

CDA ANNUAL REPORT for FY 2012

As required by the Bylaws of the Town of Riverhead Community Development Agency (CDA), the following information is provided for consideration and review by the Members of the CDA.

MEMBERSHIP- The Members of the Corporation shall be the members of the Riverhead Town Board, comprised of the following persons during FY 2012:

Sean Walter, John Dunleavy, James Wooten, George Gabrielsen and Jodi Giglio. In addition, the 2012 CDA was served by: Executive Director Chris Kempner, Chief Finance Officer Bill Rothaar, Contracting Officer for real property Robert Kozakiewicz, and Contracting Officer for personal property Bill Rothaar. Neither members nor staff receives any compensation for their duties and responsibilities to the CDA.

The CDA established a Governance and Audit Committee as required by the Public Authorities Act of 2005 as amended (the "PAAA"). Sean Walter and John Dunleavy were appointed to the Governance Committee. Sean Walter, Deputy Supervisor Jill Lewis and George Gabrielsen were appointed to the Audit Committee. All other CDA policies and procedures required by the PAAA relating to investment, salary/compensation, whistleblowing, acquisition and disposition of real property and personal property, procurement, defense and indemnification for Directors, ethics, travel, remain in place as adopted by CDA Resolution #6 adopted May 1, 2007 and ratified and amended by CDA Resolution #2 adopted January 4, 2012.

BACKGROUND

The five member Riverhead Town Board is the governing legislative body and consists of a supervisor and four council members, all of whom are elected at large. The Town Board acts separately in its capacity as the CDA Board, which is empowered under New York State General Municipal Law to foster economic development. The CDA consists of the Chairman (the Town Supervisor) and the four Town board members. In the capacity as the economic development agency of the Town of Riverhead, the CDA administers and secures financing for numerous downtown revitalization projects and public improvement projects.

The CDA, established in 1982, has been proactive in fostering economic revitalization in the downtown business district and was a major impetus in the establishment of a 3.2 acre waterfront aquarium. In addition, the CDA took title to the former Naval Weapons Industrial Reserve Plant at Calverton in 1998 as the result of special federal legislation, and as such is charged with the task of overseeing economic development at the 2,900 acre site. Using powers granted under New York State Urban Renewal Law, pursuant to Section 505 of Article 15, the Community Development Agency has played a critical role in economic development at Calverton Enterprise Park, as well as downtown. Since 1998, the Calverton Enterprise Park real property, improved with buildings and infrastructure, has been leased and sold pursuant to the disposition of property procedures of Section 507 of the Urban Renewal Law.

The Community Development Agency has designated several Urban Renewal Areas for the purpose of encouraging neighborhood revitalization and economic development. The designated Urban Renewal Areas include: Calverton Enterprise Park, Millbrook Gables residential community, East Main Street Downtown Business District and Railroad Avenue Corridor.

Within the designated boundaries of the urban renewal areas, available incentives are provided where feasible to attract investment and assist owners and businesses in improving their properties.

Portions of the Calverton Enterprise Park and East Main Street Urban renewal Areas were designated Empire Zones, a program that was sunsetted by New York State on June 30, 2010. This designation was initiated and administered by the CDA for its economic development benefits. Low interest loans and grants have also been made available to increase investment in these targeted areas. For instance, within the East Main Street Urban Renewal Area, the CDA has successfully developed an aquarium as a major tourist attraction, sold the 1930s art deco Suffolk Theatre for reuse, has completed restoration of an 1881 historic opera house, invested \$500,000 in historic restoration of properties occupied by the East End Arts Council, as well as assisting in the development of a 100 room hotel expansion at Long Island (formerly Atlantis) Aquarium and Exhibition Center and three new mixed use housing/retail developments on Peconic Avenue, one that incorporated a currently deteriorated structure and the other that revitalized a vacant building located at the gateway to downtown that now is an active revitalized historic anchor building with retail, office and housing completed in 2010.

CDA MISSION STATEMENT

The CDA's mission is to foster economic revitalization in the Town of Riverhead Urban Renewal Areas to implement projects that improve the environment, economy and quality of life of the Riverhead Town residents, businesses and visitors through creation of jobs, development of infrastructure, generation of additional tax revenue, and leveraging investment of capital in the Town of Riverhead.

Measurements by which the CDA and the achievement of its goals may be evaluated by the following:

- Investment dollars and leveraging (public and private funding);
- Renovation of blighted and vacant areas, buildings and infrastructure;
- Infrastructure development;
- Tax base expansion;
- Jobs created; and
- Quality of life enhancements (preservation and open space, recreation, enhancement of environment, transportation and housing choices)

Below is a list of projects that have been advanced these goals during 2012.

DOWNTOWN ACTIVITY IN 2012

The Community Development Agency actively pursues grant funding to incentivize private developments in Downtown Riverhead. In the past 4 years the CDA through the Town has secured several million dollars in funding towards private and public projects. A partnership with NYS DHCR Main Street program provides up to 75% towards façade and interior renovations for businesses in the Business Improvement District (BID) area. Downtown Riverhead has an active BID Association that provides extensive programming to attract visitors <http://riverheadbid.com/>. Additionally the Downtown area has a shared municipal parking

district to provide parking, an historic district triggering historic rehabilitation tax credits¹, and an urban renewal area triggering New Market Tax Credit availability for projects over \$5 million. Extensive information regarding the downtown infrastructure and special districts is available online in the East Main Street Urban Renewal Area Plan and accompanying GEIS located at

<http://www.riverheadli.com/E.Main.Street.Renewal.Plan.pdf>

The CDA continued to advance the goals of the East Main Street Urban Renewal Plan (<http://riverheadli.com/Urban.Renewal.Plan.Update.October.10.01.08.pdf>), final Generic Environmental Impact Statement (located at <http://riverheadli.com/Final.Generic.Environmental.Impact.Stmt.10.01.08.pdf>), and Findings Statement for the GEIS (located at <http://riverheadli.com/Findings.Statement.10.01.08.pdf>) issued and adopted in October 2008.

In 2012, the CDA and the Town of Riverhead Community Development Department assisted several significant downtown revitalization projects including:

- Suffolk Theatre Revitalization (former CDA property transferred to private developer to be renovated from vacant building to active theater through private funding and New York State Department of Housing and Community Renewal Main Street grant funds);
- Infrastructure improvements including site redevelopment of the East End Arts Council greenspace and walkway that is a visual and physical connection of Main Street to the Peconic Riverfront, installation of floating docks to attract rowers, and the Peconic Avenue crosswalk connecting the Peconic Riverfront to Grangebel Park (funded by HUD CDBG funds and Suffolk County Downtown Revitalization funds);
- Various other façade and building improvements in the downtown area funded by New York State Department of Housing and Community Renewal Main Street grant funds;
- 2012 businesses opened: Ralphs Ice Cream, Twin Forks Bike Rentals, Blue Duck Bakery;
- Approximately 770 municipally owned parking spaces walkable to downtown;
- Coordination with newly formed East End Tourism Alliance between North & South Forks.

RAILROAD AVENUE CORRIDOR ACTIVITY IN 2012

In 2007, the CDA board held a hearing on the designation of Vintage Group, LLC, as a Qualified & Eligible (Q & E) Sponsor for the purchase and development of the parking lot owned by the Town of Riverhead located on Court Street together with the acquisition and development of some or all of the privately-owned properties located on the adjacent block bordered by Railroad Street, Griffing Avenue, Court Street and Cedar Avenue, for redevelopment consistent with the Town of Riverhead Urban Renewal Plan/Railroad Street Corridor adopted April 4, 1997. In 2009, Q & E status was extended after an additional public hearing and extensions of time for an

¹ In March 2012, a section of downtown Riverhead was approved for New York State's Register of Historic Places. The same area was approved for inclusion on the National Register of Historic Places on August on Aug. 14, 2012, opening the door for huge tax benefits for those looking to renovate and improve old buildings. The boundaries of the district run along Main Street, from Griffing Avenue in the west to Maple Avenue in the east, and include parts of Peconic, Roanoke, East and Maple avenues in between.

Agreement of Sale to be fully executed were extended through June 15, 2010. On June 15, 2010, the CDA Board authorized amending CDA Resolutions #9, #17 and #27 of 2008 and Resolutions #13 and #19 of 2009 to provide that designation of Vintage Square Properties LLC as a Qualified and Eligible Sponsor would expire and be of no force and effect unless an Agreement of Sale consistent with CDA resolution #9 of 2008 be fully executed on or before December 15, 2010 subject to a new Qualified and Eligible Sponsor hearing if substantive changes made to the draft Agreement of Sale on file with the Town Clerk.

CALVERTON ENTERPRISE PARK ACTIVITY IN 2012

In 2011, the CDA executed an agreement with VHB Engineering, Surveying and Landscape Architecture, P.C. (VHB) to update the Comprehensive Reuse Plan for the 2,900 acre Calverton site formerly known as the Naval Weapons Industrial Reserve Plant at Calverton including but not limited to development of a revised land use plan and associated zoning, updated market assessment, preparation of subdivision plan, and assistance in the administration of the SEQRA process.

Additionally, the CDA accepted and adopted findings and recommendations of a market study prepared by RKG Associates and authorize VHB to proceed with environmental review of Development Plan "A" and alternate development plan as presented on December 8, 2011. The proposed revised land use plan and updated market assessment are available at <http://www.townofriverheadny.gov/pView.aspx?id=13078&catid=118>.

In 2008, the CDA board authorized and issued an RFP for rail design engineers for the Calverton Rail Access and Development Project and selected HDR, Inc., an employee-owned architectural, engineering and consulting firm with rail development expertise as the consultant for the project. In December 2008, the CDA authorized HDR to proceed with initial preliminary planning for the Calverton Rail Access Rehabilitation Project. In March 2009, the CDA board authorized HDR to proceed with the NYSERDA funded design portion of the project (NYSERDA grant of \$75,000) and in December 2009, the CDA board authorized HDR, Inc. to continue planning for the project with additional Town and CDA funds augmented with \$650,000 funding secured in October 2009 from New York State Empire State Development. In December 2009, the CDA board authorized the Calverton Rail Access Project to receive American Reinvestment and Recovery Act funding from the New York State Department of Transportation for the construction of the Calverton Rail Access Rehabilitation Project in an amount up to \$4.8 million. In April 2010, the project received a Gold GREENLites Transportation Sustainability Award from New York State Department of Transportation. The project broke ground in May 2010 and made significant progress toward completion by the time weather shut down construction in December 2010. Additionally, the CDA board authorized optimized reconstruction of the Rail Project by progressing a Change Order to the construction contract for optimized design and authorizing the CDA Chair to enter into amended professional services agreements with Dunn Engineering Associates, P.C. and/or directly with a rail design firm subject to review and approval by the Town Attorney. Construction was completed and the rail ready for operation by close of 2012.

ADDITIONAL CDA ACTIVITIES

The CDA submitted funding applications to the New York State Long Island Economic Development Regional Council to fund enhanced sewer infrastructure to support expansion of the subdivision at Calverton Enterprise Park; a Maglev-2000 Demonstration and Certification Project; and a bus rapid transit system BOLT Bus dba Better Options for Livable Transit. A New York Main Street Application was submitted for additional NYS DHCR Main Street Funds to support commercial and residential development in the East Main Street Urban Renewal Area and was awarded in the amount of \$250,000. The Town awarded a contract to Nelson Pope Voorhis through NYS DOS BOA grant to redevelop the Main Street corridor from the back entrance of Tanger Outlets through Hubbard Avenue in Downtown Riverhead that includes the East Main Street Urban Renewal Area.

AGREEMENTS ENTERED INTO BY THE CDA IN 2012

Agreements entered into by the CDA in 2012 include:

- 1) Agreement with New York & Atlantic Railway Company to use railroad track and rail infrastructure at EPCAL to conduct freight rail operations;
- 2) Authorized Right of Entry on CDA premises and use of credits for freight rail track to CAPS Realty Holdings LLC and Eastern Wholesale Fence;
- 3) License Agreement with North Six Productions, LLC for use of portions of Calverton Enterprise Park at Calverton Western Runway/Taxiway, Grumman Boulevard/River Road for one day film production;
- 4) License Agreement with CSC Holdings, LLC for use of portions of Calverton Enterprise Park at Calverton Eastern Runway/Taxiway, Grumman Boulevard/River Road for testing WIFI technology;
- 5) License Agreement with Laconic Productions, LLC for use of portions of Calverton Enterprise Park at Calverton Western Runway/Taxiway, Grumman Boulevard/River Road for videotaping a music video;
- 6) Held a public hearing on the CDA designation of YMCA of Long Island, Inc. as a qualified and eligible sponsor for the lease, purchase and development of approximately 7.3 acres located within EPCAL consistent with the goals and objectives of the Calverton Enterprise Park Urban Renewal Plan (1998);
- 7) Appointed the law firm Smith, Finkelstein, Lundberg, Isler and Yakoboski as special counsel in connection with the lease, purchase and development of approximately 7.3 acres located within EPCAL
- 8) Authorized Professional Services Agreement with PMKB Consulting Associates LLC for an Economic Impact Analysis of Calverton Sewer District STP Upgrade

Existing agreements the CDA continued during 2011 entered into in previous years:

- 9) Agreement with VHB Engineering, Surveying and Landscape Architecture, P.C. (VHB) to update the Comprehensive Reuse Plan for the 2,900 acre Calverton site formerly known as the Naval Weapons Industrial Reserve Plant at Calverton, including but not limited to development of a revised land use plan and associated zoning, updated market assessment, preparation of subdivision plan, and assistance in the administration of the SEQRA process
- 10) Acceptance of up to \$4,800,000 in New York State Department of Transportation American Reinvestment and Recovery Act grant funding that included authorizing the Chairman of the CDA/Supervisor of the Town of Riverhead to execute all necessary agreements and

certifications on behalf of the CDA/municipality and appropriated capital funds to cover first instance and all non-eligible costs of participation in the reimbursement grant program;

- 11) Award of the Calverton Rail Access Rehabilitation Contract to Railroad Construction Co., Inc. in the amount of \$3,496,684 with Change Order #1 in the amount of \$310,584.50 subject to the terms of a funding agreement with New York State Department of Transportation
- 12) Award of the Calverton Rail Access Rehabilitation Construction Administration Contract to Dunn Engineering Associates, P.C., in the amount of \$439,587 subject to New York State Department of Transportation approval;
- 13) Authorized the CDA Chair/Town Supervisor to Execute a License Agreement and amendment with Laufer Wind Group to enter and use a portion of the Calverton Enterprise Park to test wireless detection system components for a fee of \$2,000 for the first month and \$1,000 per month thereafter until the agreement is terminated;
- 14) License Agreement with Insurance Auto Auctions for a term of months commencing on November 19, 2012 and ending on June 19, 2012 for use of the 7,000 foot runway and associated taxiways for monthly license fee of \$168,000.00.
- 15) Consent Agreement to temporary license agreement between Skydive Long Island and Insurance Auto Auctions for a term commencing on and ending on March 31, 2013 for lump sum payment of \$670,464.00 for the use of the 10,000 foot runway.

DESCRIPTION OF MATERIAL PENDING LITIGATION

The Town of Riverhead Community Development is not a defendant in any pending lawsuits and as such, there is no pending litigation known that will have a material adverse effect on the financial condition of the Town.

GRANT FUNDING

CDA Parks Projects. The CDA applied for and received notification of a \$100,000 grant from the New York State Office of Parks, Recreation and Historic Preservation in 2006 for funding under the Recreational Trails Program towards the development of an 8.9 mile multisport athletic trail. The project was bid, awarded and substantially constructed in 2010 and a significant amount of the grant funds were received for reimbursement by year-end 2010. The project augments a town park project initiated by the CDA in 2001 involving \$600,000 in grant funds from the New York State Office of Parks Recreation and Historic Preservation for public recreational improvements. Phase I was designed and engineered in 2006 and under construction in 2007/8. The majority of funds were expended in 2007 and a majority of the grant funds were received for reimbursement by year-end 2008. Close out and final audit of the Phase I grant funds were completed in 2011. Additional work on Phase II of the ballfield development continued in 2011 with entrance improvements to the ballfields.

Calverton Rail Access Rehabilitation Project. The CDA applied for and received notification of a \$75,000 grant from the New York State Energy Research and Development Authority (NYSERDA) in 2008 for funding under the Sustainable Transportation Systems Program towards design and logistics associated with rehabilitation of 2.65 miles of an existing rail spur that links Long Island Rail Road mile post 69.1 to the Calverton Enterprise Park. The infrastructure project is expected to remove vehicles from the roads, mitigate traffic congestion and allow area businesses to compete more effectively through reduced shipping costs and lower the prices of goods. In 2009, the CDA accepted the grant award from NYSERDA and entered

into a professional services agreement with HDR, Inc. to proceed with design of the Calverton Rail Access Rehabilitation Project funded by NYSERDA. In December 2009 the CDA board authorized HDR, Inc. to continue planning for the project with additional Town and CDA funds augmented with \$650,000 funding secured in October 2009 from New York State Empire State Development. In 2010 the CDA board authorized the Calverton Rail Access Project to receive American Reinvestment and Recovery Act funding from the New York State Department of Transportation for the construction of the Calverton Rail Access Rehabilitation Project in an amount up to \$4.8 million. In April 2010 the project received a Gold GREENLites Sustainability Award from New York State Department of Transportation. The project broke ground in May 2010 and made significant progress toward completion by the time weather shut down construction in December 2010. Construction restarted in 2011 and is substantially completed. It is anticipated construction will be fully completed and the rail ready for operation by mid- 2012.