

**Mount Pocono Borough Council
Work Session
Tuesday, December 19, 2023**

Call To Order

Pledge of Allegiance

Roll Call:

_____Norman DeLano, _____Debra Fulton, _____Ann Marie Harris, _____Joe Simeone
_____Ella Santiago, _____Donald Struckle, _____Claudette Williams, _____Mayor Altemose

Public Comment

New Business: None

Old Business: Newland Group Lerta

Public Comment
Adjournment

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December 12, 2023

Borough of Mount Pocono
1361 Pocono Blvd, Suite 100
Mount Pocono, PA 18344
Attn: Marissa Duffy, Manager

Dear Mr. President and Members of Council:

In anticipation of the Work Session on December 19, 2023, I am sending a proposed schedule for tax abatement under LERTA for my client's warehouse building on Pocono Star Boulevard off of Industrial Park Drive.

As explained at the meetings in March and September, tenants of warehouse buildings, not landlords, pay real estate taxes. And, as demonstrated by the broker from JLL at the March meeting, LERTA-approved warehouse projects are predominant in the NE Pennsylvania market. In a competitive business environment there is a genuine need for some level of tax abatement to promote the development and full utilization of Class A warehouse buildings due to the substantial start-up costs such as building fit-out and relocation costs. The broker also demonstrated that fully occupied warehouses remain desirable for occupancy after expiration of the LERTA abatement; the re-leasing percentage is excellent. So, LERTA tax abatement does have mutual benefits.

My client, on behalf of the tenant, hoped that the tenant's presentation at the last meeting would lead to continued discussion seeking a LERTA schedule that would be mutually beneficial to the tenant and the Borough; promoting those long term revenue benefits. For that reason, I am sending with this letter a suggested abatement schedule in the hope that Council will find it to be a reasonable balance between gaining a significant first-year and continuing tax benefit from this project, exceeding the costs of services, while affording the tenant some relief that will allow it to fully build out and occupy the warehouse and to fully employ its combined workforce in that location. This schedule proposes a 50% abatement in the first year of imposition of the property

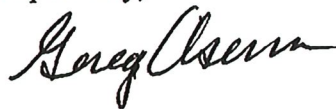
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tax on the finished building and decreasing by 10% every two years thereafter. This compares to the previously calculated schedule of 90% abatement in the first year with a 10% reduction every year thereafter.

As you can see from the accompanying suggested schedule, the Borough would be projected to receive an annual net surplus of \$214,589 for the first two years, increasing by \$45,277 every two years until the end of the LERTA period, when the Borough's annual net impact would be a \$433,432 surplus. Even in the first few years, the annual surplus is enough to, for example, hire an additional police officer plus increase support for the Pocono Mountain Volunteer Fire Company, and still have money left over to improve roads and parks in the Borough – or to reduce taxes -- at no additional cost to the residents.

Thank you very much for considering this at your Work Session. The tenant and David Babbitt, who prepared the schedule, will be available to answer your questions at the meeting.

Respectfully,



George Asimos

cc: James Fareri, Esquire

PROPOSED MOUNT POCONO CROSSING LERTA SCHEDULE

December 4, 2023

LERTA Year	LERTA Increment	Borough Impact					School District Impact		
		RE Tax Rev. *	Other Revenue	Total Revenue	Expenditures	Net Impact	RE Tax Rev. *	Expenditures	Net Impact
1	50%	\$233,930	\$44,580	\$278,509	\$63,920	\$214,589	\$776,499	\$0	\$776,499
2	50%	\$233,930	\$44,580	\$278,509	\$63,920	\$214,589	\$776,499	\$0	\$776,499
3	60%	\$279,207	\$44,580	\$323,787	\$63,920	\$259,866	\$926,825	\$0	\$926,825
4	60%	\$279,207	\$44,580	\$323,787	\$63,920	\$259,866	\$926,825	\$0	\$926,825
5	70%	\$324,484	\$44,580	\$369,064	\$63,920	\$305,144	\$1,077,151	\$0	\$1,077,151
6	70%	\$324,484	\$44,580	\$369,064	\$63,920	\$305,144	\$1,077,151	\$0	\$1,077,151
7	80%	\$369,761	\$44,580	\$414,341	\$63,920	\$350,421	\$1,227,477	\$0	\$1,227,477
8	80%	\$369,761	\$44,580	\$414,341	\$63,920	\$350,421	\$1,227,477	\$0	\$1,227,477
9	90%	\$415,039	\$44,580	\$459,618	\$63,920	\$395,698	\$1,377,803	\$0	\$1,377,803
10	90%	\$415,039	\$44,580	\$459,618	\$63,920	\$395,698	\$1,377,803	\$0	\$1,377,803
11+	100%	\$452,773	\$44,580	\$497,353	\$63,920	\$433,432	\$1,503,260	\$0	\$1,503,260
TOTALS		\$3,244,841	\$445,797	\$3,690,638	\$639,202	\$3,051,436	\$10,771,511	\$0	\$10,771,511

* Annual Real Estate Tax Revenue for the Borough and School District includes earnings on investments.