban Renewal Plan up at Calverton. So there will be opportunity for input from the public at that point.

This contract also requires a public hearing with public input before we make our decision regarding zoning upon which this contract is conditioned and, accordingly, we would have public input and we've had that today and the two public hearings we've been to in regard to that.

Finally, this contract is now going to be placed on record and you can all look at it in Barbara's office and get copies and we encourage you all to tell us what you think. This authorizes the Supervisor to sign it, it doesn't direct him to do it immediately.

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The-- a year ago, on May 27th, we had a hearing on the first contract with First Industrial and at that time, I said that having reviewed the proposed contract reference the above and listened to the public at a three hour public hearing on May 27, I had come to the conclusion that the Town should not execute that contract and I also indicated that the Grumman parcel handling is probably the most important decision this Board would make while I was on it.

At the public hearing, the public repeatedly-- I indicated, asked the question-- asked of the Board to be cautious, to take a step back from deciding not to pull the trigger too quickly. One of the better quotes was one who runs is more apt to stumble than one who walks. I indicated at that time, a year ago, I believed that advice to be good, particularly in view of the fact that the National Transportation and Safety Board lease would allow us time and flexibility that we might not otherwise have had because it would cover the cost-- more than the costs associated with the maintaining of the parcel.

I concluded at that time that it seemed that logic, law and the advice of the public all were pointing to following a simple plan in this complex matter. I was overruled four to one and ultimately that contract was withdrawn by the purchaser but-- "

Chairman Villella: "Actually we (inaudible) because that's what happened. They came up with the best deal a year later."

Member Cardinale: "Yes, ironically as Vinny is point out, he's anticipating where I'm going even though he doesn't know, the four points that I said seemed clear to me that would be a simple plan to follow would be one, we should attempt to adopt zoning-- we should adopt zoning for this parcel pursuant to good planning principles. Two, we should continue the preliminary world-wide marketing of the property but insist on having the deed in hand before going to formal requests for bids on the property. Three, we should request presentation of formal and detailed bids within a specified time period. And, fourth, we should accept the best bid we receive as perceived by the RDC and the Town Board.

So there were four points and that was one year. Well, what's changed? Well, my vote is about to change for one thing. But what else has changed is the price. This contract is for 84 acres and if you translate that at \$18,000 an acre it's about a million and a half better deal.

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What else has changed is that each of these issues raised at that time have been addressed. The zoning is within a very short period, perhaps as little as 30 days of being in place. I would prefer it to be in place but life isn't perfect. The second point, it has been marketed. I mean I read about it in the New York Times and the Wall Street Journal. I'm sure you all do, too. And it's been marketed for a year and a half since I've been here and a half year before that. And we have heard all offers. And all of you who have had houses to sell-- and when you tell us we're getting too little here, you realize that, you know, you get what's offered. There's a market out there, you give the market a chance and you take the best the market will offer. I am convinced that we have marketed this property with good realtors, good lawyers and for a good long time.

The third thing was a request-- presentation of formal and detailed bids. We've done that. Given all of our people a timeframe. They've responded and now we're doing the fourth thing which is, I believe, accepting the bid that we got which is the best bid.

So each of those four points have been made. Now there's one other point I'd like to make. The NTSB lease is likely to be gone with the wind in October and that is likely to transform what was a one million plus management for this budget for this town into a potentially two million dollar negative. We know that and so, too, does the purchaser. There's no mysteries here. That's a big factor because one of the things I said a year ago was we had the time, to be specific I said that the National Transportation Safety Board lease which was for a year, allows us the time and flexibility that we might not otherwise be able to afford.

Well, it is my conclusion we cannot afford it at this point because we won't have it after October so we should take this offer because it is the best offer.

And, finally, and perhaps most significantly, the RDC, a united RDC has indicated to us that their criteria of tax growth, revenue, good jobs, and a minimal impact on the quality of life is met here. So I'm pleased to vote yes here and I would urge my colleagues in a united-- in I hope what would be a united Board to vote yes, too."

Chairman Villella: "Very good."

The Vote (Cont'd.): "Kent."

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Member Kent: "Yes, authorizing the Supervisor to execute this contract at this time, I believe to be the next and most appropriate step in the long process to sell a portion of this industrially improved property at the Calverton site.

With this contract in place, both the purchaser and the Town can move forward to satisfy all of the conditions precedent to closing. Once the closing takes place, we the residents and taxpayers of Riverhead, will be in the advantageous position over \$500,000 in real property tax revenue and in addition will be generating in excess of \$1,000,000 in interest for the approximate \$16,000,000 that will remain on deposit.

There's a lot of work still to do to close this deal but I accept the advice and the recommendation of the RDC who have served this town faithfully and professionally and without compensation for a number of years. They have entertained and reviewed all offers submitted to date. They have taken their time, they have narrowed the offers received and they now put before us the best offer for our approval.

I believe the RDC has done a great job and has presented us with an offer that best meets the goals and objectives for the reuse of the core area as stated in our comprehensive reuse plan and our urban renewal plan which calls for the redevelopment of the-- of an industrial park that will create desirable industrial jobs, that will provide sufficient income to support families in our town and that will increase our tax base without impacting our quality of life.

At the same time, the purchaser will assume and perform maintenance for the core area at the park, which is a significant benefit to the town.

So, with all that in mind, I accept the recommendation of the Riverhead Development Corporation, and I vote yes, authorize the Supervisor to execute the contract."

The Vote (Cont'd.): "Kwasna."

Member Kwasna: "I believe within this contract it is stated that the clock starts 120 days after the finalization of zoning. Is that correct? Or 90 days? About 120 days after the finalization of zoning. As we see it right now, the zoning on this property is hopefully going to be done within the next 30 to 45 days. I would rather see us wait on signing this contract until we have zoning first

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on the property rather than going into contract and then trying to create the zoning on the property. And to wait another 30 days on this, I know it is a good buyer, I know the RDC has done a great job on this, they have looked at hundreds of proposals. But I, myself, would rather see us have the zoning on the property and then go into contract on it. So, for that reason, I vote no."

The Vote (Cont'd.): "Lull."

Member Lull: "When we appointed the-- our own local development corporation, the RDC, back three years ago and gave them the charge that Bobby and Mark and Harvey mentioned when they came to the microphone, and we also incorporated Grubb & Ellis and their hard working crew into our plan, and, of course, had on board the talented labor-- the talented law firm of Wilke, Farr & Gallagher, we had in plan-- we had a plan and that plan has been followed through.

As a matter of fact, all of us sat and watched the process that Phil mentioned at his fourth point, the idea to entertain the offers, to evaluate them and to make decisions. We sat in and watched the RDC following that plan. And I am satisfied that the plans and the discussions that took place at that time were honest and, in fact, gave us the best response.

There is, however, and Mark brought up the issue of zoning. There is, however, a process that has been instituted that was-- that we were in discussion with right up until a couple of week ago. And that plan was to have the zoning in place and, in fact, we built the project and the sale around the acceptance of that zoning and the time period following that zoning during which an Article 78 challenge could be filed against the zoning. We know that there's a possibility of that. We certainly have gone through it in this town in the last couple of years.

The change in the last three weeks has been the-- actually last week-- the filing of a letter of pre-existing use. The letter of pre-existing use which would allow for this particular usage on the property prior to the acceptance of zoning. I don't believe that was the purpose of it but that could be very well the effect of it. That it could allow the use of the property by this user prior to the acceptance of zoning or if, in the fact that the zoning is challenged, despite any challenge to the zoning. I have been very uncomfortable with that.

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At the Board meeting yesterday, the other members of the Board, the members of the Board who are the majority, assured me that the Board-- they had decided that the Board should ask for an appeal from the ZBA. The letter of pre-existing use comes from the head of the Building Department and he is solely responsible for that. For that to be challenged, it needs to go to the ZBA. And they indicated that what they had decided to do was to go before the ZBA to ask that this be taken before the ZBA for an interpretation of use. Now the interpretation of use basically boils down to at least what was said in the meeting was that this was to be an interpretation of whether or not movie production does, in fact, fall under the category of industrial production which was allowed in one of the previous zoning districts that this property fell into.

I think that's too narrow. I believe that the pre-existing use letter needs a much broader challenge than that. I believe it needs a challenge to the very-- to its very existence. In discussing this with Councilman Cardinale just before the meeting, I made this point to him and we did, in fact, come to an agreement that this would be challenged. The letter of pre-existing use if not challenged before the ZBA, the Board would file an appeal to the ZBA for their interpretation of the existence-- the very existence of this letter so that the ZBA could make-- the Zoning Board of Appeals, could make the decision of interpreting this particular letter as opposed to or how it fits with the code that we have-- under which it exists.

I hope that that does-- I hope that that does take place. I have not seen any specific message that it is going to take place. I am assuming that if it does take place, in fact, things will go forward. I'm also assuming that the person sitting to my right is going to vote yes on this contract. And so, therefore, I feel it is necessary for me before I can vote yes for this contract, to see a specific challenge in front of the Board of Appeals-- the Zoning Board of Appeals-- to that letter of pre-existing use and what it means. So that for this purpose at this point, I am going to vote no."

The Vote (Cont'd.): "Villella. Your vote, do you want to vote?"

Chairman Villella: "Yeah, I'm going to vote. Listening to both sides that I'm in the middle here, I do not want to make this a political issue or anything. I'm here to run this town for the best interests of the residents of the town. And when the RDC comes in front of me and the hard work that Andrea and Rick and everybody else

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that's helped out, (inaudible), the EDZ, Jack and everybody in this room that's helped out with blood, sweat and tears and, believe me, if this doesn't go through your taxes will be up 20% and I wonder why-- maybe-- I hope it's not political that they want to see it up 20% so they don't see me sitting in this seat or it can be decreased and have a minus 10% budget next year if this goes through.

I see nothing wrong with the deal. We'll let it go through the process. The zoning, we met with environmental lawyers today, we've met with the DEC, we met with the Suffolk County Planning Commission, we're doing everything the way it's supposed to be done. I see no problems with this. So I'm just going to let the process go and I'm going to be signing that contract because I'm voting yes."

Andrea Lohneiss: "The resolution is adopted."

Member Kwasna: "I'd just like to add one thing to the end of that, Andrea. As far as making it a political thing, nobody here is trying to make it political in any way."

Chairman Villella: "Good."

Member Kwasna: "I only brought up the question on the zoning because it does not affect the closing date. The closing date cannot take place until 120 days after zoning is in place so by just holding off the contract for another 30 days until zoning is in place, will not hold up the closing date. So no way is anybody trying to hold this deal up-- only to make sure it goes right."

Member Kent: "A year ago we had a similar contract that was voted favorably by four-fifths of this Board. The only one who voted against the contract last year was Councilman Cardinale and it was basically subject to zoning at that time also. I don't see the difference between a year ago and today."

Member Kwasna: "Well, I don't want to see the same thing happen this year that happened last year."

Member Lull: "The letter of pre-existing use did not include-- it was not included last time. That was not something that was in the mix. It's something that our Planning Board is against and have made it very clear."

Chairman Villella: "All right. Let's stop it right here."



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Let's go on, let everything go the right way. Everything will be fine. Okay. That's it. We're going to close the CDA meeting."

Meeting closed: 4:51 p.m.

*Barbara Nathan  
Gowd Club*