

AUDIT REPORT

2020

# DUTCHESS STADIUM



**OFFICE OF THE  
DUTCHESS COUNTY COMPTROLLER**

*ROBIN L. LOIS, COMPTROLLER*

*NOVEMBER 2020*



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Dear County Officials & Taxpayers,

The Dutchess County Comptroller's Office has completed an audit report of Dutchess Stadium for the period 2015 - October 2020. This audit was performed at the request of members of the Legislature upon a rushed approval for \$3 million in capital improvements in December of 2018, and in anticipation of an additional \$4.5 million in capital improvements slated to begin in 2021. The goal of this report is to inform the Legislature and the taxpayers of the financial outlay for the Stadium. This report makes recommendations for increased transparency and accountability as it relates to full disclosure of operational costs and complete capital planning.

This audit report finds the capital projects for the Stadium have not been properly planned for and fully disclosed in the County's 5-year capital plan. Adopting and following a comprehensive capital plan must be emphasized as a necessary tool to prioritize projects, plan for debt financing, and ensure transparency to the taxpayers. Although the County had knowledge of the needed repairs for several years prior to 2018, the request for funding was hurried and omitted from the budget. The County currently has an Empire State Development Incentive Proposal which offers to reimburse the County \$1.5 million of a total capital investment of \$11.945 million at the Stadium. The 2021 proposed 5-year capital plan falls \$4.4 million short in planning for the funds that must be expended by April 2022. Although the full project funding is not disclosed in the capital plan, the full \$1.5 million grant revenue is incorrectly being budgeted as receivable. This overstatement of revenue has been cited in the report as an additional audit finding. All budgeted grant revenues should match source agreements or not be budgeted at all.

The County currently has a 5-year lease extension with the tenant that expires 12/31/23 and will soon need to be re-negotiated. The current lease terms are unfavorable to the County and do not fully compensate for the costs incurred. Although the Stadium is listed as a county park, it does not provide public access for resident enjoyment and is operated by a for-profit entity. The new lease agreement must safeguard taxpayer funds while planning for improvements to the quality and experience for the Stadium tenants and visitors alike. A fair and equitable lease would include remittance for operating expenses and allowance for anticipated increase in annual capital bond and interest costs incurred by the County.

The tenant has made no lease payments to the County in 2020 which is in breach of their contract. The lack of payments will result in a shortfall to the County of at least \$500,000 which should be factored into the 2021 lease arrangement.

This report proves timely as the Hudson Valley Renegades and the New York Yankees recently confirmed their affiliation, with the Renegades to be the Yankee organization's new high Single-A level minor league team. This venture is expected to be an economic boon for the ball club and county tourism with a large increase in season games and visitors to the Stadium.

My hope is that this report will be a helpful reference and a tool to assist the County Legislature in making informed decisions regarding the Stadium.

I want to thank the Department of Public Works for their cooperation and professionalism as we put this audit report together.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Robin L. Lois". The signature is written in a cursive, flowing style with a prominent initial "R".

Robin L. Lois  
Dutchess County Comptroller

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## BACKGROUND

Dutchess County owns the Dutchess Stadium facility, located in the Town of Fishkill, New York; this facility is situated on approximately 21 acres of land leased by the County from the **Beacon City School District (BCSD)**. The stadium is part of the County's park system and is under the auspices of the Department of Public Works Commissioner. The Stadium is used for recreational and entertainment purposes of and for the residents of Dutchess County and surrounding areas. The County has leased the Stadium to **Keystone Professional Baseball Club, Inc.** for the primary use of minor league baseball doing business as the **Hudson Valley Renegades**.

### A brief history of the Stadium:

- The Stadium construction was completed sufficiently for the **Hudson Valley Renegades** to commence playing at the Stadium in 1994, which at the time was owned and operated by **Hudson Valley Stadium Corporation (HVSC)**.
- In April 1995, the **County** assumed ownership of the entire facility from the **HVSC**, including all construction obligations.
- **HVSC** continued to oversee the Stadium operations until September 2006.
- In December of 2006, the **County** entered into its first lease agreement with **Keystone Professional Baseball Club (Keystone)** dba **The Hudson Valley Renegades** for a 10-year term (1/1/2007-12/31/2016).
  - On 12/13/16 **Keystone** lease was extended for one year, ending 12/31/17
  - On 7/20/18 **Keystone** lease was extended for one year, ending 12/31/18
- Dutchess County signed a 10-year lease with **BCSD** in 2009 (1/1/2009-12/31/2018) for the land lease.
  - This lease was extended via a Memorandum Of Understanding (MOU) on 11/19/18 through 12/31/19
  - The lease was extended another year via MOU on 10/10/19 through 12/31/20
- In December 2018, the Legislature approved \$3,024,000 for improvements to the Stadium, of which \$2,424,000 would be bonded by the County and \$600,000 would be funded from an Empire State Development Grant.
- Due to the COVID-19 pandemic, the Renegades 2020 season was canceled.
- Based on an emergency need, the Dutchess County Intermodal Transit Facility located adjacent to Dutchess Stadium was used as a temporary COVID-19 testing site from March 23, 2020 to July 3, 2020. There was no activity at the Stadium during that time.



*Panoramic View of Dutchess Stadium with Upgrades Substantially Completed (Photo Courtesy of DPW)*

## Current Status:

- In April 2019, the County extended its lease agreement with **Keystone** for a 5-year term (1/1/19 - 12/31/23) with the anticipation that continued improvements and repairs would be made to the Stadium and negotiations would continue towards a long-term lease.
  - The Renegades did not have a regular baseball season in 2020 due to the COVID-19 pandemic, but did host summer camps after the emergency orders restricting such were lifted.
  - Other activities have been held at the Stadium after the emergency orders were lifted.
  - No lease payments have been paid by the Renegades to Dutchess County in 2020 as of the writing of this report.
- On 8/19/20 a lease with **BCSD** was extended 1 year via a Lease Agreement Extension until 12/31/21.
- The December 2018 improvement funding of new stadium seating, repair of the concrete bowl, and partial paving of the parking lot has been completed.
- The 2021 Dutchess County's Capital plan includes a TBD (To Be Determined) dollar amount for the purchase of the land owned by Beacon City School District (on which the Stadium is located). The plan also proposes capital improvements of \$4.5M to begin in 2021 to be completed in 2022. Anticipated revenue from a NYS Consolidated Funding Application (CFA) grant totaling \$900,000, netting a projected County share of \$3.6M is also stated in the 2021 proposed budget.
- Major League Baseball (MLB) has announced a restructuring and reduction in the number of minor league affiliated teams. The Short-Season New York-Penn League, which the Hudson Valley Renegades was a member, was eliminated. On November 7, 2020, the New York Yankees announced the new Minor League affiliation structure. The new affiliation to begin in 2021 begins the Yankees affiliation with the Hudson Valley team. The team's designation will change from a short-season Class A team to a "High Single-A Level" team which will have a full-season schedule. The season will increase by 75-games to approximately 140 games; the long season will commence in early April versus the short season starting in mid June.

## SCOPE, OBJECTIVE AND METHODOLOGY

This audit was performed at the request of the Legislature upon approval of capital improvement Resolution No. 2018288 in December 2018. The purpose of this audit is to examine the Stadium's history of revenue and expenditures for the time period **January 1, 2015 to December 31, 2019** and to review the capital improvements, the contractual agreements and related activities **through 2020**.

Our examination and review included the following:

- Summary of expenditures from operating and capital funds
- Operating Costs
  - Parks Division – Stadium Revenue
    - Rental of Real Property
  - Parks Division – Stadium Expenses
  - Maintenance in Lieu
  - Net Deficit / County Cost
- Capital expenditures and funding for improvements at the Stadium
- Property leases and contracts
- 2020 - The Stadium's use as a COVID-19 testing site
- 2020 activities

Information for this report was derived from resolutions, contract agreements, county financial records, interviews, and correspondence.

## ORGANIZATION AND OVERSIGHT

The Department of Public Works (DPW) Commissioner is the overseer of the Parks Division under the direction and oversight of the County Administration. In addition, supervision of the Parks Administration is provided by the Deputy Commissioner of Public Works. The Parks Director provides oversight of the day-to-day operations including general maintenance. Collaboratively working with the tenant, the County establishes goals and objectives which are made a part of the contract agreements. During the audited time period capital improvements were made to the Stadium. Oversight of capital projects is primarily conducted by the DPW Administration.

## SUMMARY OF FINDINGS

- ***The County's annual 5-year Capital Program/Plans (2016-2018) did not include or account for the needed capital improvements to the Stadium required to keep it usable and safe.***
  - Although the County had a long-term lease with Keystone and was aware of the impending needed improvements and repairs, there was no capital plan or repair schedule documented or followed. As an owned asset, the County has an obligation and responsibility for upkeep of the Stadium for not only the safety of its residents but under the obligations of the lease with the tenant. In a letter dated November 16, 2018 by Keystone President Jeff Goldklang (see *Exhibit I*), the needed repairs were stated as known by the County since to 2016. Repairs were not part of the capital plans in 2015 -2018 and a rush approval by the Legislature was requested in November 2018 by the administration; This required a request to waive rules of the Legislature (see *Exhibit II*), which was granted. Subsequently, the proposed repairs were approved by the Legislature in December 2018.
- ***The County does not have a long term lease with the owner of the land for which the Stadium, a large capital asset of the County, resides.***
  - The Stadium is built on leased land from the Beacon City School District. The most recent one year MOU extension agreement with **BCSD** provides a discussion regarding the possible purchase of the land. However, it also notes that a future lease was pending a possible 25-year agreement between Keystone and the County. Currently, the County has not entered a long-term lease with Keystone.
- ***The County does not have a long-term lease agreement with a baseball team/tenant.***
  - Negotiations should continue swiftly now that the team's affiliation with the Yankees in 2021 has been announced and a long season will more than double the number of games at the stadium. Prior to this it appeared negotiations were slowed due to uncertainty surrounding minor league baseball and the COVID-19 pandemic canceling the 2020 season.<sup>1</sup>
  - For the \$3,024,000 funding for capital improvements (H0526) in 2018, it was stated by the administration that the improvements were required to move forward with lease negotiations.
- ***The net deficit from the operation of the Stadium has grown over the audit period at an average cost to the taxpayers of \$170,000 per year, which will continue to grow.***
  - The net deficit calculation, used to understand the complete financial impact of the Stadium, should include all costs paid by the County and not just the overhead operational costs paid directly by the department. (See Summary of Operations section.)
  - For capital project H0526 the average annual principal and interest payments will increase the deficit by \$144,480 annually (see *Exhibit V*).

<sup>1</sup> M.L.B. Said to Be Pushing for Overhaul of Minor Leagues, *New York Times*. Published October 18, 2019  
<https://www.nytimes.com/2019/10/18/sports/baseball/minor-league-changes.html>

- ***The 2020 lease payments and utility costs have not been paid to the County. The current short-fall for 2020 is estimated to be at least \$500,000.***
  - The annual rent is **\$258,000**, payable as follows: \$60,000 payable on or before June 30th each year; \$100,000 payable on or before September 30<sup>th</sup> of each year, and the balance payable on or before December 15th of each year.
  - Utility Costs which include water, sewage and heating are billed to the tenant each month on a monthly average basis.
- ***Revenue budget for funding capital account H0526 from Economic Assistance - Empire State Development (ESD) is overstated.***
  - The New York State ESD grant proposal states the County must spend \$11,945,000 to receive \$1,500,000 in grant proceeds - or 12.6% of the total project cost. The Administration is currently planning on a total investment of \$7,500,000 to receive \$1,500,000 in grant proceeds - or 20% of the total project cost. The plan and financial support currently under consideration are not supported by source documentation and are based on statutory maximums, not existing approvals from ESD (see *Exhibit VI*).
  - The grant proposal was dated July 10, 2018 and the Legislative presentation was November 8, 2018 and therefore the presentation should have been accurate.

### **SUMMARY OF RECOMMENDATIONS**

- As required by the Dutchess County Administrative Code Section 3.03(b), the County Executive must provide for the preparation of a long-range capital program for the County. All required and planned capital improvements for the Stadium should be included within the capital plan presented to approved by the Legislature within the annual budget process.
- Purchase of the land should be explored to secure the County's asset (the Stadium) and risk to the taxpayers. If a purchase is found to not be prudent, lease negotiations with BCSD should be continued and expedited upon securing a long-term tenant.
- Rental payments and utility costs should be paid in accordance with the contract provisions. Any deviation becomes an unfair burden on the taxpayer in addition to the breach of contract.
- All lease negotiations and activities at the Stadium need to have the goal and outcome of, at a minimum, a break-even situation for the County. The lease agreements made by the county should include appropriate funds to cover all operating, capital, and indirect costs.
- All funding requests and presentations to the Legislature should contain the most accurate and timely information available at the time to allow for educated decision making by the appropriating body of the County.
- All budgeted grant revenue funds should match source agreements or not be budgeted at all.

## SUMMARY OF OPERATIONS

### Expenditures From Operating and Capital Funds

The Stadium facility revenue and expenses are recorded in the operating fund and capital funds. Operational expenses are budgeted for in fund A.7110.66, a sub department in the DPW Parks Department. Additional Stadium expenses classified as Maintenance In Lieu of Rent (MILR), are expenditures incurred and paid out of DPW Buildings and Administration Departments, for example, DPW employee maintenance work at the facility. In addition, the Department of Public Works has expenditures from the Parks Department and their Highway Division which are captured separately.

### Operational Net Deficit

The Net Deficit for operating funds represents the county costs incurred for each year after operational revenues were applied.

	Operational Net Deficit					
	2015	2016	2017	2018	2019	2020 Est**
Revenue Stadium	\$262,918	\$265,049	\$283,256	\$281,514	\$274,106	\$4,547
Expenses Stadium*	(293,878)	(287,767)	(306,179)	(376,422)	(320,327)	(446,128)
Net (Deficit) Surplus - Dept only	(\$30,960)	(\$22,718)	(\$22,923)	(\$94,908)	(\$46,221)	(\$441,581)
Expenses MILR	(\$102,609)	(\$91,657)	(\$72,839)	(\$107,523)	(\$92,577)	(\$46,289)
Expenses Highway and Parks estimated Salary and Fringe Benefits	(19,408)	(24,520)	(38,246)	(41,307)	(27,702)	(13,851)
A1910 Judgments & Claims				(13,176)		
Total Non-Department Expenses	(\$122,017)	(\$116,177)	(\$111,085)	(\$162,006)	(\$120,279)	(\$60,140)
Net (Deficit) Surplus	(\$152,977)	(\$138,895)	(\$134,008)	(\$256,914)	(\$166,500)	(\$501,721)

\* Expenses include principal and interest

\*\*Estimates through year-end as of November 10, 202. Operating expenses based on 2020 budget; MILR, Highway and Parks expenses - 1/2 of prior year

### **Observations:**

- The most significant change in the net deficit/county funding occurred in 2018 based on a review of the net deficit from 2015 to 2019. In 2018, the County began long-term lease negotiations with Keystone and was in the process of improving the property as a condition for lease renewal; this accounted for the increase in 2018 expenses. Some of the notable expenses incurred were elevator repairs and stadium seating.
- During the audit time period, 2015 to 2019, the net cost of operations for the Stadium was a low of \$134,008 in 2017 to a high of \$256,914 in 2018. With the expenditure of additional capital funds, expenses will increase annually for the principal and interest which will ultimately increase the deficit if rental income is not increased. For H0526 the average annual principal and interest payments will increase the deficit by \$144,480 annually (See **Exhibit V**).
- Revenues are not sufficient to compensate for the entire costs of the Stadium. The Stadium, while listed as a County park, is not open to the public for general enjoyment like other County parks. Events are run by the tenant with all financial benefit received by the tenant as well. The deficit shows a substantial annual subsidy for this private enterprise.
- The estimated 2020 expenditures show a deficit of \$501,721 as the contractually required rental payments have not been made, resulting in an increased financial burden for County taxpayers.

### Recommendations:

- Revenues should be sufficient to cover all costs for the Stadium. Capital and operational costs should be properly forecasted in the County's capital and operating budgets. Lease agreements should not cause the County to subsidize a private enterprise.
- Rental payments should be collected in accordance with the agreements to ensure expenses are covered in a timely manner to alleviate additional financial burdens on taxpayers.

### Parks Division - Stadium Revenue Summary

Revenues recorded predominantly represent the contract with the **Hudson Valley Renegades** (the Club) to operate at Dutchess Stadium.

Revenue	2015	2016	2017	2018	2019
Rental of Real Property	\$233,000	\$233,000	\$258,000	\$258,000	\$258,000
Additional Rent	19,400	19,600	9,800	8,200	2,000
Other Revenue	260	3,014	0	833	960
Utility Revenue	<u>10,258</u>	<u>9,436</u>	<u>15,456</u>	<u>14,482</u>	<u>13,146</u>
<b>Total Revenue</b>	<b>\$262,918</b>	<b>\$265,049</b>	<b>\$283,256</b>	<b>\$281,514</b>	<b>\$274,106</b>

### Observation:

- There has been no significant change in revenue during the period 2015 through 2019.

### Rental of Real Property - Stadium

**Contract #07-0026 dated December 21, 2006** between Dutchess County and the Club gives the Club exclusive rights to occupy and use the Stadium and all its facilities for the purpose of operating a professional baseball team and conducting or arranging other events. Additional details of the contract may be found at **Exhibit IV**.

### Additional Rent

Contract #07-0026 provides for the Club to pay additional rent for mass gatherings that are non-baseball events with more than 1,500 attendees.

Additional Rent	2015	2016	2017	2018	2019
Fireworks	\$4,400	\$4,600	\$4,800	\$3,200	\$2,000
K-Fest	10,000	10,000	0	0	0
Mass Gathering	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>0</u>
<b>Total Additional Rent Revenue</b>	<b>\$19,400</b>	<b>\$19,600</b>	<b>\$9,800</b>	<b>\$8,200</b>	<b>\$2,000</b>

### Observation:

- K-Fest revenue ceased in 2016 and there was no Mass Gathering revenue in 2017-2019. Per the Parks Director, the lack of revenue was due to a change in venue as the sponsor moved the event to another location.

## Utility Revenue

This line represents reimbursements for utilities. The County pays water and gas for the Stadium. The Club is billed for utility costs and utility reconciliations were performed annually. Electric is paid directly by the Club.

Below is the cost of Utilities and Reimbursement Revenue received.

Utilities	2015	2016	2017	2018	2019
Gas-Public Utilities	\$3,802	\$3,314	\$7,790	\$5,657	\$4,894
Water	<u>6,456</u>	<u>6,122</u>	<u>7,666</u>	<u>8,541</u>	<u>8,421</u>
<b>Total Utility Expenses</b>	<b>\$10,258</b>	<b>\$9,436</b>	<b>\$15,456</b>	<b>\$14,198</b>	<b>\$13,314</b>
<b>Total Utility Revenue</b>	<b>\$10,258</b>	<b>\$9,436</b>	<b>\$15,456</b>	<b>\$14,482</b>	<b>\$13,146</b>

## Parks Division – Stadium Expenses

Appropriations for operating costs are budgeted annually for the Stadium in A.7110.66, a sub department in the DPW Parks Division. Expenses for the time period reviewed follow:

Account	Expenses	2015	2016	2017	2018	2019	
2800	Building Improvements		\$ -	\$ -	\$ -	\$28,186.74	\$ -
4105	Building & Maintenance Parts, Supplies & Tools	4,623	4,944	6,840	11,187	11,155	
4108	Bituminous Concrete	-	-	-	-	519	
4133	Gravel, Fill & Stone	44	893	-	130	-	
4160	Office Supplies	208	208	-	-	39	
4210	Gas-Public Utilities	3,802	3,314	7,790	5,657	4,894	
4240	Water	6,456	6,122	7,666	8,541	8,421	
4401	Professional Services	1,875	1,125	1,875	1,875	517	
4570	Rental/Lease - Equipment	685	-	3,000	298	7,525	
4571	Rental/Lease - Real Property	30,000	30,000	30,650	30,650	29,400	
4606	Janitorial Supplies	-	-	-	-	2,250	
4607	Professional License & Permit Fee	200	200	200	200	200	
4609	Maintenance-Service Contracts	7,436	6,617	11,899	11,751	10,171	
4612	Repairs/Alt To Equip	170	-	-	-	-	
4613	Repairs/Alt To Real Prop	19,930	13,948	18,203	58,572	27,083	
4625	Pest Control	1,950	900	900	450	1,250	
4650	External Postage	184	173	507	2,026	256	
4670	Subscription Dues	-	-	-	250	-	
4750	Other Equipment-ND	-	2,675	-	-	-	
6903	Principal-Serial Bonds	150,000	167,000	167,000	167,000	167,000	
7903	Bond Interest - Ent Funds	66,315	49,648	49,648	49,648	49,648	
	<b>Total Expenses</b>	<b>\$293,878</b>	<b>\$287,767</b>	<b>\$306,179</b>	<b>\$376,422</b>	<b>\$320,327</b>	

## Explanation of Certain Expenses

Below is a listing of notable expenses:

### **Building Improvements, Line 2800:**

- 2018 - ADA Ramp installation

### **Repairs/ Alt to Real Property, Line 4613:**

- 2018 – Elevator repairs, ceiling repairs, alarm system repairs, rest room repairs, generator repairs, and stadium seating
- 2019 – Lighting, security system, bathroom partitions, roof repair

### **Rental of Real Property, Line 4571:**

- Leasing costs for the Beacon City School District property are expensed from this line. Provisions and detail regarding the agreement may be found at **Exhibit IV**

## Maintenance in Lieu of Rent Expenses

Maintenance in Lieu of Rent (MILR) expenses represent actual and allocated costs for the Stadium by the DPW Administrative and Buildings Division. MILR is a procedure for computing occupancy related costs for the maintenance of County-owned properties processed through the DPW Buildings Division. The data below provides an accounting of all such costs for the Stadium.

A detail of expenditures incurred may be found as follows:

<b>Maintenance in Lieu of Rent (MILR)</b>					
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Direct Personnel	\$45,219	\$33,350	\$17,535	\$44,326	\$30,558
Direct Personnel Fringe Benefits	23,518	17,239	9,304	23,715	16,235
Direct Supplies Utilities Contracts	330	-	7,565	2,085	1,610
In-Direct Personnel	11,514	15,186	13,985	14,911	17,601
In-Direct Personnel Fringe Benefits	4,450	7,850	7,420	7,978	9,351
Shop, Cleaning & Office Stock	3,595	2,552	2,515	-	2,752
Property Insurance	2,775	4,851	5,071	4,931	4,227
Liability Insurance	11,206	10,629	9,444	9,577	10,244
<b>Total MILR Expenses</b>	<b>\$102,609</b>	<b>\$91,657</b>	<b>\$72,838</b>	<b>\$107,523</b>	<b>\$92,577</b>

## Capital Funds

Capital Funds for major renovations at the Stadium are approved by the Legislature via resolution and are for specific projects. Capital account, H0372, provided funding for Parks projects: Of the \$12.788 million appropriated, a total of \$1.5 was allocated to the Stadium.

Below are Revenue and Expenses for Stadium Capital Funds active during the period audited as approved in the Resolutions.

Capital Funds				
	H0372 Parks Plan Stadium Improvements	H0373 Stadium Improvements	H0450 Stadium Improvements	H0526 Stadium Improvements
Resolution No.	206327	206248	2013037	2018288
Resolution Date	12-06-06	10-30-06	03-11-13	12-03-18
<b>EXPENSES</b>				
Stadium Improvements Line 3130	\$1,500,000	\$431,050	\$1,000,000	\$3,000,000
Other Expenses			\$10,000	\$24,000
<b>TOTAL EXPENSES</b>	<b>\$1,500,000</b>	<b>\$431,050</b>	<b>\$1,010,000</b>	<b>\$3,024,000</b>
<b>REVENUE</b>				
Serial Bonds	\$1,500,000		\$1,010,000	\$2,424,000
Grant *				\$600,000
Contributions & Rental Income		\$431,050		
<b>TOTAL REVENUE</b>	<b>\$1,500,000</b>	<b>\$431,050</b>	<b>\$1,010,000</b>	<b>\$3,024,000</b>

\* Empire State Development Grant part of the Consolidated Funding Application (CFA).

Expenses incurred for the period 2015-2020 follow:

	H0372	H0373	H0450	H0526	All Funds
Stadium Improvements	\$25,949	\$112,857	\$1,302	\$1,538,178	\$1,678,286
Parking Lot	-	-	-	969,769	969,769
Professional Services	-	32,155	-	207,060	239,215
Other Equipment	-	24,391	-	-	24,391
<b>Total 2015 - 2020</b>	<b>\$25,949</b>	<b>\$169,403</b>	<b>\$1,302</b>	<b>\$2,715,007</b>	<b>\$2,911,661</b>

The detail for activity for the time period 2017 through 2020 for the earlier Capital projects H0372, H0373, H0450 may be found at **Exhibit VII**.

The detail for the most recent capital project H0526 follows:

## Capital Project H0526

Resolution No. 2018288 signed 12/5/2018 established funding of \$3,024,000 for the creation of Capital Account H0526, with the Stadium Improvements line receiving an appropriation of \$3,000,000, and \$24,000 for bond issuing costs. Revenues for this project were approved as \$2,424,000 in serial bond proceeds and \$600,000 from an Empire State Development Grant. The resolution stated the period of probable usefulness of the bond was 25 years. Attached as **Exhibit V** is the estimated bond funding.

### **Finding:**

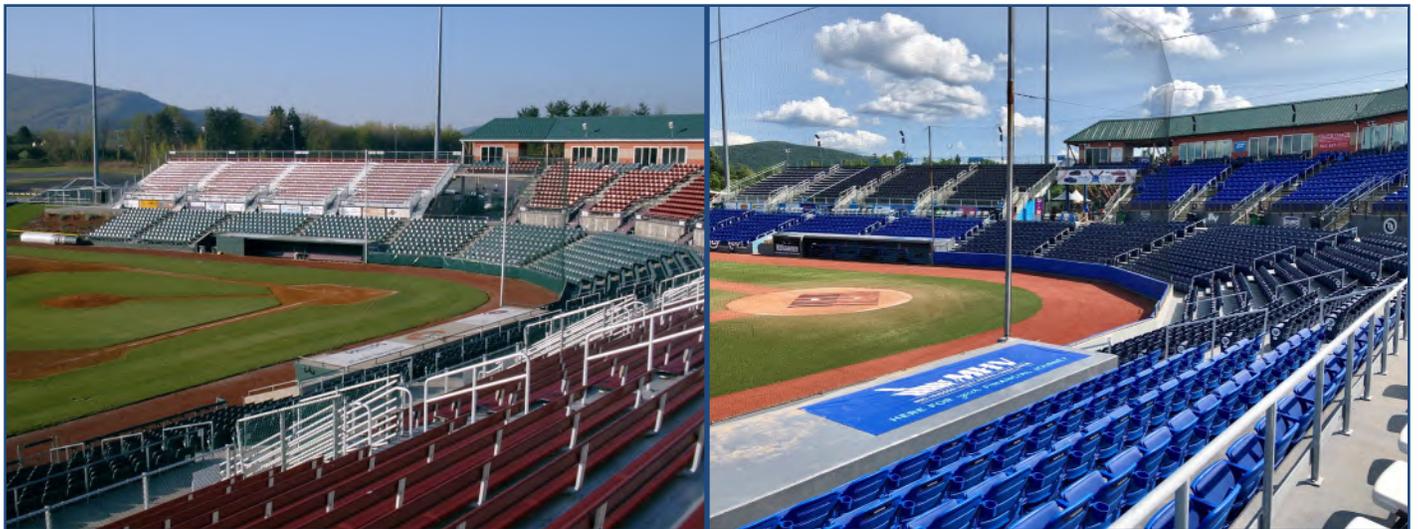
- **Revenue budget for funding from Economic Assistance Empire State Development (ESD) is overstated.**

The NYS ESD grant proposal states the County must spend \$11,945,000 in order to receive \$1,500,000 grant proceeds or 12.6% of the total project cost. The County has not adopted resolutions totaling \$11,945,000; Only a portion of funding was adopted via Resolution No. 2018288 which authorized funding totaling \$3,024,000.

At the November 8, 2018 Public Works and Capital Projects Committee meeting it was presented to the legislature that the project would cost \$7,500,000 with the County receiving \$1,500,000 in revenue.<sup>2</sup> Exhibit III is a portion of the request for funding attached to the resolution.

The current grant does not allow for partial reimbursement. The full \$11,945,000 must be appropriated and spent to receive the monies. When costs are not reimbursed, they become a county cost and should be shown as such.

The grant proposal was dated July 10, 2018 and the Legislative presentation was November 8, 2018; therefore the presentation should have been accurate.



*Before (2002) and After (2020) Photos of the Stadium Bowl and Seating (Photos Courtesy of DPW)*

<sup>2</sup> <https://www.dutchessny.gov/Departments/County-Legislature/Docs/PW11-08-18.pdf>; page 39

Capital Project H0526						
	2018	2019	2020	Encumbered as of 10/30/20	Total Expended & Encumbered	Open Balance
Stadium Improvements	\$0	\$866,698	\$671,480	\$143,604	\$1,681,782	\$14,547
Parking Lot			969,769	91,343	1,061,112	17,998
Professional Services	21,823	156,737	28,500	17,500	224,560	(0)
<b>Total</b>	<b>\$21,823</b>	<b>\$1,023,435</b>	<b>\$1,669,749</b>	<b>\$252,447</b>	<b>\$2,967,454</b>	<b>\$32,545</b>

Detail of Expenditures by Vendor & Category

Below is a detail of payments made by classification for funds expended from H0526 since appropriated.

Project H0526 - Stadium Improvements		
Vendor	Description	Amount
Giacorp Contracting Inc	Concrete repairs, sealing and railing replacement (Stadium bowl & rail)	\$788,442
Dant Clayton Corporation	Provide and Install Seating , Divider Rails and Guide Rails	\$72,429
Irwin Seating Company	Provide and install seating	\$671,480
Lowe's Home Centers, Inc	Miscellaneous	\$103
Federal Express Corp D/B/A Fedex	Shipping	\$31
Poughkeepsie Journal	Advertisement	\$61
Royal Carting Service Co	Haulage and Disposal	\$5,558
Southern Dutchess News	Advertisement	\$75
<b>Total Stadium Improvements - H0526</b>		<b>\$1,538,178</b>

**Observation:**

Stadium Improvements to-date expended \$1,538,178, leaving a balance of \$158,151; this balance has encumbrances totaling \$143,604 (GIA Corp \$51,950, Irwin Seating Corp \$91,654). There are continued discussions with the vendors regarding contract items and closeout.

Project H0526 - Parking Lot	
Vendor	Amount
A Colarusso & Son, Inc.	\$969,657
Poughkeepsie Journal	45
Southern Dutchess News	67
<b>Total Parking Lot - H0526</b>	<b>\$969,769</b>

**Observation:**

Expenditures to date for the Stadium Parking Lot totaled \$969,769. The paving contract also included upgrading and additional lighting. There is an encumbrance of \$91,343 for A. Colarusso & Son, Inc. and an open balance in the account of \$17,998.

Project H0526 - Professional Services Consultants		
Vendor	Description	Amount
CHA Consulting Inc	Design Services for stadium seating, seating bowl repairs and parking lot repairs	\$74,366
MD Architecture LLC dba Ballpark Design Associates	Owners Representative Services. Removal and replacement of the stadium seating; repair and sealing of the concrete seating support structure and walkways	32,194
MJ Engineering and Land Surveying PC	Design Services for Parking lot Improvement	100,500
<b>Total Professional Services - H0526</b>		<b>\$207,060</b>

**Observation:**

Professional Services to-date expended \$207,060 and \$17,500 is encumbered for MJ Engineering.

**Temporary Use as a COVID-19 Testing Site**

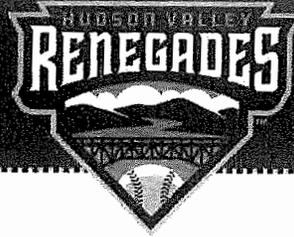
Commencing March 23, 2020 to July 3, 2020, based on an emergency need, the Dutchess County Intermodal Transit Facility located adjacent to Dutchess Stadium was used as a temporary COVID-19 testing site. A parking area at the site was used and operated by the Dutchess County Department of Behavioral and Community Health (DBCH) and Nuvance jointly. There were no expenditures attributed to the Parks Division – Stadium budget. However, expenditures were incurred by the DPW Division to provide temporary infrastructure for the COVID-19 site. Expenses included tent and restroom rentals, generators, and weekly disinfecting of the tents. Costs attributed to the site were designated COVID-essential for possible reimbursements. Approximately \$173,000 was identified as costs incurred by DPW for the temporary site.

**2020 Activities**

Due to the COVID emergency, all MLB minor league games which included the Hudson Valley Renegades were suspended. When restrictions were lifted, several summer camps were conducted at the Stadium by the Hudson Valley Renegades. In addition, there were several miscellaneous activities that took place.

**At the time of this audit writing, funds were not paid to the County for 2020 lease obligations as stipulated in the contractual agreement between Keystone and Dutchess County.**

**EXHIBIT I - LETTER FROM JEFFREY M. GOLDKLANG**  
*VICE CHAIRMAN HUDSON VALLEY RENEGADES*



November 16, 2018

A. Greg Pulver, Chairman  
Legislature  
22 Market St.  
Poughkeepsie, NY 12601

Dear County Legislature Chairman Pulver,

I am writing with a sense of urgency in the aftermath of the November 13 vote to reject bonding for necessary repairs at Dutchess Stadium. That rejection has placed the Hudson Valley Renegades in a position in which we are in non-compliance with representations we have made to professional baseball authorities, perhaps unwisely, that the County would be addressing critical structural repair requirements, particularly those involving replacement of the seating bowl, in time for the 2019 professional baseball season.

It has been no secret that the seating bowl must be replaced. The issue was raised more than 3 years ago (and, as I recall, was even referenced at the time in press coverage), well prior to the then scheduled expiration of our lease in December 2016. We agreed with the County at that time on an approach that ultimately provided the Renegades with three 1 year options to extend the lease while the need for capital investment was being addressed. The last extension option, which would cover the 2019 season, was exercised by the Renegades with the understanding that the County would honor its contractual obligations under the lease and replace the seating bowl prior to the final 2019 season. There can be no serious doubt that the existing seating bowl is irreparable, with many broken seats, seating models long since discontinued, parts no longer manufactured and all seats many years beyond their scheduled useful life.

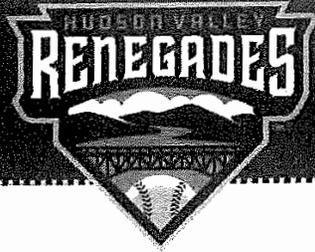
We have been in contact with Baseball officials in the days following the County's down vote and have requested a waiver that would allow the Renegades to play in sub-professional standards at Dutchess Stadium in 2019. In the absence of a clear commitment to address the seating bowl requirement, that request will be considered more formally at the annual Baseball Winter Meetings early next month. The likelihood of success is unclear since, based on the requirements of our existing lease, we have been promising since 2016 that the County would



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complete the necessary work. The failure to do so has undermined our credibility and I cannot understate the seriousness of the situation. We obviously want very much to avoid a decision on alternative playing scenarios for 2019 as the professional, economic and other consequences would be unfortunate and long lasting for multiple parties. The issue will be on the agenda for the next meeting of the relevant Baseball Committee on Tuesday, December 11.

Finally, I would express our deep disappointment over the fact that most of the dialogue concerning the necessary investment in Dutchess Stadium, immediately and in the future, has seemed to reflect the view that the ballpark is simply an inert, cement, brick and mortar structure, and not the vibrant park it has been for the past quarter century. The Renegades are a Dutchess County family business that has provided enjoyment at affordable prices in a safe environment to nearly 4 million attendees at our games and, more than that, literally thousands of other community events ranging from high school, college and other amateur games, special needs camps, school graduations, concerts, youth programs, charitable and other non-profit gatherings and fundraisers, and much more.

As is the case with other parks and recreational facilities in the County, the Renegades are an integral part of the quality of life and fabric of the community and, I would respectfully suggest, deserve to be considered in that context as well. While we do earn a profit in years when the weather cooperates, not so in other years when it doesn't, our primary focus is, and always has been, on being a positive influence in the community and a welcome respite from the challenges and responsibilities of everyday life.

I would urge that the Legislature reconsider the decision to reject the necessary repairs at the ballpark and work cooperatively with us on a plan that will assure the continuation of the Renegades in Dutchess County for decades to come.

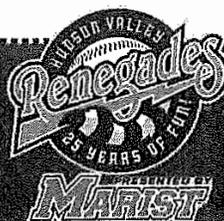
Respectfully,

Jeffrey M. Goldklang  
Vice Chairman, Hudson Valley Renegades

cc: County Executive Marcus Molinaro



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## EXHIBIT II - REQUEST TO WAIVE THE LEGISLATIVE RULES

MARCUS J. MOLINARO  
COUNTY EXECUTIVE



ROBERT H. BALKIND, P.E.  
COMMISSIONER

### COUNTY OF DUTCHESS DEPARTMENT OF PUBLIC WORKS

#### MEMORANDUM

TO: A. Gregg Pulver, Chair of the Legislature

FROM: Robert H. Balkind, P.E., Commissioner of Public Works 

DATE: October 18, 2018

RE: REQUEST TO WAIVE RULES OF THE LEGISLATURE

Pursuant to Rule 4.5 G of the *Permanent Rules of the Dutchess County Legislature* all resolutions authorizing the bonding of expenditures of \$500,000 or more shall be presented at a meeting of the relevant Committee no later than seven (7) calendar days prior to the regularly scheduled legislative committee day and copies thereof shall be placed immediately thereafter in the mailbox of each legislator located in the legislative office. The Department of Public Works is respectfully requesting that this rule be waived for the following two Resolution Requests:

- Capital Funding for Improvements and Repairs to Dutchess Stadium, Fishkill, NY
- Supplemental Funding for the Dutchess Community College Educational Hangar at the Hudson Valley Regional Airport

The Resolution Request for Capital Funding for Improvements and Repairs to Dutchess Stadium is time sensitive in that in order to have stadium seating replaced in time for the 2019 baseball season which commences on or about June 1, 2019, the requested funding needs to be approved before December 2018 so that the Department can procure consultant services and solicit bids for construction of said improvements to allow for construction completion by June 1, 2019.

The Resolution Request for Supplemental Funding for the Dutchess Community College educational hangar at the Hudson Valley Regional Airport requires the County's commitment to the requested supplemental funding before DCC can petition SUNY for the matching supplemental Capital Funds. In order for DCC to petition SUNY for said funding, DCC will need Dutchess County's commitment prior to December 2018.

For the reasons listed above, this office is requesting a waiver of the Rules of the Legislature to allow the Full Legislature to consider these two Resolution Requests at the November 13, 2018 meeting without the 7-day consideration by the relevant Legislative Committee.

Please do not hesitate to contact me with any questions or concerns you may have.

RB/lh

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**EXHIBIT III - REQUEST FOR FUNDING**  
*ATTACHED TO RESOLUTION 2018288*

MARCUS J. MOLINARO  
COUNTY EXECUTIVE



ROBERT H. BALKIND, P.E.  
COMMISSIONER

**COUNTY OF DUTCHESS**  
DEPARTMENT OF PUBLIC WORKS

**MEMORANDUM**

TO: W.F.X. O'Neil, Deputy County Executive  
FROM: Robert H. Balkind, P.E., Commissioner   
DATE: September 21, 2018  
SUBJECT: RESOLUTION REQUEST – CAPITAL FUNDING FOR  
IMPROVEMENTS AND REPAIRS TO DUTCHESS STADIUM,  
FISHKILL, NEW YORK

The Department of Public Works is seeking funding for essential improvements to Dutchess Stadium. The improvements include repairing the concrete stadium seating area replacing all of the stadium seating and improving the parking lot. The stadium was built between January and June 1994, and holds 4500 spectators. The stadium is approaching 25 years old, and there has been no major rehabilitation or upgrade projects undertaken since its original construction, with the exception of a playing field replacement project in 2014.

The concrete seating area has deteriorated over the years and now water is penetrating the structure, causing spalling, cracking and allowing water to leak through the structure into the areas below the structure (bathrooms, storage areas, mechanical rooms, etc.) The seats are original to the construction in 1994 and are beyond their useful life. Many seats are broken and pose a safety hazard to spectators. Some seats have been removed or are no longer in service due to their condition. Stadium seats typically last 15-20 years and the seats at Dutchess Stadium have been in use for 25 years. Since the seats need to be removed to repair the concrete seating structure, it makes sense to replace the seats within this project.

The parking lot surrounding the stadium is a mix of paved, gravel, and recycled asphalt milling surfaces. There is poor drainage and the surface is difficult to traverse for visitors with mobility challenges. The non-paved surfaces require regular maintenance which costs the County additional labor and equipment expenses. There is currently no lighting throughout the parking lots so visitors exiting the stadium at night must walk through a dark parking lot. The parking lots will be improved with asphalt pavement and/or oil and stone treatments, and new drainage and lighting will be added. The parking lot will be designed to increase parking spaces, improve ADA accessibility, and enhance vehicle and pedestrian safety.

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[www.dutchessny.gov](http://www.dutchessny.gov)

The Hudson Valley Renegades operate Dutchess Stadium through a lease agreement with Dutchess County. The lease, including the current lease extension agreement, is set to expire on December 31, 2018. The County and the Hudson Valley Renegades are in discussions to re-negotiate the lease. An underlying condition of a renewed lease is the completion of certain capital facility improvements, some of which are described above. In late 2017 the County successfully applied for and received a CFA grant for capital improvements at Dutchess Stadium. The grant includes \$7.5M in project costs funded by \$1.5M (20%) in state aid with the remaining \$6M (80%) provided by the County. The County's \$6M contribution will be partially offset via revenue created under the new Hudson Valley Renegades lease over a 20 year lease period.

In 2018 the Hudson Valley Renegades employed the firm of Ballpark Design Associates to develop conceptual plans and estimates for various capital projects at Dutchess Stadium. The work description and estimates are:

1. New stadium seating: 4500 seats @ \$130 ea = \$585,000
2. Repair of concrete seating structure = \$615,000
3. Repair/resurfacing of parking lots with new lighting and drainage = \$1,300,000
4. Soft costs (engineering design and construction management) = \$500,000

This \$3M request for capital funding is part of the \$7.5M CFA project total. As such, the County is eligible for reimbursement of up to 20% of project costs, or \$600,000, from New York State. These improvements must be authorized expeditiously in order to complete the work in time for the 2019 summer season. Should funds be available, this project may also include construction of signage.

## EXHIBIT IV - AGREEMENTS

**Contract #07-0026** dated December 21, 2006 – Occupancy agreement for the time period 1/1/2007-12/31/2016 between **Dutchess County and Hudson Valley Renegades** (Club) gives the Club exclusive right to occupy and use the Stadium and all its facilities for the purpose of operating a professional baseball team and conducting or arranging other events.

Pertinent provisions of Contract #07-0026

- Annual Rent in the amount of **\$258,000**, payable as follows: \$60,000 payable on or before June 30<sup>th</sup> each year; \$100,000 payable on or before September 30<sup>th</sup> of each year, and the balance payable on or before December 15<sup>th</sup> of each year. In the event the Club's season is changed to a long season, then the parties agree they will enter negotiations to increase the fixed rent amount paid to County.
- Additional rent for each mass gathering: (a: \$5,000 for each event where there are more than 1,500 paying attendees; b: \$7,500 for each mass gathering where there are more than 3,500 paying attendees; c) \$10,000 for each mass gathering where there are more than 5,000 paying attendees.)
- Utility Costs which include water, sewage and heating - Club will be billed each month on a monthly average basis against the following caps: \$24,000 per annum for the period 2007-2010; \$28,000 per annum for the period 2011-2016.
- Electric Costs - The club is responsible for the payment of all electric costs attributable to its usage.
- Parking - The Club has exclusive right to retain revenues for baseball games and other events and activities at the Stadium.
- Concessions - The Club has exclusive right and obligation to operate food, beverage and other concessions for baseball games and other activities at Stadium.
- Advertising - The Club is entitled to receive all revenues from advertising, sponsorships and promotions related to baseball games, events and other activities at the Stadium provided they adhere to all requirements listed in agreement. (A11)
- Naming Rights - In the event this was done the net proceeds would be divided equally between the County and the Club. (A13)

**Amendment A1** dated August 14, 2015, allowed the Club to host 3 football games sponsored by the Fall Experimental Football League (FXFL).

**Amendment A2** dated December 13, 2016 – Extend occupancy 1 year to 12/31/2017

**Amendment A3** dated July 20, 2018 – Extend occupancy 1 year to 12/31/2018

Both parties recognized repairs and capital improvement were necessary to restore the Stadium to a first-class Minor League baseball facility before a long-term lease could be signed. Additionally, the parties mutually understood a funding commitment was necessary for a long-term lease to be negotiated. The Legislature via Resolution No. 2018288 authorized the issuance of serial bonds to fund improvements; specifically, the seating bowl, replacement of stadium seating and improvement to the patron parking area. This resulted in a 5-year lease being negotiated.

**Amendment A4** signed April 1, 2019 renewed the lease for the term January 1, 2019 – December 31, 2023 enabling both parties to benefit from the improvements to the Stadium.

**Contract #09-0057** The County leases approximately 21 acres of real property from the **Board of Education of the Beacon City School District**. This lease was signed in 2009 when the Hudson Valley Stadium Corporation (HVSC) terminated its lease with the Beacon City School District. This lease expired in 2018. There is a Memorandum of Understanding (MOU) with the BCSD to extend the lease with Dutchess County to December 31, 2020 to provide time for the County to settle contract negotiations with Keystone Professional Baseball Club, Inc. d/b/a Hudson Valley Renegades.

**EXHIBIT V - H0526 BOND FUNDING**  
*AS ESTIMATED FOR RESOLUTION NO. 2018288*

Stadium Improvements

Year	PRIN O/S	PRIN PAYMENT	INTEREST	TOTAL
1	\$2,424,000	\$96,960	\$91,385	\$188,345
2	2,327,040	96,960	87,729	184,689
3	2,230,080	96,960	84,074	181,034
4	2,133,120	96,960	80,419	177,379
5	2,036,160	96,960	76,763	173,723
6	1,939,200	96,960	73,108	170,068
7	1,842,240	96,960	69,452	166,412
8	1,745,280	96,960	65,797	162,757
9	1,648,320	96,960	62,142	159,102
10	1,551,360	96,960	58,486	155,446
11	1,454,400	96,960	54,831	151,791
12	1,357,440	96,960	51,175	148,135
13	1,260,480	96,960	47,520	144,480
14	1,163,520	96,960	43,865	140,825
15	1,066,560	96,960	40,209	137,169
16	969,600	96,960	36,554	133,514
17	872,640	96,960	32,899	129,859
18	775,680	96,960	29,243	126,203
19	678,720	96,960	25,588	122,548
20	581,760	96,960	21,932	118,892
21	484,800	96,960	18,277	115,237
22	387,840	96,960	14,622	111,582
23	290,880	96,960	10,966	107,926
24	193,920	96,960	7,311	104,271
25	96,960	96,960	3,655	100,615
<b>TOTAL</b>		<b><u>\$2,424,000</u></b>	<b><u>\$1,188,002</u></b>	<b><u>\$3,612,002</u></b>
<b>AVG. PER YEAR</b>		<b>\$96,960</b>	<b>\$47,520</b>	<b>\$144,480</b>

**FISCAL IMPACT STATEMENT**

TOTAL PRINCIPAL	\$2,424,000	
ANTICIPATED INTEREST RATE		3.77%
TERM 25 YEARS	ANTICIPATED FEES:	\$24,000
ANTICIPATED ANNUAL COST (PRIN + INT):		\$144,480
TOTAL PAYBACK (ANNUAL COST x TERMS):		\$3,612,002

PREPARED BY HEIDI SEELBACH

# EXHIBIT VI - EMPIRE STATE DEVELOPMENT PROJECT BUDGET

## II. PROJECT SPECIFICS

- a) **Project Description:** A multi-phased repair and enhancement of Dutchess Stadium, including infrastructure and parking improvements, seating and lighting replacements, existing facility upgrades and the addition of new amenities.
- b) **Estimated Schedule:** Begin: December 13, 2017  
Complete: January 2022  
Estimated ESD Directors' Approval: February 2022

## III. PROJECT BUDGET

You have informed us that the following costs will be incurred to complete this project. It is understood that these costs are estimates, based on the best information available to date. If these figures change, please inform your ESD contact as soon as possible.

Construction / Renovation	\$9,125,000
Furniture, Fixtures, and Equipment:	\$1,035,000
Architectural/Engineering/Soft Costs:	\$1,785,000
<b>Total Estimated Cost:</b>	<b>\$11,945,000</b>

## IV. ESD INCENTIVES

### Regional Council Capital Fund – Capital Grant – Project #AC937 / CFA #73000

- a) **Amount:** \$1,500,000
- b) **Use of Funds:** Reimbursement for a portion of construction/renovation costs.
- c) **Requirements:** Funds will be disbursed in lump sum upon project completion, as described in Sections II and III above and as evidenced by attainment of a certificate of occupancy and/or other documentation verifying project completion as ESD may require, and documentation verifying project expenditures of at least \$11,945,000.

All disbursements require compliance with program requirements and must be requested by no later than April 1, 2022. Expenditures incurred prior to project award date of December 13, 2017 are not eligible project costs and cannot be reimbursed by grant funds.

The Grant is being offered in connection with the project as described in the CFA and funds will only be made available for projects that are undertaken as described in the CFA, except as expressly authorized by ESD.

## EXHIBIT VII - DETAIL OF OTHER CAPITAL PURCHASES

2015 - 2020

### Capital Account H0372

Resolution No. 206327 signed 12/06/2006 established the creation of Capital H0372 for the construction and reconstruction of park improvements with the Stadium Improvements line 3130 receiving an appropriation of \$1,500,000 and revenue from Serial Bonds. The Serial Bonds would be paid from the operating appropriations according to the resolution. Bond and interest expense are shown in the Parks/Stadium operating expenses each year. (The funding for the Stadium Improvements was a part of the entire capital account H0372 which also allocated funds for Other Parks Improvements.

#### **Observations:**

From inception through 2020 a total of \$1,488,029 was reported as expended for Stadium Improvements which included: \$1,415,085 for Stadium Improvements and \$60,440 for Professional Services provided to the Stadium, \$12,504 was unspent at the end of 2019 and carried over into 2020; \$11,971 was transferred to other Park projects.

For the period audited (2015 to 2020) a total amount of \$ 25,959.37 was expended as per the details below:

Capital Project H0372 - Stadium Improvements		
Vendor	Description	Amount
Applied Landscape Technologies Inc	Miscellaneous	\$10
International Bronze Plaque Co	Miscellaneous	5
NYS Department of Environmental Conservation	Miscellaneous	128
PSH Corp DBA John Herbert Co	Removal and Installation of Carpet	13,528
Clair Bros Audio System Inc dba Clair Solutions	Sound Reinforcement System Renovation	12,176
Lowe's Home Centers	Miscellaneous	<u>102</u>
<b>Total Stadium Improvements - H0372</b>		<b>\$25,949</b>

### Capital Account H0373

Resolution No. 206248 signed 9/20/2006 established the creation of Capital H0373 for Stadium Improvements including repairs and maintenance with a useful life of three years or more. This resolution stated Dutchess County would take a more active role in the operation of the Stadium thus eliminating the services from the Hudson Valley Stadium Corporation (HVSC). Funding totaling \$431,050 was provided from: \$156,050 from the Stadium Holding account; \$25,000 from 2006 rent; \$250,000 from the Keystone 10-year lease. (*Capital H0373 was closed 2/1/2019*).

*A 10-year agreement was signed between Dutchess County and Hudson Valley Renegades (Club). The Club's annual rent of \$258,000 included: \$134,000 for debt service, \$99,000 for operating expenses and \$25,000 appropriated to H0373 for improvements and repairs.*

From inception through 2019, a total amount of \$355,288 was spent on capital improvements. Expenditures for this time period included: HVAC replacements, lighting, re-sodding, fencing, installation of a drainage system. The balance of \$75,762 was transferred to equipment and professional service expenses within H0373.

Capital H0373 was completed and closed 2/1/2019.

For the period audited (2015 to 2019) a total amount of \$169,403 was expended as per the listing below:

Sound renovation, air conditioning, electrical upgrades, backdrop netting, bleacher and ramp design

<b>Capital Project H0373 - Stadium Improvements</b>		
<b>Vendor</b>	<b>Description</b>	<b>Amount</b>
Bulldog Concrete LLC	Concrete	\$1,625
Clair Bros Audio Systems Inc	Sound System	95,051
Dutchess Tel-Audio Inc	Sound System	2,640
United Refrigeration	Air conditioning	7,980
Veith Enterprises, Inc	5 Electric circuits to PA booth	5,200
Lowe's Home Centers, Inc	Stadium Ramp	91
Home Depot Credit Services	Miscellaneous	209
Wapp Falls Shopper Inc, dba Southern Dutchess News	Advertisement	<u>61</u>
<b>Total Stadium Improvements - H0373</b>		<b>\$112,857</b>

<b>Capital Project H0373 - Professional Services Consultants</b>		
<b>Vendor</b>	<b>Description</b>	<b>Amount</b>
Technical Design Group LLC	Sound Renovation	\$19,950
HVEA Engineers	Design Bleacher	9,305
Swartz Architecture, DPC	Design ADA Ramp	<u>2,900</u>
<b>Total Professional Services Consultants - H0373</b>		<b>\$32,155</b>

<b>Capital Project H0373 - Other Equipment</b>		
<b>Vendor</b>	<b>Description</b>	<b>Amount</b>
C& H Baseball Inc	Backstop Netting	\$24,391

## Capital Account H0450

Resolution No. 2013037 signed 3/11/2013 established the creation of Capital H0450 with Stadium Improvements line 3130 receiving an appropriation of \$1,000,000, the entire amount was funded with Serial Bonds. Bond issuing costs totaling \$10,000 were added for a total of \$1,010,000. This account was opened in 2013 for the replacement of the field with artificial turf and incidental improvements. The resolution stated the period of probable usefulness of the bond was 15 years. Funds were expensed as follows:

<b>Capital Project H0450 - Expenses</b>						
<b>Acct</b>	<b>Description</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>Totals</b>
3130	Stadium Improvements	\$924,999.44	\$ -	\$1,301.56	\$ -	\$926,301.00
3900	Bond Issuing Costs	8,732.51	-	-	-	8,732.51
4401.105	Professional Svcs Consultants	74,925.79	39.71	-	-	74,965.50
9000	Interfund	-	-	-	0.99	-
<b>EXPENSE TOTALS</b>		<b>\$1,008,657.74</b>	<b>\$39.71</b>	<b>\$1,301.56</b>	<b>\$0.99</b>	<b>\$1,010,000.00</b>

Funds were primarily expensed in 2013 for the field replacement which was comprised of the expenditures to the landscape vendor charged to Stadium Improvements and the engineering costs which were charged to the Professional Services line.

For the period audited, a total amount of \$1,302 was expended and charged to the Stadium Improvements line. Expenditures were incurred in 2015 for a POW/MIA "Chair of Honor" which included the chair, stanchions and ropes and a plaque designating the symbolization.

<b>Capital Project H0450 - Stadium Improvements</b>		
<b>Vendor</b>	<b>Description</b>	<b>Amount</b>
Commercial Card Solutions	Chair, stanchion & ropes	\$798
International Bronze Plaque	Plaque	514
Applied Landscaping	Misc Adjustment	(10)
<b>Total</b>		<b>\$1,302</b>

## EXHIBIT VIII - DEPARTMENT RESPONSE

MARCUS J. MOLINARO  
COUNTY EXECUTIVE



ROBERT H. BALKIND, P.E.  
COMMISSIONER

DAVID C. WHALEN  
DEPUTY COMMISSIONER

### COUNTY OF DUTCHESS DEPARTMENT OF PUBLIC WORKS

November 12, 2020

Robin Lois, Comptroller  
County Office Building, 3<sup>rd</sup> Floor  
22 Market Street  
Poughkeepsie, NY 12603

RE: Audit of Dutchess Stadium Finances

Dear Comptroller Lois:

I wish to thank you and your staff for conducting a complete audit. Unlike most other facilities within the County's inventory, Dutchess Stadium is unique in that the stadium building is owned by the County, situated on land leased from the Beacon City School District (BCSD), and is operated by Keystone Professional Baseball Club, Inc. (Hudson Valley Renegades). The relationship between all three entities is defined by a series of lease agreements and amendments/extensions thereto, which are all interrelated and interdependent. The Department and County Administration have begun the process to purchase the property, which will remove one of the three entities and simplify the relationship between the County and Hudson Valley Renegades. It must also be noted that the County has diligently pursued a long-term lease agreement with the Hudson Valley Renegades and was moving toward mutually satisfactory lease terms through the early part of 2020. Two major unanticipated events caused this negotiation process to become delayed. The first was the global Covid-19 pandemic, which suspended minor league baseball games for the entirety of the 2020 baseball season. The second was the announcement by Major League Baseball that there would be a restructuring and reorganization of minor league baseball. These two events dramatically shifted the landscape of minor league baseball, and therefore it became futile to attempt to re-negotiate a new long-term lease between the County and the Hudson Valley Renegades amidst the uncertainty. However, the County and the Hudson Valley Renegades have continued to maintain an open dialogue in an effort to expedite negotiations once some of this uncertainty has passed.

The current state of uncertainty also delayed the negotiation of a new lease or purchase agreement with the City of Beacon School District for the land on which the stadium was built. Here again, the County and the School District have kept an open dialogue in order to facilitate a new lease or purchase agreement once some of the uncertainty subsides. It is the Department's and Administration's intent to purchase the property on which the stadium lies and enter into a long-term lease with the Hudson Valley Renegades. The County and the BCSD jointly conducted an appraisal of the property and are beginning the negotiation process for the purchase. It is also the intent to negotiate a long-term lease providing revenue to offset the County's operating and capital debt service, and to secure the financial well-being of the stadium while providing affordable family-friendly entertainment for the residents of Dutchess County and the surrounding region. In doing so, Dutchess Stadium will continue to drive economic activity, while providing entertainment, employment and sales tax revenue for decades to come.

The Department offers the following response to the Draft Audit of Dutchess Stadium Finances dated November 4, 2020:

1. The County has been working diligently with both the Hudson Valley Renegades and the Beacon City School District to negotiate leases/purchase agreements since 2019. Both the Covid-19 pandemic and Major League Baseball's commencement with a restructuring of Minor League Baseball have hampered the County's efforts to complete these negotiations. However, it should be noted that the County has been actively and consistently pursuing both agreements throughout 2019 -2020 and will continue to do so.
2. When presenting the funding request and grant information to the Legislature in November 2018 the Administration advised the Legislature that the funding request was for only a portion of the total ESD approved project. Another \$4.5 million of the ESD approved project funding was to be requested upon execution of a long-term lease with the Hudson Valley Renegades. The Administration intends to seek additional funding authorization from the Legislature in accordance with the ESD grant for a total of at least \$7,500,000, in order to maintain the \$1.5 million grant (ESD grants cannot exceed 20% of the project), as noted in the capital plan and as part of a new long-term lease agreement. There is a process for amending ESD grants, but the project has to be 50% complete and final in terms of budget and scope. This project which is not scheduled to go before the ESD board until February 2022 continues to evolve. The recent affiliation announcement which has been anticipated for some time, will allow the County to move more specifically and expeditiously toward a budget and scope that can be submitted to the Legislature for approval. It's important to note that other significant investments have been made, and more are likely to be made, to the stadium by the tenant as part of the overall project to enhance the fan experience. These investments will be counted towards the total project, which at project completion, will equal if not exceed the total project cost originally proposed to ESD. The Administration has been in constant contact with ESD regarding the project and its evolution. ESD remains excited by not only the improvements that have been made thus far but also by the recent announcement. The Administration is confident ESD is committed to the project and the \$1.5 million award.
3. The Department has been working with the Hudson Valley Renegades to develop a lease payment plan for the revenue owed to the County for the 2020 baseball season. As you know, the Covid-19 pandemic and subsequent cancellation of the 2020 baseball season eliminated most of the ball club's 2020 revenues. In the spirit of fairness and cooperation, the Department is trying to establish a modified lease payment structure for 2020 lease payments that are reasonable for the ball club, allow for them to remain a viable and solvent entity moving forward, maintain their desire to continue to operate Dutchess Stadium and assure the taxpayers interests are protected. The Department will continue towards these goals as we collect the lease payments owed to the County.
4. Your audit categorizes the county cost of operating this County park as a "net deficit". All County parks are supported by and paid for by the County. Although we have a partner that operates the Dutchess Stadium, the County is still responsible for maintaining this County park similar to other County parks and the cost of operating it is a County cost, not a net deficit. Additionally, only enterprise funds or departments that get reimbursement from the State or Federal government for their operational costs are charged directly for Maintenance in Lieu of Rent costs.

See Note 1  
on Page 30

See Note 2  
on Page 30

In closing, the fiscal data appears to be accurate. The Department and the Administration will review your recommendations. While some of the recommendations are currently being addressed, they will all be reviewed and explored for implementation to better further the Stadium's financial and operational well-being. Thank you for the opportunity to offer this response to the Dutchess Stadium Draft Audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "Robert Balkind".

Robert H. Balkind, P.E.  
Commissioner

c: D. Whalen, DPW Deputy Commissioner  
M. Aldrich, DPW Director of Budget and Finance

## Comptroller's Office Response to Department Comment

**Note 1:** You note that ESD grants cannot exceed 20%, and that the Administration has budgeted this Capital Project to meet that level of support to this point. However, our finding is that the project authorization and funding levels do not match the underlying grant agreement; the project grant agreement is for a project totaling \$11,945,000 with support of \$1,500,000 (see *Exhibit VI*).

Additionally, you note that investments will be made which “will equal if not exceed the total project cost originally proposed to ESD.” However, the 2021 Capital Improvement Program does not reflect this; the total investment from all sources, according to the plan, does not exceed \$7,500,000. If the County does plan on investments being made to the Stadium, as a County asset, exceeding \$11,945,000 prior to the project being reviewed by ESD in 2022, those costs should be included in the Capital Improvement Program. Any investment made by a third-party or private entity should be reflected as a separate category of funding for tracking improvements to capitalize against the asset. This, again, reiterates that proper planning and estimates are not being presented to the Legislature and the public in the Capital Improvement Program, and that known investments are being omitted.

**Note 2:** Your note that the Stadium is a County Park supported by the County, and costs of operating that park being a County cost are well taken; however, we also recognize that the Stadium is unique among County Parks – it is not open to the general public for regular enjoyment, and is instead operated under a lease agreement by a non-governmental, for-profit entity. Therefore, the costs of operating this County Park can and may be construed as an operational subsidy for that for-profit entity, and it is important to convey to the public the taxpayer costs associated with that operation.

We believe that the presentation of the “net deficit” - including MILR costs borne by the Department of Public Works - represents a fair and accurate representation of the costs for maintaining this facility as a County Park. Additionally, it is consistent with the Administration’s own representation of the Stadium Financials; the Deputy County Executive in his presentation to the Legislature on November 8, 2018 represented the financials of the stadium as a “Favorable / Unfavorable” to the County<sup>1</sup> – the same representation this report makes with the “net deficit” calculation.

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<sup>1</sup> November 8, 2018 Presentation to the Legislature. Slide 42  
<https://www.dutchessny.gov/Departments/County-Legislature/Docs/PW11-08-18.pdf>



**DUTCHESS COUNTY COMPTROLLER**  
*ROBIN L. LOIS, COMPTROLLER*

**22 MARKET STREET  
POUGHKEEPSIE, NEW YORK 12601**