AIDA
Auburn Industrial Development Authority

James A. Dacey
Chairman

24 South Street
Auburn, NY 13021

PHONE
(315) 255-4115

FAX
(315) 253-0282

MEETING MINUTES
AUBURN INDUSTRIAL DEVELOPMENT AUTHORITY
Monday, August 27, 2012 @ 4:00 PM
Third Floor Training Room
Memorial City Hall

Board Present: James Dacey (Chair & Member of Business); Sue Chandler, (Member of Labor); William Graney (Council Member); Matthew Smith (Council Member);; Amanda Sigona (School Board Member)

Excused: Laurie Didio (At- Large Member); Michael Kane (Member of Industry); Frank DeRosa (At-Large Member)

Staff: Jennifer Haines, AIDA Executive Director; Rick Cook, Hancock and Estabrook

Guests: Doug Selby, City Manager; Terry Masterson, Executive Director, Cayuga Economic Development Agency

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James Dacey, Chairman, opened the meeting at 4:20 PM. Jim introduced new AIDA Board member Amanda Sigona, School Board Member, to the rest of the Board. Amanda will be filling out the rest of Bill Andre's term, which expires on December 31, 2012.

1.) ~ Approval of Minutes

The approval of minutes from August 13, 2012 will be held when a quorum of Board members from that meeting is present.

2.) ~ AIDA Strategic Planning

Jim introduced the strategic planning discussion, and directed board members to packets, and strategic planning binders where the Uniform Tax Exemption Policy (UTEP) is outlined.

Jim mentioned that one item that will have to change is item #2 in the Deviation Criteria, as there are no longer Economic Development Zones.

Jim wanted to discuss the jobs requirement, item #5 in the Deviation Criteria, the extent to which a project will create or retain a certain number of permanent jobs. The recapture policy also references that a portion of the benefits obtained must be repaid by the Borrower if a substantial number of jobs are transferred out of the City. Jim mentioned that there had been discussion during the Calamar and Currier projects that we should be creating jobs when we are giving a PILOT.

Jim's feeling is that we shouldn't put that kind of pressure on a company that has come forward for a PILOT. If we don't have enough faith in a company that they are going to create jobs, then we shouldn't be even looking at a PILOT. Job creation shouldn't be a leverage item against a company when we are discussing PILOTS.

Sue said there shouldn't be a specific number of jobs, but that we should put something about creating jobs in the Agreement. Sue said that there could be spin-off job creation to other companies.

Bill said that we should hold companies to jobs they put in their application.

Matt said that we give a lucrative PILOT in order to bring in jobs and expand the tax base. If they are not meeting minimum criteria, then what is the sense of giving a PILOT.

Jenny talked about having other criteria than job creation, including potential sales growth and profit. As many companies are automating and going through lean manufacturing processes, these could be indicators that are used.

Matt said we are going to benefit if they are hiring people or expanding the tax base. We need more people paying taxes.

Jim said that it was difficult to come up with criteria to put jobs on the table. Matt said we would just follow the same process with Xylem, to reduce minimum requirements if needed.

Jim said there should be language in there about job creation; Bill said they should be held to a standard. Matt added that we should look at it on a case by case basis.

Rick mentioned that he had been involved in a project where the company triggered recapture, and the company was required to explain to the board why they didn't meet the targets. Then the IDA could decide to hold them to it, relax the job creation requirements, or decide to go to arbitration. For example, there could be clauses written into the Agreement that allow for requirements to be revised for the loss of a big contract, etc.

Jim said that there should be language in the application that tells them that they should expect that job numbers will be used in negotiating for the retention of benefits. That will prompt them to use more thought.

Amanda asked if the job creation information was collected. Jenny said that job creation information is collected annually for audit and state reporting purposes. There was discussion about collecting additional data on local suppliers, sales tax, etc. in the agreements.

Rick and Jenny will come up with some language to add to the application.

Jim referenced the handout that had been developed over several Board discussions and asked if there should be any changes or amendments (see attached). Jenny explained the structure of the worksheet.

Matt talked about tiered structure. For example, Currier is a strong manufacturing company. What about a company with riskier financials? Jim said we should determine if we even give them a PILOT. If financials don't support it, then we shouldn't. Matt asked how we would want to look at a middle of the road company for their financials.

Jim said that the Board should look at policies on a yearly basis. We should do some policy work every year.

Matt further discussed the tiered system, with strong companies, middle of the road companies, and weak companies. Rick has seen a scoring system within different manufacturing or commercial areas, which would give flexibility within each category. Matt asked about the potential of a rubric.

Bill asked Doug Selby for input, based on his previous experience in Las Vegas. Doug said Nevada used Tax Increment Financing (TIF), which looked at economic impact, tax base, jobs, income generation, but it wasn't industry specific. It was tied to reporting, and companies needed to continue to perform. It depended on the generation of increasing tax base. Revenue was generated and then went back into infrastructure.

Jenny noted Erie County's structure for project review and asked if the Board wanted their criteria in that type of structure. There was consensus. Bill Graney added that whenever we give a PILOT, we should note the impact it has on the tax structure.

Jim talked about the Comprehensive Plan, that developers should show how the project is part of the Comprehensive Plan goals. Jenny noted that can be a criteria for AIDA review, and it is part of SEQRA review for projects that are in front of the Planning Board.

Rick said that we could combine some categories to make it somewhat easier. For example, tourism could be part of commercial instead of called out separately.

Sue said that it would be easier for companies to see what category they fit into when these are looking for incentives.

Rick suggested combining adaptive reuse, mixed use, and retail. Put tourism into commercial. All projects can be scored based on different criteria.

<u>The next meeting on strategic planning will be on Monday, October 1, 2012, 5:00 pm.</u>

3.) ~<u>Economic Development Consolidation Discussion</u>
Doug Selby said that there was a joint meeting of the City Council and County Legislature, and he will recap the major points that came out of the discussion. Then he will have AIDA talk about their response to that.

Following are the areas generally viewed as having consensus:
1. Marketing, outreach and research – Identify and catalog our assets and resources, so they can be linked and be used as selling points.
2. Objective research on Economic Development issues, SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis

3. Focus on retaining current business and residents, but not exclude recruiting new businesses
4. Agile, responsive, accommodating ED agency
5. Capital and innovation will be critical to success.
6. CEDA should not be a "first of five stops" entity. We need to create a "one stop."
7. There is a need for City and County cooperation because of mutual benefits gained.
8. Reduce ED duplication and services.
9. Cayuga County is unique and diverse, and needs to look at its own strategies and not carbon copy what someone else has done.

Doug then outlined the action steps. Each ED agency needs to provide the following:

- History of when and why the agency was created
- SWOT analysis (what does each agency bring to ED)
- Unique processes and services
- Discussion of processes and services that may be duplication
- Suggestions for reorganization.

The goal is to re-convene a joint meeting on Wednesday, October 17, 2012. Doug and Tom Squires, County Administrator, have put together a matrix to bring together information in a joint format, apples to apples.

Matt said that on October 17, we need to narrow down as much as possible what we need to talk about. Everyone should have known that the meeting on August 15 would not come out with a plan at the end. We need to keep narrowing down to a specific item, specific topic, and look at formulating a concrete plan. Ideas are good, and things will evolve from there. This should be a brainstorming session with two or three different topics.

Jim mentioned that CEDA has a strategic plan, and it talks about "one stop." That is a good place to draw on where we should be going. The plan also talks about goals in the City and County, so we should draw on that document. The plan also has input from people who have been involved in Economic Development. We don't need to reinvent the wheel. Have the comparison done, and make it available. It will point out some strengths and weaknesses. Then use the strategic plan, which brings together entities, and shows how best to bring them in and reduce the amount of agencies.

Terry Masterson said that one of the things the plan brings out is the limited land and buildings that we collectively have to respond to inquiries and marketing. That item begs a bigger question of where the money will come from to get the infrastructure ready. The money will come back when companies are attracted here. We need to work to a common goal.

Matt asked about the size of properties that are deficient in infrastructure. Terry said a business park needs to be located in the center of the County, but it won't be in Auburn. The site needs to be near assets like rail, etc.

Jim said we need to direct entities to the strategic plan. Terry said that if we agree to our needs and goals, then all will fall into place.

Doug said we are directed to provide elected officials with data as to our current assets and resources. Some agencies may have ideas about consolidation.

Matt agreed that we need to know what we have, then figure out where funding is going to come from. He asked how the agency would be funded, and where the funding is coming from now. Terry answered that the funding is coming from the County, $225,000 per year. Matt said that number will need to expand in order to provide proper staffing. For the marketing and attraction piece that the new agency would take on, it's not like we will eliminate Planning & ED in the City and the County because of other roles they play. Business Retention is a huge piece, but we will alleviate the marketing and attraction pieces, and take on that responsibility with the new agency. City and County offices will keep retention. So the new agency would then do all marketing and attraction.

Jim said that negates the idea of a "one stop." Retention projects need to go to the one stop too, so that there is one place for all types of projects to go.

Matt said that projects could go to the one stop, then they would be referred to the different boards, depending on location. Terry said that he is responding to a project inquiry going to a County location, and he needs to respond to the price of water and sewer, so that all can see the costs of everything. The business would deal with one person/agency, CEDA. There will obviously be IDA questions that cannot be answered by CEDA

Jim said that Planning offices would still be there to give needed information for inquiries, but one person is still putting it together.

Matt asked if a company wants a shovel ready site, or would it be better not to have a site built out/ customized to their specific criteria. Terry said you have to have some basic infrastructure in place, then you can decide if you put a higher volume in place. We need to change our thinking in how we put resources around it. Matt asked how much is needed to build out a business park. Steve Hyde from Genesee County said that it typically takes between $4-7 million. Cortland County needed $5 million. Both got a lot of money from other resources, including New York State. We are sitting in a good spot and could go after these resources too. NYS is sending out inquiries for vacant acreage near NYS Thruway. Matt said that we need to raise that question, as to whether we are willing to invest.

Jim said there is a misunderstanding about what is shovel ready. Matt said this is a good place to start, need to add the marketing piece. We need some kind of comprehensive 5 minute video to show what Cayuga County has, some sort of marketing tool.

Matt added that the important question is, for the City to benefit from this, we need to look at the sales tax formula. Jim said there are resources that the City has and resources that the County has that no one sees eye to eye on, and we will go nowhere until agreement is determined.

Jim said that Terry has been putting together information on all available infrastructure. This is part of the homework we need to put together.

Doug said that companies are doing site location research on-line, and we need to get that information on-line. We need to know what we have. We need to have substance and reality to respond to inquiries.

Jim said that it is important that people are talking. Matt said that we need to think regional instead of parochial.

Jim added that our goal should be one organization, down the road, in order to put forward a united front.

Jenny asked if there were any further thoughts on structure for a new ED organization. Board members will send thoughts along.

Jenny asked the board to set a date for the next meeting, as an application is expected this week. She will e-mail the AIDA Board with Wednesday, September 12, 2012, 5:00 pm, as a first choice and Monday, September 10, 2012, 5:00 pm, as a backup date.

Matt Smith made a motion to adjourn, with a second from Amanda Sigona. Motion carried unanimously, and meeting adjourned at 5:40 pm.

Respectfully submitted,

Jennifer L. Haines, Executive Director

Category	PILOT years	Sales tax ex.	Mortgage tax ex.	Deviation	Comments
MANUFACTURIN(	10	x	x	*If projected investment is >$5M*	
INDUSTRIAL				Add 1 PILOT year per $1M add. investment, tops 20 years	
				If projected employment is >25 people	
				Add 1 PILOT year per 5 add. People, tops 20 years	
				Potential additional criteria to include level of salary,	
				future tax benefit (assessment)	
				If property/building is contaminated/abandoned for 5+ years	
				Define Durable Goods & Consumable Goods (see attachment)	
				Add ???	
COMMERCIAL	10	x	x	Same deviation criteria as manufacturing	Distribution, suppliers
				10-15 years for Commercial A (Wholesale, warehousing,	Software dev, Call Center
				Distribution)	Utilize 485b when applicable
				7-10 years for Commercial B (Retail, Office providing goods	
				and services lacking in the area, distressed areas or	
ADAPTIVE REUSE	10	x	x		Distressed or blighted area
					Comp Plan
MIXED-USE	7	x	x	Eligible for 10 years if project meets additional criteria	485 A (when applicable) if enacted by all jurisdictions
				(Deviate up to 15 years)	
RETAIL	5	x	x	Eligible for 10 years if project meets additional criteria	Market Study, Profit sharing
				(Deviate up to 15 years)	Utilize 485b when applicable
RESIDENTIAL		x	x	10 years if project meets additional criteria (no deviation)	Apartments, senior housing
TOURISM		x	x	(Exemptions on renovation of existing structures)	Arts, entertainment, hotels
Proposed Additional Criteria for Retail/Commercial/Mixed Use Projects:					
(Project must meet one of more threshhold criteria)					
1. Project provides goods or services that primarily serve the manufacturing industry.					
2. Project supports back office, warehousing or IT operations.					
3. Project involves demolition/new construction OR redevelopment of property vacant for 3 or more years.					
4. Project is supported by municipal resolution.					

Other considerations for Additional Criteria:		
Condition of property, customer base, duplicative goods / services		
Standard PILOT:	10 years on added value of improvement/expansion only (Pay current taxes)	
	Payment schedule in increasing % for duration of PILOT	
	If supported by financials, freeze taxes for up to 3 years and roll back in	
	over the life of the PILOT	
	Tie job commitments to every PILOT (except housing).	
Deviation Procedures (Point System Kicks In):		
	Project located in designated distressed area	
	Project involves redevelopment of riverfront property	
	Project involves LEED certification	
	Project involves remediation / redevelopment of brownfield site	
Recapture:	Length according to PILOT timeframe	
	Recapture if jobs fall below 75% of commitment (prorated)	
Requirements:	Balance sheet / financial projections for next 5 years (existing business)	
	Business plan / Financial projections for first 5 years (new business)	
	Bank financing agreement	
	Annual release of employment numbers, sales tax revenue	
AIDA calculation:	Full incentive package (PILOT, sales tax/mortgage tax exemptions)	
	Taxes without development vs. taxes with PILOT	
	$ of incentives per job to be created (NYS IDA avg. $2,650, AIDA avg. ???)	
	Investment/incentive ratio (NYS IDA avg. 15:1, AIDA avg. ???)	