

WARREN COUNTY BOARD OF SUPERVISORS

COMMITTEE: GASLIGHT VILLAGE AD HOC

DATE: AUGUST 1, 2012

COMMITTEE MEMBERS PRESENT:

SUPERVISORS MONROE
MERLINO
THOMAS
KENNY
DICKINSON

OTHERS PRESENT:

JEFFERY TENNYSON, SUPERINTENDENT OF PUBLIC WORKS
ROBERT BLAIS, MAYOR, VILLAGE OF LAKE GEORGE
DANIEL G. STEC, CHAIRMAN OF THE BOARD
PAUL DUSEK, COUNTY ADMINISTRATOR
JOAN SADY, CLERK OF THE BOARD
KEVIN GERAGHTY, BUDGET OFFICER
SUPERVISORS CONOVER
MASON
STRAINER
WOOD
KATE JOHNSON, DIRECTOR, TOURISM DEPARTMENT
MIKE SWAN, COUNTY TREASURER
WILLIAM LAMY, PROJECT MANAGEMENT EXECUTIVE COMMITTEE
WALT LENDER, EXECUTIVE DIRECTOR, LAKE GEORGE ASSOCIATION
DON LEHMAN, *THE POST STAR*
THOM RANDALL, *ADIRONDACK JOURNAL*
AMANDA ALLEN, SR. LEGISLATIVE OFFICE SPECIALIST

Mr. Monroe called the meeting of the Gaslight Village Ad Hoc Committee to order at 11:07 a.m.

Motion was made by Mr. Dickinson, seconded by Mr. Thomas and carried unanimously to approve the minutes of the prior Committee meeting, subject to correction by the Clerk of the Board.

Copies of the meeting agenda were distributed to the Committee members and a copy is on file with the minutes.

Commencing with the agenda review with Item #1, Mr. Monroe noted that at the past couple of Committee meetings discussion had been held relative to a possible re-distribution of ownership shares of the former Gaslight Village property to allow the Town of Lake George to regain some of their previous interest. He said Paul Dusek, County Administrator, had performed a review of the costs associated with the property in an effort to determine a per share value which could be translated into a total cost for the Town of Lake George to buy back some of the shares in the property they had previously sold to the Village of Lake George; he added that Mr. Dusek was now prepared to report on his findings.

Mr. Dusek distributed a handout entitled "Town Buy Back Analysis", as well as copies of Resolution Nos. 301, 415, 647 and 672 of 2011 pertaining to expenditures authorized in relation to the former Gaslight Village property. He proceeded to review the Town Buy Back Analysis document in detail; it was noted that the figures presented reflected the anticipated costs to the Town and Village of Lake George, as well as the anticipated revenue that would be received by the County, if the ownership shares were re-distributed to allow each party an equal ownership share. Mr. Dusek explained that although the Village of Lake George had accumulated a 38% ownership share which would be reduced to 33.3% through the equal re-distribution of shares, the Village would actually have to pay \$103,183.73 in the process in order to offset the discounted rate at which they had acquired the shares sold by the Town of Lake George. He continued that the Town of Lake George would pay \$529,770.16 and the County would receive \$632,953.90, based on a price of \$21,729.3922 per ownership share. Subsequent to a thorough review

of the Town Buy Back Analysis, Mr. Dusek apprised the per share cost presented was based on equal ownership shares between the three parties; he added that if an alternate split was decided, he would not be comfortable using this figure without further review as it was dependent upon many factors. Additionally, Mr. Dusek noted that in preparing the Analysis he had reviewed a number of resolutions authorizing expenditures in relation to the former Gaslight Village Property from parking revenues and expenses to be shared with the Village of Lake George. He expounded that some of the expenditures authorized had been paid using funds from alternate County budget codes, rather than parking revenues, and some of the expenditures to be recovered from the Village of Lake George had not been received. Mr. Dusek concluded that further review and action would be necessary to rectify the payments made from the incorrect budget codes, as well as to collect outstanding payments from the Village.

Mr. Monroe stated it was his understanding that regardless of previous indications to the contrary made by Robert Blais, Mayor of the Village of Lake George, the Village Board was not interested in parting with any of the ownership shares they had acquired. Mayor Blais confirmed this statement, advising that there seemed to be no incentive for the Village to participate in the re-distribution as they had been afforded the opportunity to increase their property ownership interest at a very reasonable price when the Town had decided to secede from the project. Additionally, he noted the Village had spent over \$26,000 in legal fees in connection with their acquisition and they would need to spend even more for the re-distribution, in addition to the \$103,183.73 Mr. Dusek had indicated the Village would have to pay the County. He advised that in light of all these factors, there seemed to be no incentive for the Village to participate and lessen their ownership interest. Mayor Blais said that the Village Board supported the Town of Lake George's bid to re-join the project and felt it was appropriate for them to do so by purchasing some of the shares owned by the County. He added that because the County and Village were currently tenants in common and made decisions on the property with no emphasis placed on the level of ownership, there was no reason for the County not to sell some of its shares to the Town. Mayor Blais reiterated that the Village fully supported the Town in its effort to re-join the Gaslight Village Project but did not wish to incur additional costs in order for the Town to do so; therefore, he stated, the Village declined to re-appropriate any of the property shares they had acquired.

Mr. Dickinson questioned whether the \$103,183.73 indicated for payment by the Village was attributed to an oversight related to prior expenses and Mr. Dusek replied in the negative, explaining that when the Town previously sold their property shares they had been willing to do so at a loss, allowing the Village to acquire them at a discount. In order to re-appropriate the shares evenly between the three parties at an equal cost, Mr. Dusek said the Village would need to pay \$103,183.73.

Mr. Monroe questioned what amount the County would receive if they were to reduce their ownership stake from 62% to 33.3% by selling a portion of their shares to the Town and Mr. Dusek responded that in order to determine an accurate figure, he would need to recalculate the costs based on the involvement of two parties, rather than three. He added that while the resulting percentage of ownership cost would likely be close to the \$21,729.3922 figure presented, he would prefer the opportunity to double check the number before proceeding with that option.

Mr. Dickinson stated that he was very perturbed by the Village's unwillingness to participate in the re-appropriation of property shares and said it seemed that in order for the Town to buy back into the Project, they would have to suffer the windfall the Village had received through the purchase of shares previously sold by the Town. Mr. Dusek commented that the prior sale of property shares by the Town of Lake George had been completed by contract and he reiterated that in order to remove themselves from the Project, the Town had been willing to sell their shares at a loss. Mr. Monroe interjected that there had been some discussion about the County possibly purchasing the Town's shares and when it was determined they were not interested, the Village made the purchase. Mr. Dickinson countered that the Village had benefitted doubly from the sale because not only had the shares been sold at a

discount, the 3E's (Environmental Groups - *The Fund for Lake George; Lake George Association; and the Lake George Land Conservancy*) had purchased the shares and then transferred them to the Village. Mr. Dusek corrected that the 3E's had never acquired the shares but had provided the Village with the funds to make the purchase. Mayor Blais advised there was an understanding between the Village and the 3E's that if the Village were to sell any of the shares the 3E's had provided funding to purchase, the 3E's would expect repayment from the Village.

Mr. Kenny said he did not have a problem with selling some of the County's shares to the Town but felt that it was very childish of the Village to keep all of the shares they acquired, especially since they did not have any investment in the additional shares since the 3E's had provided the funding to obtain them. Mr. Monroe noted there were many Supervisors who wished to minimize the County's investment in the property and the sale of shares to the Town would accomplish this while gaining some revenues. He stated since it was clear that the Village did not wish to relinquish any of their property shares, the County needed to decide whether they would be willing to sell some of their shares, and if so, for how much. Mr. Dickinson said he would like to discuss the matter with Mr. Dusek further once he had determined a firm figure for each percentage of ownership to determine whether the Town could afford to re-join the project and he suggested that the matter be tabled for further discussion at a future meeting.

Mr. Geraghty suggested selling the majority of the County's ownership interest to the Town, retaining only 1% to maintain a County presence for grant funding purposes. He said it seemed a considerable amount of money was being funneled into the project which was located in the Town of Lake George and if the Town desired to re-gain involvement, they should let them do so with a majority stake. Mr. Monroe countered that the Project was very important for Warren County as a whole and not just the Town or Village of Lake George. He added that they had been very successful in attracting grant funding and private donations for the Project and he did not feel this would have been the case without the County's involvement. He continued that if the County were to remove itself from the Project, or reduce its ownership as dramatically as suggested, it would send a very bad message to potential granting agencies or other contributors to the Project.

Mr. Thomas said that if the Town was willing and able to make the purchase, he would like to see the County sell 38% of its ownership stakes to the Town so that the Town and Village would have identical ownership interest, with the County retaining the lower percentage. Mr. Merlino agreed with Mr. Thomas' suggestion, noting that it seemed to be a reasonable compromise to reduce the County's interest in the project while maintaining a substantial interest and allowing the Town to re-gain the ownership status they desired. Mr. Dickinson said the success of the Project had been based on the fact that it was an inter-municipal project with the County being one of the major players and he felt very strongly that the County, and their DPW staff, were invaluable to the Project and its success. He continued that he did not want the County to become less involved in order to include the Town, nor did he want the progression of the Project to slow; he added that he was very disappointed with the situation and felt the Town, Village and County should all be equal partners in the Project.

Mrs. Wood said she agreed with Mr. Geraghty's statement and opined that the County should either get out of the Project entirely or retain only a minimal share of ownership. She expounded that they were now finding there were some taxpayer dollars involved with the Project which should not be the case. She added that it had been stated a number of times that the County's DPW staff were very important to the success of the Project and she noted the County was deploying DPW staff and spending considerable amounts of time at the property, all of which was funded with taxpayer dollars. Mrs. Wood said there were a number of important County projects being handed by the DPW staff and she stated that it was time to review the projects planned to determine where the best use of County resources were and also to remember where those resources were being funded. She concluded that while she felt the environmental project planned for the property was a good idea, she was in favor of home rule and thought that they should look at budget constraints and future projects on a County-wide basis and weigh it against

the value of the Gaslight Village Property and the environmental project. Mr. Monroe noted that Mr. Dusek's prior comment relative to funds inappropriately expended from the County budget was just an accounting oversight which would be rectified by repaying the County from parking revenues. Mr. Dusek interjected that while this was the case, there were some instances where by resolution, the Board of Supervisors had authorized the expenditure of County funds, one example of which was in association with the required cash flow for the TEP (Transportation Enhancement Project) grant received by the Village of Lake George. He explained that the resolution approved an inter-municipal agreement providing that the County would share with the Village the costs of bonding and attorney fees for the cash flow with the County's share to be paid from the occupancy tax fund. Mr. Dusek noted that in 2009, a resolution had been approved to cover a \$15,000 expense for work done by Clark Patterson Lee which was authorized to be paid from County funds, with proportionate costs to be repaid by the Town and Village; however, he said, the Town and Village funds had never been collected. The third expense from County funds, he said, was payment to Elan Planning for work on the Festival Space. Mr. Dusek stated that these were all deliberate actions on the part of the County to make payments from County funds; he added there were other expenses that were identified to be paid from parking revenues which had instead been paid from County funds and these issues could be rectified through an accounting action. Mr. Dusek concluded that the overall deliberate expenses authorized from the County budget were in the neighborhood of \$30,000. Mr. Monroe stated that the County had invested approximately \$30,000 in a \$10 million project. Mr. Dusek pointed out that the \$30,000 figure did not include the expenses incurred by the County in relation to the bonding of funds for the initial purchase of the property which also came from the general fund. He said he had not included these fees in the Analysis for any party as he assumed those would be funded by each municipality individually.

Mr. Geraghty questioned who was responsible for maintaining the accounting in association with the property and Mr. Dusek responded that no specific party had been designated to assume the task, but he felt they should do so. Mr. Geraghty said a point person should be identified to review and maintain the expenses and revenues associated with the property as there were a lot of transactions being made and if there was one person in charge of reviewing the account, it was likely that the accounting mistakes cited by Mr. Dusek would not have been made. Additionally, he noted that the County DPW staff were spending a lot of time on the property and he questioned whether any reimbursements were being provided for this work. Respective to Mr. Monroe's comment, Mr. Geraghty said that although the \$30,000 County contribution might seem minimal, a number of Supervisors had voted in favor of the project based on the fact that no taxpayer dollars would be used. He concluded that the lackadaisical manner in which the funds disbursed for the project were being addressed was not right. Mr. Monroe agreed that the accounting for the property needed to be clarified and addressed in a more thorough manner. He then asked the Committee members, as well as the rest of the members of the Board of Supervisors, to keep in mind that the original intent of the environmental project planned for the former Gaslight Village Property had been to protect the water quality of Lake George which affected all of Warren County and parts of Washington County, as well. He stated it was very shortsighted to say that the County should have no, or very little involvement, in the project.

Mr. Kenny pointed out that thus far, the Town of Lake George had made no indication that they were willing, or able, to purchase all of the County's interest in the property and he questioned if this was a possibility, to which Mr. Dickinson responded in the negative, advising the Town did not have the financial ability to make such a purchase. Mr. Monroe interjected that when the project was started, a unique and historic partnership was developed between the 3E's and the 3M's (Municipalities - *Warren County; Town of Lake George; and Village of Lake George*) and he did not believe it was solely within the power of Warren County to disband that agreement without some discussion with the 3E's. Martin Auffredou, County Attorney, counseled that the conservation easement held by Warren County imposed some obligations which required addressing with the 3E's before the County could leave the project.

Mr. Monroe said that it appeared more time was necessary to consider the situation and for Mr. Dusek to revise his figures to account for only the County and Town of Lake George being involved in a possible property transfer. He said it appeared the consensus of the Committee was to reduce the County's ownership to 24%, allowing the Town of Lake George to acquire 38% to match the Village's percent of ownership. Mr. Dusek reminded the Committee that adjustments would be necessary to correct the accounting mistakes previously made, as well as resolutions that had been adopted and re-adopted with differing figures. He proposed to make a list of the necessary adjustments, forward them on to the affected parties for their review and finally present them to the Committee at their next meeting for review and approval. Mr. Dusek said he was tasked with reviewing the Wood Foundation donations to determine whether they had been over-committed, and in doing so he had come up with two differing answers, one indicating they were over committed, and another that they were not. He advised that he needed to contact the different parties involved with the Wood Foundation funds to determine what had been committed and also to determine which were based on cost adjustments as opposed to allocation adjustments and proposed expenditures which were causing confusion. Mr. Dusek said he needed more time to research the matter, but felt that when his review was complete, the situation would be resolved favorably. He added that he anticipated the review would be complete and the results ready for presentation at the next Committee meeting.

Mr. Monroe noted that the PMEC (Project Management Executive Committee) had developed a chart reflecting the commitments associated with the Wood Foundation donation which seemed to balance correctly. Jeffery Tennyson, Superintendent of Public Works and member of the PMEC, advised the chart was a working document that was not legally binding and was used by the PMEC to try and organize the various grants, 3E funds, private grant donations and Local Share funds associated with the project. He advised a lot of information was omitted from the chart making it difficult to understand; however, he said, he was confident that the Wood Foundation funds had not been over-committed and he would work with Mr. Dusek to ensure he had a good understanding of the information provided in the chart.

A brief discussion ensued, during which the need for increased accounting control for expenditures and revenues relating to the former Gaslight Village Property was reintroduced. As a considerable review was already being performed by his staff to clarify expenditures and determine the per share cost of the property shares, Mr. Dusek committed his staff to providing the accounting controls for the time being to establish a firm base of reference, as well as to track and report on parking revenue figures, with a final decision on who would continue the accounting work to be determined in the future.

Concluding the agenda review, the Items of Interest section was addressed, as follows:

- * Land Swap Status: Mr. Auffredou advised they had received a compilation plan for the land swap as prepared by the Chazen Group through the Lake George Association. He said the document would be reviewed with Mr. Tennyson and Mr. Monroe with any comments being returned to the Lake George Association. Mr. Auffredou noted that the Village of Lake George was currently undertaking the same process. He advised all of the land swap documents were in place with the necessary approvals and he said they were simply awaiting final approval of the compilation plan which would be an attachment to the land swap documents showing all of the various parcels involved as agreed upon. Mr. Auffredou said he anticipated this process would be completed within the following week.
- * Naming Rights Agreement Status: Mr. Auffredou said the agreement had been negotiated and approved by both the County and Village of Lake George and was executed by Chairman Stec and sent to the Village Attorney for execution by Mayor Blais and finally on to the Charles R. Wood Foundation for their execution. He stated that he considered this to be a completed transaction and a good effort

between the attorneys for the three parties to develop an agreement which was acceptable to all parties. Mr. Monroe noted the naming rights had been awarded to the Charles R. Wood Foundation in return for \$750,000, payable at a rate of \$150,000 per year for five years, to be used in connection with the park project.

- * Park Construction Schedule Update: Mr. Tennyson said the PMEC and the Park O&M Committee would be working together to schedule work on the property in a manner that would allow accommodation of events, even during the construction planned for the next year. He apprised that the environmental portion of the project would begin in the spring of 2013 and they expected to release the construction bids for the work in the late winter/early spring. As for the Festival Space, he said the construction was independent of the TEP grant and would be facilitated partially by municipal forces and partially by contracted labor. Mr. Tennyson said there was some flexibility available as to when the Festival Space construction occurred and Mayor Blais had proposed a staged approach that would allow events to be held on the property during the prime summer tourism season. He continued that the West Brook Parking Lot construction was being addressed by County DPW forces and had received grant funding to include the application of porous asphalt and an overall expansion of the parking lot. Mr. Tennyson said their initial plan had been to perform an interim construction to establish the lot, which had been completed, and the next major work planned for the spring 2013 would expand the size of the lot and apply the porous pavement, in the process providing additional parking spaces and revenues. He advised there were some construction conflicts anticipated and they were working to develop concepts to alleviate these issues. One of the concepts identified to address the matter, Mr. Tennyson apprised, was to do some initial work in the Festival Space to essentially level the property and then hold on the installation of the reinforced turf pavers until after the summer season with completion of that work to occur in the fall of 2013 and spring of 2014, which would allow the Festival Space to be utilized while construction was occurring in the adjacent areas with only limited construction shutdowns for larger events. He noted the disadvantage to this option would be that the overall completion of that portion of the park would be extended into the spring of 2014, rather than the fall of 2013 as initially anticipated. The challenges faced for the West Brook Parking Lot, Mr. Tennyson said, were that although the funding was available to proceed with the work in the spring of 2013, the nature of the porous asphalt would make adjacent construction disadvantageous as the porous asphalt was susceptible to blowing sand and construction particles, as well as the heavy construction vehicles traveling in the area, that would fill the pores intended for water drainage, rendering it useless. From an engineering standpoint, he advised the best option was to complete the other areas of construction and address the West Brook Parking Lot last; the disadvantages to this approach, Mr. Tennyson added, were that the expansion of the parking lot and ability to park more cars and collect more revenue, would be delayed. He stated that an alternative option would be to expand and pave the West Brook Parking Lot using a conventional black top surface, but this would not be covered by the grant funding available and another source of funding would need to be determined, possibly using anticipated parking revenues to offset the expenses incurred, as was initially intended before the grant was awarded.

Mayor Blais provided an update on the Big Apple Circus which was recently held on the former Gaslight Village Property. He apprised that as per the Circus organizers, 27 performances had been held with attendance levels of slightly more than 16,000 for the duration of the event. Mayor Blais said the revenues received by the Big Apple Circus had covered 60% of their expenses, and coupled with the occupancy tax awards received from the County, Town and Village of Lake George, they considered their first year performing in the area to be a success as their first year typically rendered lower attendance levels than were attracted for successive years. He advised that the Big

Apple Circus had admitted they were partially to blame for the lower attendance figures as they had not provided the area advertisements typically placed six weeks before the Circus came to town as they did in other areas, but said they would do so if they returned to the area in 2014. Mayor Blais stated Circus officials had cited the ongoing construction on the property as an unwelcome sight and he had received a letter from the owner of the Lake George Steamboat Company suggesting better signage be placed in the future for area foot traffic as they had received a number of requests from passers by for directions to get to the Circus tent. Mayor Blais stated that the weather had also been a factor in the attendance levels as it was hot outside and people had avoided the event because they did not know that the tent was air conditioned; he added that in times of inclement weather, the attendance levels rose dramatically. He commented that the Village of Lake George and the surrounding areas had benefitted greatly from the Circus as it had drawn visitors to the area, as well as the 115 Circus performers and workers who had patronized local businesses; he added that as per the Circus' General Manager, each of the performers and workers had touted Warren County as being the nicest, most gracious and hospitable place they had performed and they wanted to return. Mayor Blais said the decision whether or not to return would be made by the Board of Directors for the Big Apple Circus and would likely be most dependent upon the shape of the Festival Space. He said he hoped the County, Town and Village would work together to make sure it was in acceptable form for the event to return in 2013. He added that notification should be received by the end of August stating whether or not they were willing to return, following which they would have 30 days to respond as to whether the Festival Space would be in a state able to accommodate them. Mayor Blais apprised he had contacted Elan Planning on the matter and learned it was possible that the grid and the base for the turf pavers, but not the grass, could be completed on the Festival Space in time for the Circus to return and he said this would be fine as the Circus did not need a grass surface. Mayor Blais advised the Festival Space area was large enough to place the Circus tent and its ancillary equipment while parking for their trucks and transport vehicles would be provided in alternate areas. He cautioned that if the Big Apple Circus did not return to the area in 2013, they would not likely come back for at least a few years because they were looking to sign long-term agreements.

Mr. Tennyson questioned whether the Big Apple Circus would be agreeable to returning if there was construction going on around, but not on, the Festival Space and Mayor Blais replied affirmatively. Mayor Blais added that they had noticed the West Brook Parking Lot being built in front of the site where the Circus tent had been erected and they saw this as an asset to their operation. Mr. Tennyson said he would like to discuss this matter and request guidance from the P MEC as each adjustment made to the construction schedule would extend the length of the project. He added that the fastest and least expensive way to complete the project was to start it and keep working until it was finished; he said there were ways that these events could be accommodated, but the Committee should be aware of the effects they would have on the construction term. One concern, Mr. Tennyson said, was that delaying work in 2013 might affect events for 2014, especially with the installation of turf as it would require some time without use to establish and grow grass. Mr. Monroe stated his opinion that they should try to accommodate large events, like the Big Apple Circus, but might not be able to do the same for every event because they would need time for construction on the site to occur.

Discussion ensued.

Mr. Merlino apprised that he had attended the Circus with his family and noted there had not been a lot of parking available which had led him to park on West Brook Road and receive a parking ticket. Mayor Blais responded that parking had been available at the Fort William Henry for \$10 or at the Lake George Steamboat Company for \$7; however, he agreed, sufficient signage had not been placed to advertise it. He added that this was another issue that needed to be addressed for future years, if the Circus decided to return.

There being no further business to come before the Gaslight Village Ad Hoc Committee, on motion made by Mr. Merlino and seconded by Mr. Dickinson, Mr. Monroe adjourned the meeting at 12:20 p.m.

Respectfully submitted,
Amanda Allen, Deputy Clerk of the Board