

Remarks of Mayor Noam Bramson
AvalonBay LDA Amendment Announcement
February 8, 2010

Good morning. We are very happy to announce a breakthrough agreement with AvalonBay that will provide significant financial resources to our community at a time when those resources are needed most.

Our agreement has two basic components:

First, AvalonBay will accelerate so-called Final Land Payments, which had been scheduled for 2029 and 2035. Instead of waiting a generation, the City will receive these payments this year and then for each of the next four years, in the amount of \$3,000,000 for 2010 and roughly \$1.5 million for 2011 through 2014. A total of about \$9,000,000 in all. This is in addition to the ongoing annual payments made by AvalonBay, which presently total about \$1.5 million per year.

The amounts are based on estimates of net operating income and growth rates, and also include a backstop protection for the taxpayers in the form of an additional payment should Avalon's income growth prove stronger than expected.

Let me stress that these are not tax or PILOT payments, but are, instead, land purchase costs for property that was initially acquired by the City and then transferred to AvalonBay to facilitate development - land for which the City still carries debt service obligations.

Second, AvalonBay has agreed to allow the City to assume the day-to-day operation and enforcement of the 38 publicly available parking spaces on the ground level of Avalon's Phase II garage. In addition to improving the operation of these spaces as a valuable public resource, the City will now also retain the income associated with parking fees and fines, estimated to be roughly \$30,000 per year.

An agreement of this kind doesn't materialize out of thin air. It is the product of careful and hard negotiation, and I want to compliment our City staff for their efforts in recent months.

I would also like to pay particular tribute to two members of the City Council. The initial suggestion that we seek financial support from Avalon was made by Council Member Lou Trangucci who really got the ball rolling, while the basic framework for the eventual agreement – an accelerated land payment – was suggested by Council Member Marianne Sussman.

The Council as a whole will adopt legislation associated with this agreement at our meeting tomorrow evening. I believe it has the strong support of all seven members of the Council and represents an excellent example of bipartisan action to benefit all the people of New Rochelle.

Lastly, while this is certainly welcome news for our budget and for our taxpayers, let's be clear that the agreement will not, on its own, address all of our fiscal challenges. The economic trends that place such a strain on municipal budgets everywhere are still present, and all of us expect that difficult choices will still be required during the course of this year and in the adoption of our budget for 2011. This agreement is no panacea for our budget woes, but it is one significant and positive step in the right direction.

With that, we will be pleased to take questions.