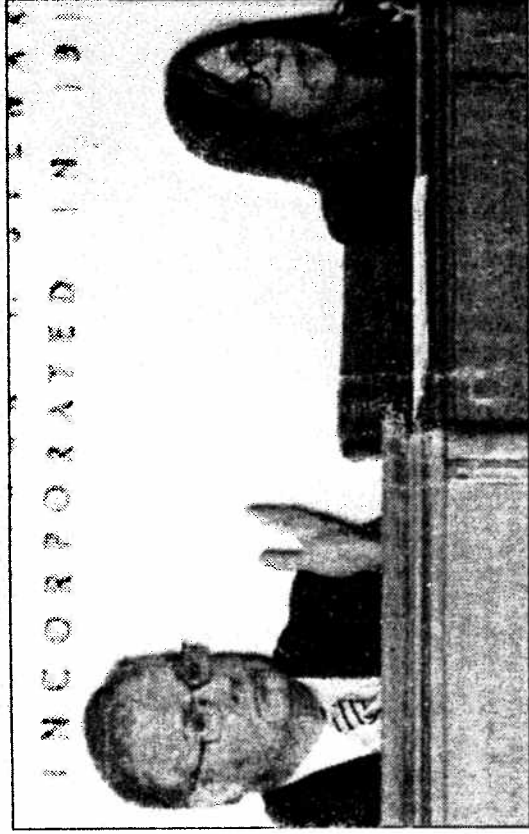


# Levinson Calls To Reopen GC Hotel Bids



**Attorney John Ryan (l) and Edith Longo (r) were the only IDA representatives at the meeting last Friday as no Board members were present.**

## Photos and Story By Geoffrey Walter

Not a single board member from either the Village of Garden City nor the Hempstead Industrial Agency (IDA) were present for a special "supplemental public hearing" at the Garden City Village Hall concerning proposed tax breaks for Woodmere developer Alan Rosenberg, the new owner of the Garden City Hotel last Friday morning. While Garden City resident Sonja Slattery said it was "highly insulting that no (IDA Board member) is here in person to hear our statements," County Assessor and resident Harvey Levinson simply believed that "people are hesitant to take on Hempstead Town." In the IDA Board's stead were attorney John Ryan and representative Edith Longo sitting behind the tall imposing Village Board table. Rosenberg, who reportedly paid \$91 million for the hotel, is seeking a tax abatement for the property through the IDA's "payment-in-lieu-of-taxes" (PILOT) program, which calls for a reduction of 50 percent on the increase in assessed value the first year and decreases five percent each year over a ten year period. Rosenberg's company, the Alrose group,

also operates the property at 575 Stewart Ave. at the Southern entrance to the Roosevelt Field Mall, where a FedEx - Kinko's store is located.

One of the first to speak was Garden City School Superintendent Dr. Robert Fiersen who read from prepared remarks that despite repeated requests, the Town IDA has never provided the District with any cost benefit analysis of the proposal. The IDA is required to perform such a cost-benefit analysis, however in a July 15 letter, the Town IDA confirmed that it did not provide any municipalities with a projected cost or benefit analysis.

Ryan countered stating that the original two-page application Alrose GCH, and financial analysis were available for review, holding up about five copies in front of him. Members of the audience were not allowed to remove copies from the room, instead being forced to share them and read over one another's shoulders after repeated requests and expressed further outrage when first told they would only be allowed to approach and retrieve the few copies after the meeting was over. To

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audible groans. Longo stated that in order to procure a personal copy a fax would have to be submitted to the IDA.

In July the District filed suit claiming the agency gave improper notice before awarding the benefits, winning a temporary stay. Stating that the company has relied on the relief for the project's success, Alrose attorney Steven Schlesinger consequently filed a \$20 million notice of claim against the District if the relief is not granted. "This application process has been troubled with procedural mistakes, a lack of responsiveness in supplying information to the School District... an overall lack of cooperation between governmental agencies and a lack of consideration of the effect on the School District and

the taxpayers of Garden City on the part of the Alrose corporation," School Board President Colleen Foley commented.

Supt. Fiersen charged that "the proposed tax relief... is much more expansive" because it does not limit relief to taxes on any increased assessment. A public notice dated April 3, 2008 did limit the tax relief to taxes based on increased assessment only. "The Town's IDA's... resolution confers a tax abatement based on the total amount of real property tax assessed on the hotel," Fiersen stated. "On that basis, the Town IDA is violating its own policy."

The District estimates that over the proposed 10 year PILOT program, it stands to lose \$2.8 million in tax revenues, which will have to be made up via higher taxes levied on residents and business owners. The Village estimates its loss at over one million tax dollars over the same time period. "We reviewed one stated potential benefit," Dr. Fiersen said, "namely, the number of jobs Alrose GCH claims will be created." Alrose GCH claims in its application that 21 full time and six part time jobs will be created by the project but there is no indication whether the positions will be permanent, temporary, minimum wage, or otherwise.

The Village supports the position of the School District with Village Attorney Gerard Fishberg saying that "this process needs to start anew." Fishberg argued that the deal does not qualify for IDA assistance because of the job creation issue, demonstrated public support, and that the IDA itself has classified the project as retail in nature, which dis-



"There is nothing elegant about the Garden City Hotel except the name," Alan Rosenberg said, who bought the property for a reported \$91 million and is seeking tax abatements to renovate the building. "To try to come within some tourism destination exception is at best questionable," he said. "The hotel is not that type of tourism destination; it's not the Alamo, it's not an amusement park, it's not in a historic downtown district that in and of itself attracts tourists."

"There is no transparency in the IDA," Levinson commented on the lack of attendance at the first public meeting on the hotel issue which was reportedly announced in the classified section of the Newday. "I am simply at a loss how the Hempstead IDA can treat Garden City like this. What is going on in the Town of Hempstead IDA and the Town of Hempstead that would permit this travesty to happen?" In his statement, Levinson said that in a public notice published the previous week, the PILOT payments to the Garden City School District were not listed in the public no-

tices, and requested that details on the PILOT payments be released, as well as other financial documents. "I suggest that it appears to me... that this was a stratagem to help you win your lawsuit against the Garden City School District and the Village," Levinson pointed at Ryan. "I suggest what you did here is not to get public comment... this would affect the lawsuit; it would make it more likely that the Garden City lawsuit suing the IDA would not be successful."

The IDA abatements stretch further than simple real estate taxes. While Garden City's Long Island Rail Road (LIRR) station sits across the street from the hotel, both are directly connected. The LIRR's portion of the MTA - is slated to receive a portion of the mortgage recording tax of which Rosenberg would have had to pay approximately \$900,000. If the property closed without IDA abatements the MTA would only receive \$250,000. Levinson also stated that Rosenberg would also not have to pay sales taxes on materials, paint, carpeting, furnishings, etc. estimated at one million in savings. The IDA would also receive approximately \$183,000 in fees from Alrose for the benefits they will provide which are used in the agency's advertising and salaries.

"The Garden City Hotel should not get an IDA to renovate rooms," Levinson told Ryan and Longo. "How can you pass the red-face test by granting an IDA benefit to a developer of a hotel and there was demonstrating that there was any significant benefit other than renovated hotel rooms?" One resident believed the situation to be a "private real estate transaction between two private entities," and should not be done at the expense of the Garden City taxpayers.

"IDA financing is a benefit for a developer to come into the County, Town, or Village to invest their money," proposed architect Angelo Corva argued. "I believe that this hotel will be a destination site, it is a destination site now." However, "the transaction has proven insufficiently profitable," Alrose attorney Miriam Milgrom admitted, shocking audience members with a proposed amendment to freeze the real estate assessment for the full 10 year term. "If the real estate taxes were to rise at all, it would make the transaction a money-losing proposition," she added.

"The hotel cannot afford any higher real estate taxes at all," She cited "the current litigation (which) has increased significantly the cost and risks associated with Alrose's purchase" as another contributor. Millberg also stated that because of the delay, the interest rate the company would re-

ceive would cost about 25 percent higher than before, resulting in approximately one million dollars a year in additional debt service. It was stated that this new amendment would most likely be further discussed at the next IDA Board meeting on Aug. 27.

Mr. Rosenberg was present at the meeting, first thanking the IDA for "improving this economic benefit package." The IDA had voted to grant the tax breaks on June 10 in a five-to-nothing vote with two Board members absent. Calling the lost tax revenues a "small deficit" of \$400,000 a year and the hotel a "very tired property," Rosenberg stated that he was "surprised (and) shocked" that he was not welcomed by

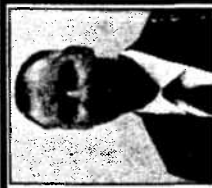


Garden City School Supt. Dr. Robert Fiersen stated that if the abatement was approved, the District would lose approximately \$2.8 million in tax revenues over the next 10 years.

the Garden City residents and that he was receiving a benefit that was intended for businesses other than himself. "There is nothing elegant about the Garden City Hotel except the name," he added when describing the facilities.

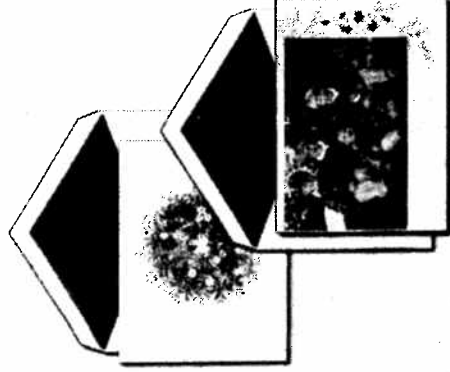
Saying that the process had gotten "off-track," Levinson called for the reopening of the bidding process by the Nelkin estate, especially to groups who were not requesting IDA financing. "Mr. Rosenberg has now conceded that he is not gonna go forward with this transaction unless he gets 10 years of freezing taxes." The original proposal was to freeze taxes for three years and then small incremental increases for the next seven years.

"We could care less what his financing is, we could care less that he buys this hotel," East-ern Property Owners Assn. President Dennis Donnelly said. "It represents no benefit whatsoever to the taxpayers of the Village." One gentleman in the audience felt that if Rosenberg felt that \$400,000 was such an inconsequential amount, it should be paid by him. "We're providing two private parties an economic benefit, another resident commented. "We are artificially preserving a purchase price."

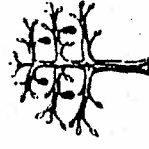


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