

**EDUCATION AND ECONOMIC DEVELOPMENT COMMITTEE
MINUTES**

**MONDAY, MARCH 18, 2019
4:00 P.M.**

PRESENT: Paul Ruskiewicz, Chairman
Barry J. Cheney, Joseph J. Minuta, James D. O'Donnell,
Rob Sassi, Joel Sierra, Kathy A. Stegenga, Laurie R. Tautel

ALSO

PRESENT: L. Stephen Brescia, Chairman
Peter Tuohy, Legislator
Antoinette Reed, Legislative Counsel
Harold Porr III, Acting County Executive
Deborah Slesinski, Deputy Budget Director
Deanna Crawford, Budget Analyst
Gretchen Riordan, Budget Analyst
Bill Fiovoranti, Director, Economic Development
Maureen Halahan, President, CEO, Orange County Partnership
Laurie Villasuso, Chief Operating Officer & Exec. V.P., Industrial Dev. Agency
Vinnie Cozzolino, Managing Dir., Industrial Development Agency
Frank Dagele, Farmer
Andrew Cavallaro, Farmer

Chairman Ruskiewicz opened the committee meeting at 4:00 p.m. by asking everyone to stand for the Pledge of Allegiance. All committee members were present with the exception of Legislators Sierra and Stegenga who were absent.

Mr. Fioravanti presented a monthly update on Economic Development (see original minutes). He addressed Attraction Projects and provided a copy of a letter he sent to Amazon offering opportunities for them to locate in Orange County since they pulled out from the Long Island City site. He noted it was worth a shot. He addressed New Attraction Leads and Expansion & Retention Projects. He continued with his update and noted that Municipal Work is something he has been working on. He has met with 22 of 41 municipalities to date. He updated the committee on Foreign Trade Zone #37 and announced the FTZA Conference in May. Lastly, he addressed the Technology Summit and noted the date of the event which will be October 11th and 12th. This is something that the IDA started, and they will work together on that along with General Services, OpenHub and local tech companies.

Ms. Tautel pointed out that the project in Highland Falls is still on hold and they are meeting with the Village of Highland Falls. There were a few issues that needed to be addressed. She added that she was working with the County Executive's Office making a map of the businesses in the Highland Falls community which will go into the visitor center at West Point. It is being done through the local Chamber of Commerce.

Mr. Fioravanti stated that he planned to follow up with Ms. Tautel on that.

Ms. Halahan presented her quarterly update to the committee (see original minutes). She addressed the Transportation & Traffic Alleviation Plan and stated that all the local leaders were in Albany for the 17 Forward 86 Coalition in support of getting the 1.6% of the 2020 D.O.T. Capital Plan for the road improvement. She addressed the 2020 Vision Meeting, exploring infrastructure opportunities; Attraction Project Updates; 2019 (CRES) Commercial Real Estate Summit will be held on Wednesday, June 19th at Orange County Speedway. She addressed E-fulfillment Tax Study; Project Sailfish Tax Study; Montgomery Tax Study; The Mid-Hudson Regional Economic Development Council; 2019 Work Plan and updated the committee on Medical Marijuana Information, Business Attraction Activity and New Attraction Leads. She addressed Preliminary Leads; Attraction Project Updates; She addressed the International Marketing Campaign Opportunity and shared names of companies that are thriving in Orange County, recognizable names that would be known in Europe. Ms. Halahan concluded by announcing the date of the Orange County Partnership Spring Dinner on Thursday, April 18th at Limoncello's.

Last on the agenda was a quarterly update on the IDA (see original minutes). Ms. Villasuso reviewed the Accelerator 2019 Projected Summary of Jobs. The Accelerator was recently covered in Women's World Daily (WWD) which is big in the garment industry which shows we can manufacture not just in Los Angeles on the coast but here in New York. She addressed the Hemp Accelerator and stated that there was a Hemp Roundtable a few weeks ago and there were over 150 people. There were farmers in attendance that shared their experiences and plan to move forward with this. They are utilizing the old correctional facility in Warwick and repurposing it to a hemp processing facility.

Ms. Villasuso introduced two farmers, Frank Dagele and Andrew Cavallaro. Mr. Dagele stated that they are very far ahead of other counties and he credited Laurie and Vinnie on taking the lead on this. Orange County is the place to develop their East Coast operations. The West Coast has been ahead of us because that is where the industry is now. However, with the laws changing, he felt this will be fast developing industry because of research and the development they have seen already. This will bring good paying jobs with these companies they are hoping to attract. There are a lot of companies that want to be here in New York and what better place to have that with our agricultural industry with 12,000 acres of some of the most viable production land in the nation. He experimented with 54 acres this year and they learned a lot along the way but more importantly they learned there is big opportunity for growth. The vegetable industry has been struggling for years.

Ms. Villasuso stated they plan to have at their site in Warwick a certified lab which is great but now they are tasked with finding ten chemists so as the company grows they need to provide the kind of employees it requires.

Mr. Sassi asked how long they have been growing hemp.

Mr. Cavallaro responded that he did two acres two years ago.

Mr. Sassi asked who they sold the product to and was there a demand for it.

Mr. Cavallaro replied that there was a huge demand for it.

Mr. Dagele stated that they sold it to a West Coast firm who was interested in moving into this area.

Ms. Sassi further asked if they thought other farmers would jump on board and the two gentlemen both replied absolutely.

Mr. Sassi asked if there could be too much of it.

Mr. Dagele responded that they are just at the beginning point of the demand and they need to see where the demand is going to lead them. The best part of this is he felt it will help revitalize the agricultural industry and vegetable production because you will take acreage out of vegetable production and turn it into hemp.

Mr. Sassi asked if they will have enough labor for this.

Mr. Dagele replied that labor is non-existent without the H-2A Program which is the federal program. Now they are dealing with the law that New York State wants to pass for overtime after forty hours on the farm. He explained that with manufacturing you can spread that process out over fifty weeks, but we are confined to maybe twenty weeks and it all needs to be done in that time frame and its tough.

Mr. O'Donnell asked who determines the quality of the oil.

Mr. Cavallaro responded that it is tested in the labs. They have sent them out in what they call super sacks and every sack is tested.

Mr. O'Donnell asked if the federal government put out any quality requirements.

Mr. Dagele replied that it is a developing industry now and the USDA kind of oversees it but what they have been told and what they feel is going to happen is the FDA will come in and really regulate this. This is important and people will depend on this as a medicine, so it needs to be very clean.

Mr. O'Donnell further asked if there was any FDA approval and Mr. Dagele responded no there is not.

Ms. Villasuso stated the Touro College and the Center for Discovery both signed on as research partners. They are building a clean room in the medical facility in Middletown which will be staffed with students and faculty.

Mr. O'Donnell mentioned that they said they might have trouble getting a chemist and asked if they reached out to Orange County Community College or Mount Saint Mary or other colleges about that.

Mr. Cozzolino stated that they just found out the need for the chemist today. They did reach out to Orange County Community College and they did not see a role for them to play yet, but they do know about the chemistry part. He added that they reached out to Mount Saint Mary also.

Mr. Minuta stated that there was a high labor rate in the processing of this and the machinery out there is not adequate for the way they need to harvest the crop. There is twenty-one days for testing which is why the lab is critical here. Due to the high THC rate that could increase, if it is .03% or more they cannot transfer the products resulting in a loss on crop. There are weather conditions to consider as well so there may be a lot of production but there is also a lot of loss from what he learned at the seminar. Cross contamination is another concern, so isolation is a big factor. He heard that they are bringing in chemists from Colorado because they have key experience and background.

Ms. Tautel stated she recently saw a news report on CBD products and there is no regulation yet. When they did the testing on the products that were brought, they went to several different states, sent them to several different labs and the results varied which has something to do with the way they are mixing. The Times Herald Record did a story on a business in New Windsor who was putting CBD in food products and now that same person opened up a business in her community and is selling CBD products. From what she understood the New York Health Department was skeptical about that.

Ms. Villasuso responded that in New York City they put a hold on putting CBD into any ingestible product because there was concern and confusion over who would monitor that. They did that but then laxed a little because there is no law so it is hard for them to say you cannot do it.

Mr. Ruskiewicz stated that New York was close to legalizing recreational marijuana and wanted to know how that might affect the CBD industry.

Mr. Dagele was opposed to that. The medical marijuana and the CBD oil have a lot of good things that can be developed out of it for society, but he was not in favor of recreational marijuana.

Ms. Villasuso continued with the IDA portion of the update (see original minutes). She addressed the proposed legislation that is working its way through the senate and assembly with regard to IDAs. Senator Skoufis announced a few weeks ago eleven proposed bills and they worked with his office on that. There are proposals to make any IDA project a public works project. There are proposals to change boards, so they are diverse. In regard to the proposed legislation that Senator Skoufis put forth a few weeks ago that was to not have elected officials appointed, post agendas and minutes, standardize fees just to name a few. She is the Vice-Chair of the Economic Development Counsel at the state level so there are a lot of resources to bring to the table. There have been a lot of hotels that have been put forward, so they set a new set of guidelines for approvals for hotels. If approved, it would be a much smaller pilot.

Chairman Brescia stated that it should be known that Senator Skoufis brought a few things to light at his press conference at Dana Distributors, but they have been looking at these things for over a year. If he wanted to push that state-wide that is fine, but they are not doing this as a result of his recommendation.

Ms. Villasuso reviewed the Bill Report for the IDA and their new scoring system.

Mr. Ruskiewicz wanted to know why the IDA offered incentives to hotels and motels.

Ms. Villasuso stated that there was a time over the last five to seven years where they were given information from various county levels and various organizations that there was a negative space when it came to hotels in Orange County, and we were missing out on bed tax and revenues that were important to the survival of a community. There were a few hotels that got involved in that. The unfortunate thing about the IDA is that unless you set a precedent and unless you create a policy to go against it, the precedent is there. There have been a lot of hotels that applied, and they make sure they treat every project the same unless there is a reason to make changes in guidelines. Projects are not likely to locate. In order to qualify a hotel in one of our already thriving areas, it would need to be big project such as LEGOLAND, national attention really is an economic driver itself. There are so many hotels being built now because Orange County is doing so well. We are happy to have them build hotels but not with an IDA incentive.

Ms. Tautel stated that when it comes to discussion of bills, she was going to recuse herself for full disclosure she works for Senator Skoufis.

Ms. Tautel understood the principles of the IDA and fully supported the Accelerator. However, when she sees an IDA tax break considered for Woodbury Commons it makes her want to explode. They are not going anywhere and the purpose is to bring new business and to retain business. Woodbury Commons is here to stay. They will put the train station in there eventually. She does not understand why they would consider giving them a break. If at some point that can be justified to her and it did not need to be today, but she would like that explained. She would rather see the IDA give a tax break to a smaller hotel in a distressed area or for one of the Accelerator businesses that are looking to expand and open a shop on main street. Woodbury Commons is her district and she is fully against any IDA tax break to Woodbury Commons.

Ms. Villasuso stated that there was nothing before them for Woodbury Commons. As far of incentivizing one of their Accelerator clients to open a shop on Main Street, that is not how an IDA is structured.

Ms. Tautel stated that should be reconsidered because they lost their main streets to big boxes. Now they are losing big boxes to the internet. They need to go back to their main streets because the main streets are what drives the local economy.

Mr. Cozzolino stated that not one of the bills that Ms. Villasuso reviewed earlier expanded the role of the IDA to do anything like that. Everything restricted them further.

Mr. O'Donnell asked how they came up with the new scoring system.

Ms. Villasuso stated that they came up with the system based upon the overall best practices throughout the state. They pulled out a number of scoring criteria from a variety of IDAs and picked out the best part. It will be on their website soon.

Mr. O'Donnell wanted to address Woodbury Commons and pointed out that they are the backbone of our economy. They are the backbone of every municipality in Orange County and for them to remain the backbone of our economy they better keep expanding. In order for them to keep expanding they need incentives because it is so hard to do business in this state because the taxes we pay are exorbitant. He was glad that Senator Skoufis is finally on board with the train station.

Ms. Tautel pointed out that she was not commenting for Senator Skoufis when she mentioned the train station.

Mr. O'Donnell continued to state Woodbury Commons supplies an enormous amount of taxes for each municipality. In order for them to keep competing with every other Woodbury Commons around the state and around the country and keep the buses coming in from New York City and from New Jersey, and New Jersey has no sales tax and they are their biggest competitor, that is why they need an incentive.

Mr. Sassi commented that there were a lot of attacks on the pilots. He asked what some of the concerns are with the bills.

Ms. Villasuso responded that one of the concerns is that it is very difficult to bring businesses into New York State. We all saw what happened with Amazon and the deal was off the table. It makes it harder for New York to compete against our neighbors like Pennsylvania who has a very low tax rate and with New Jersey who has no sales tax. One of the things she does support in many of the bills is increased oversight and transparency to ensure that IDAs are accountable for what they do.

Ms. Tautel wanted to clarify that she did not want to discuss any of the bills because she works for Senator Skoufis and did not want any conflict of interest. She did not know the Senator's position on the train station and has not discussed a possible IDA incentive of a hotel or expansion of Woodbury Commons with the Senator. That was on a point of clarification.

Mr. Minuta stated that there are bills that are being looked at for school district approval. He asked if they were trying to get school districts to weigh in on this or are they trying to pull the school districts out of the process.

Ms. Villasuso responded that was unclear. Something she did notice is some of the proposed bills that have school districts mentioned in them pertain to just notification of a pilot to the district. It seems that you need to confirm that a school district has been notified of a pilot.

Mr. Minuta further asked what livable wage is in Orange County.

Ms. Villasuso replied \$25.00 an hour.

Mr. Minuta stated that he received phone calls from the Engineering Association and design professionals and they should be equally brought to the table. It is the small businesses like the mom and pop stores that need incentives as well.

Ms. Villasuso responded that main streets and hometown businesses are what helps those bigger projects make decisions based on how robust your downtown is.

On the motion of Mr. O'Donnell, seconded by Ms. Tautel, the meeting adjourned at 5:36 p.m.