

WASHINGTON COUNTY EMPIRE ZONE DEVELOPMENT PLAN



March, 2008 revision

Washington County Empire Zone

Development Plan

March, 2008 Revision

(Note: This revised development plan incorporates the January 18, 2008 change to the benefit/cost test made by the Commissioner of Economic Development to the statute that governs the Empire Zones Program. This change increases the benefit/cost ratio test for certification of eligibility for Empire Zone benefits to \$20:\$1 from \$15:\$1, ie the applicant business must now demonstrate \$20 of new zone benefits, new wages and investment, for each \$1 of NYS tax credits likely to be claimed. (See sections VII and VIII in this revised plan for the new benefit/cost ratios for certification in the Washington County Empire Zones.) Empire State Development, the NYS agency administering the Zones Program, is considering the implementation of additional Empire Zone policy guidelines that may require further revisions to this development plan.)

Prepared by the Washington County Local Development Corporation
for the
Washington County Board of Supervisors
and the
Washington County Empire Zone Administrative Board

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I. Overview



Washington County is located in rural, northeastern New York State. It contains 17 towns and 9 villages, as depicted in this map and as listed in the table.

The county's population equaled 62,807 residents on July 1, 2004 (U.S. Census Department estimate), a 2.9% increase from 2000. The unemployment rate generally ranges between 4% and 5% of the 28,000 county residents in the workforce. The county's economic base has been historically tied to manufacturing (mainly paper and allied businesses) and agriculture (dairy farming). This

manufacturing base has eroded during the last 25 years, most recently with significant employment losses of at least 735 jobs coming in the medical devices (catheter) sector in the Town of Argyle. Washington County's \$37,688 median annual household income is about at the mid-point for its 12-county, statewide peer group range, but it is generally about \$5,000/year under the level for the counties immediately surrounding Washington and New York State overall. The county is generally participating in the area growth, buoyed principally by the private sector economies in Warren and Saratoga Counties and the public sector jobs with New York State government and education. Prospective development, such as the Luther Forest Technology Park, will create additional development, most likely in the southern part of the county. Generally, the mid to northern portions of Washington County have not participated in this growth to the same extent as the southern and western parts of the county. The Empire Zone marketing program will be targeted to these areas to spur growth and to help with the revitalization of the Villages of Fort Edward and Hudson Falls, areas hard hit by the loss of manufacturing employment over the last generation. The Empire Zone Program (1) is one of the key, economic development tools in chapter X of the Washington County Economic Development Plan and (2) will be

Towns	Villages
Argyle	Argyle
Cambridge	Cambridge
Dresden	
Easton	Greenwich
Fort Ann	Fort Ann
Fort Edward	Fort Edward
Granville	Granville
Greenwich	Greenwich
Hampton	
Hartford	
Hebron	
Jackson	
Kingsbury	Hudson Falls
Putnam	
Salem	Salem
White Creek	Cambridge
Whitehall	Whitehall

counted on to continue to create new jobs and generate additional capital investment.

The target areas proposed for this new Empire Zone development are:

Proposed Zone Development Area	Location in Washington County
1	Villages of Fort Edward and Hudson Falls and Towns of Fort Edward and Kingsbury
2	Town of Kingsbury
3	Town and Village of Fort Ann
4	Town of Granville
5	Town of Hampton
6	Town of Greenwich
7	Town of Argyle

The maps showing these areas are located in section III of the Empire Zone section of the Washington County Local Development Corporation website: www.wcldc.org.

The target business types in these new development zones are:

Proposed Zone Development Area	Target Business Types (in priority order)
1	Manufacturing, traded (distribution, warehousing and commercial) and non-traded (retail)
2	Manufacturing and traded
3	Non-traded and traded
4	Non-traded and traded
5	Traded
6	Manufacturing
7	Manufacturing

The specific action steps targeted to maintain and grow existing businesses in the county and in the existing Empire Zone areas and attract jobs and investment into these new development zone areas are:

- Expand Web and print promotions touting the county's economic strengths and the zone marketing benefits, particularly the wide availability of the 485e Real Property Tax Abatement in most zone areas.
- Extend public water and sewer and 3-phase power (Zones 1,3 and 4).
- Maintain the microenterprise training and LDC loan programs and linkage to local businesses.
- Sharpen the BOCES and WIB training programs.
- Expand tourism in the Villages of Fort Edward and Hudson Falls ("Rte. 4 Corridor") by establishing Zone Capital credit projects in this area.

The key strengths, weaknesses, opportunities and threats shaping this new development zone structure and development plan are:

Strengths

- Large amount of relatively inexpensive, developable property available.
- Generally available labor pool for manufacturing and traded sectors.
- Central location (Vermont to the east, The Adirondack Park to the north, Warren & Saratoga Counties to the west and the Albany region to the south).
- Affordable housing and desirable quality of life.
- Availability of forest products and slate/stone raw materials.
- Paper manufacturing and allied industries base.
- Rail infrastructure availability.
- Continued high rate of small business formation.

Weaknesses

- High non-labor costs (energy and taxes).
- County perception (existing poor impression overall).
- Current lack of infrastructure in more rural areas.
- No county comprehensive plan and an uneven pattern of land use controls.
- Tight supply of labor to support lower paying, commodity sector growth (agriculture, slate/stone).

Opportunities

- Attract investment and jobs from the (1) development of large sports training complex in the Town of Fort Ann as a catalyst project, (2) proximity of large parcels in the Towns of Hampton and Granville for growth from Vermont, (3) increased tourism in the Villages of Fort Edward and Hudson Falls with the development of the Heritage Trail, (4) start of the Hudson River Dredging project, (5) Route 4 reconstruction project through the Villages of Fort Edward and Hudson Falls resulting in improved conditions for business revitalization along the “Route 4 Corridor” and 6) spin-off economic development from Luther Forest Technology Park construction and operation.
- Improve basic workforce skills and training.
- Forge county development guidelines plan through the development of the county-wide Economic Development Strategy (to be completed in 2006).

Threats

- Labor (youth out-migration and lack of technical skills).
- NIMBY growth perception thwarting some rational development.

II. Goals and Strategies

The outcomes we are trying to leverage through the implementation of the new zone development plan are:

- More jobs paying wages and benefits that raise household income, particularly in the mid to northern areas of the county.
- Increased capital investment for a larger tax base and more sales tax revenue.
- Marked economic and physical improvement to the “Route 4 Corridor.”
- Strengthen tourism and retail sectors in the Villages of Fort Edward and Hudson Falls.

The actions to assure these outcomes are:

- Market the three industrial parks in the zone.
- Market the county’s attributes and the zone program benefits, particularly for regional catalyst projects.
- Continue the LDC and microenterprise training and loan programs to maintain the strong rate of small business formation in the county.

- Continue to assist other entities with the development of master plans/land use controls, infrastructure planning and workforce training.

The outcomes will be measured by:

- BAR data.
- NYSDoL QCEW report (overall job growth in Washington County).
- US Census Fact Finder report showing county household income growth.

III. Target Areas and Infrastructure Development

The new development zones were selected based upon the following criteria:

Development Zone	Criteria
1	Availability of developable property with extendable infrastructure in the Fort Edward Industrial Park, “Route 4 Corridor” rebuilding and revitalization with an increased opportunity for tourism growth.
2	15 parcels available with infrastructure for development in the IDA park.
3	Destination catalyst project (\$ 4 million investment Adirondack Golden Goal sports complex) locating nearby to generate new regional sales and zone bordering Village of Fort Ann where infrastructure currently available, directly on Rte. 149 – a main I87/Vermont connecting road.
4	Located on Vermont border to generate new regional sales, bordering Village of Granville with infrastructure available.
5	Located on Vermont Border, rail-served and in slate and stone quarrying region; infrastructure to be built.
6	Located in historic industrial area with infrastructure and rail service available.

7 Use existing modern infrastructured buildings in rural area where 735 catheter production jobs have been lost over the past decade (Note: This is the 7th development zone and is based upon the need to continue to have benefits available to help to provide jobs in an area devastated by the shift of catheter production by Mallinckrodt (400 jobs) and Tyco (335 jobs) to Mexico).

IV. Target Businesses

The Washington County Economic Development Plan targets the following businesses for location in these development zone areas:

Development Zone	Target Businesses
1	Spin-off businesses (eg. equipment maintenance and offices) from Hudson River dredging project, businesses supporting paper manufacturing, recycling, biomass and ethanol production, retail and tourism related along the revitalized “Route 4 Corridor.” (Note: The PCB dewatering site will be adjacent to the Fort Edward Industrial Park, Route 4 will be rebuilt through the area and major tourism project on Rogers Island is being planned.)
2	Manufacturers and traded businesses (Note: These types of traded businesses already exist at IDA.)
3	Non-traded (retail) and traded businesses (commercial), tied to the new destination, regional sports complex catalyst project.
4	Non-traded and traded businesses (retail and commercial) generating about 1/3 new sales from Vermont.
5	Traded businesses (slate, stone and forest products) processing and transportation and biomass and ethanol production.

(Note: A log loading operation has already started at the site using new rail infrastructure.)

6 Manufacturing (principally paper). (Note: A large paper converting facility already operates on the site and a separate paper mill could restart production.) Allied, traded businesses will locate on the developable property.

7 Manufacturing and traded businesses. (Note: About 100 new jobs have been created by the five businesses already located in these two facilities.)

V. Business Development Assistance and Zone Administration

- A. The 485e abatement will be marketed to developers and property owners in the new zone along River Street in the Village of Hudson Falls (an extension of the “Route 4 Corridor” revitalization project) as the zoning changes from residential to commercial in that area.
- B. The 485e abatement will now apply to four, vacant parking lots (two in each of the industrial areas of the Village of Hudson Falls and the Town of Fort Edward) to provide an incentive for a Community Development Project to help to build low-cost housing needed in that area.
- C. The 485e abatement applies on property along the northern portion of the “Route 4 Corridor” in the Town of Kingsbury (north of the Village of Hudson Falls and south of the new Hannaford grocery store) leveraging more commercial and residential development in the northern portion of the corridor.

Human resource development/training

The One-Stop Center Employment and Training staff and the NYSDoL Washington County Jobs Representative are located on the same floor of the Washington County Municipal Center as the Empire Zone Coordinator. New zone job opportunities will continue to be communicated directly to these staffs. The Empire Zone program is also marketed to business owners at the annual Washington County Business Show, organized by the Adirondack Regional Chamber of Commerce. The zone job opportunities are also promoted through the local WIB and BOCES organizations, as well as at Job Discovery, an annual job fair held at Adirondack Community College.

The zone coordinator will continue to work with individual zone businesses to fill specific job needs, such as coordinating with local schools and BOCES staff to identify candidates for open apprentice training positions.

Direct financing

The Washington County Local Development Corporation has committed financial resources to the Empire Zone program through its direct financing programs. Over 60% of the current portfolio includes Empire Zone businesses, \$2+ million investment.

Entrepreneurial training

Offered twice a year, the Microenterprise Assistance Program serves small start-up and existing businesses, providing necessary entrepreneurial training and technical assistance. The program, completing its 11th year, has “graduated” over 500 entrepreneurs, many of whom have located in Empire Zones.

Site selection

New, expanding and relocating businesses are given assistance in locating an appropriate site, including many locations within the Empire Zones.

VI. Community Development (Zone Capital Programs)

The zone will carryover, three Community Development Projects (the Hubbard Block Development in Cambridge, the Pember Museum Expansion in Granville and the Salem Courthouse restoration). Seven tourism and community development related projects in Zone 1 (expansion of the Rogers Island Visitor Center, development of private property on Rogers Island, the Old Fort House Museums, the restoration of the historic Fort Edward Train station, the Washington County Historical Museum, the building of a new Fort Edward Rescue Squad Building and the construction of a new Feeder Canal Interpretive Center) are included in the new zone development plan.

VII. Certification and Benefit/Cost Analysis

A. Basic Job Creation and Investment Certification threshold requirements.

For the IDA Park, there will be a minimum of at least three jobs created and \$ 200,000 investment for certification. We will continue to validate the applicant’s business plan and financing. Other locations will require the creation of at least two new jobs and the investment of

\$100,000 and the validation of the business plan and financing. In the “Route 4 Corridor” retail revitalization, we will be looking for projects that “enhance” the zone (such as rehabilitating a vacant store and starting with part-time employees) and have a valid business plan and financing.

B. Benefit/Cost analysis

The benefit/cost ratio threshold to recommend certification to be eligible to receive Empire Zone benefits shall be at least \$20:\$1. This ratio shall be computed by dividing the sum of the wages and benefits from the new jobs created plus the new capital investment for the first five year period of certification (numerator) by the sum of the tax credits to be taken over that period (denominator). The Washington County Empire Zone Administrative Board could still recommend the approval of certification applications showing a benefit/cost ratio of less than \$20:\$1 if these businesses are part of a Strategic Industry Cluster. These clusters are:

- I. Paper manufacturing (production and machine shops building/maintaining equipment) (NAICS 3221, paper mfg, and NAICS 3327, machines shops).
- II. Fluid milk (dairying) and other agriculture production (feed and crop fertilizer) (NAICS 3115).
- III. Mining (slate and stone mining and products processing) (NAICS 2123).
- IV. Forest products (lumber, plywood, millwork production; logs and woodchip warehousing and transportation) (NAICS 4233).
- V. Medical Equipment, supplies and services – principally to support the catheter production in Warren/Washington Counties (NAICS 3391).

The WCEZAB could recommend the approval of certification applications with a b/c ratio below this \$20:\$1 threshold ratio if this is a target business (or strategic industry, the term in the new statute) or is part of the supply chain in one of these target or strategic industries. This application could also be approved if the applicant business will provide other benefits to the zone such as using the NYS tax credits received to rehabilitate dilapidated buildings in an Empire Zone commercial area. Such an application could be approved for these economic distress justifications. Empire State Development is still determining these economic distress justification policy guidelines. Any certification application projecting a b/c ratio below \$5:\$1 will not be approved.

C. Retail business certification

Retail businesses will only be considered for certification in the following three development areas:

Development Area	Justification
1	“Route 4 Corridor” revitalization. (Niche retail, tied to tourism growth, rehabilitating structures, opening new businesses).
3	New sales generated by destination Adirondack Golden Goal soccer and lacrosse training facility. Development and zone location on Rte. 149, a high traffic volume I 87/VT connector.
4	New sales generated from possible retail/commercial development on VT border. (Est. 1/3 increase over local base.)

Performance Evaluation Measures

Per Section 963 of the General Municipal Law, the Washington County Empire Zone will consider the following general criteria for certification:

- a) Creation of new jobs or the prevention of the loss of jobs for individuals working in the zone.
- b) Transfer of employment from an existing business enterprise to similar employment with the business seeking certification.
- c) Enhancement of the economic climate of the zone – i.e., the creation or retention of good paying, quality jobs or investments in Empire Zone facilities.
- d) Compliance with laws for the protection of workers.
- e) Meets the requirements of the cost-benefit analysis.

The Washington County Empire Zone marketing program has generated the following results from its first four years of operation:

(\$ Millions) Year	# Jobs		Investment	
	Projected	Created	Projected	Made
2003	208	170	\$ 35.5	\$ 28.8
2004	263	125	\$ 20.5	\$ 24.3
2005	149	124	\$ 14.0	\$ 18.5
2006	na	190	\$ na	\$ 22.6

na means not available.

(Note: The projected job and employment data is taken from the certification applications. The job creation and investment made data is taken from the Business Annual Reports.)

In addition to collecting and submitting the BAR data and filing the Zone Annual Report as required by Empire State Development to measure job creation and investment, the Washington County Empire Zone Administrative Board has prepared an outline showing the actions being implemented to maintain this momentum in these seven new development zone areas. These 7 outlines follow.

<u>EMPIRE ZONE DEVELOPMENT AREA</u>	<u>GOALS/STRATEGIES/TACTICS/MEASURES</u>	<u>TARGET BUSINESSES</u>	<u>CERT. THRESHOLD B/C RATIO</u>
#1 - "Rte 4 Corridor"	<p>Goal: Revitalization/Development</p> <p>Strategies: Use zone benefits to increase the existing manufacturing/commercial base in the corridor and grow the retail in the historic villages and increase tourism focusing upon Rogers Island.</p> <p>Tactics: Rebuild Rte. 4 & infrastructure. (end 2009) Designate tourism parcels for ZCCs. (done) Local print and Web advertising. (start 2006) Reinvigorate the Village of Fort Edward and Hudson Falls Chambers of Commerce (or organize C of C) to promote the "Rte 4 Corridor." Capitalize on dredging through advertising.</p> <p>Measures: Certify 6 additional, existing businesses in corridor. (2006/2007) Develop plans/secure funding sources for Fort Edward Village & Town and Hudson Falls Village (Feeder Canal Alliance), Rogers Island and Champlain Canal pathway development plans. (Unified tourism development plan?) (2007/2008)</p>	Manufacturing Non-traded (retail) Traded (commercial & transportation/distribution)	\$20:\$1

<u>EMPIRE ZONE DEVELOPMENT AREA</u>	<u>GOALS/STRATEGIES/TACTICS/MEASURES</u>	<u>TARGET BUSINESSES</u>	<u>CERT. THRESHOLD B/C RATIO</u>
#2 - Warren/Washington Counties Industrial Park	<p>Goal: Development</p> <p>Strategies: Market 15 +/- vacant parcels to new businesses. Continue to market zone program to existing businesses to expand.</p> <p>Tactics: Web and print advertising. Personal contact with each, existing business re: near-term expansion, emphasizing 485e benefit.</p> <p>Maintain close marketing agent relationship with IDA to sell new parcels to new businesses.</p> <p>Measures: Sell 10 additional parcels by end of 2007, creating at least 30 new jobs and \$2,000,000 new investment.</p>	Manufacturing Traded	\$20:\$1

<u>EMPIRE ZONE DEVELOPMENT AREA</u>	<u>GOALS/STRATEGIES/TACTICS/MEASURES</u>	<u>TARGET BUSINESSES</u>	<u>CERT. THRESHOLD B/C RATIO</u>
#3 - Town and Village of Fort Ann (along Rte. 149)	<p>Goal: Development</p> <p>Strategies: Market zone program benefits to developers to maximize tie-in to near-by Adirondack Golden Goal soccer/lacrosse recreational project development (catalyst).</p> <p>Tactics: Print and Web advertising. Emphasize 485e. Continue meetings with developers allied with AGG.</p> <p>Measures: Projected # new employees, investment, sales tax revenue, building square footage.</p>	Non-traded Traded	\$20:\$1

<u>EMPIRE ZONE DEVELOPMENT AREA</u>	<u>GOALS/STRATEGIES/TACTICS/MEASURES</u>	<u>TARGET BUSINESSES</u>	<u>CERT. THRESHOLD B/C RATIO</u>
#4 - Town of Granville (south of village, along Rte. 22)	<p>Goal: Development</p> <p>Strategy: Use zone benefits as incentive to develop site in coordination with the Village of Granville and its comprehensive plan.</p> <p>Tactics: Reach agreement on public sewer/water access. Availability of certification and 485e benefits. Continue discussions with developer.</p> <p>Measures: Proposed site plan (by end 2007) Jobs, Investment and sales tax.</p>	Non-traded (retail)	\$20:\$1

<u>EMPIRE ZONE DEVELOPMENT AREA</u>	<u>GOALS/STRATEGIES/TACTICS/MEASURES</u>	<u>TARGET BUSINESSES</u>	<u>CERT. THRESHOLD B/C RATIO</u>
#5 - Town of Hampton (Hampton Holdings)	<p>Goal: Development</p> <p>Strategies: Use zone program benefits to attract new businesses to site.</p> <p>Tactics: Print and Web advertising. Extend 3-phase power. VTR provide additional track and facilities. Golf Course Rd. transfer to County. (done) 485e incentive. Continue discussions with developer.</p> <p>Measures: New employment and investment.</p>	Manufacturing Traded	\$20:\$1

<u>EMPIRE ZONE DEVELOPMENT AREA</u>	<u>GOALS/STRATEGIES/TACTICS/MEASURES</u>	<u>TARGET BUSINESSES</u>	<u>CERT. THRESHOLD B/C RATIO</u>
#6 - Town of Greenwich	<p>Goal: Development</p> <p>Strategies: Use zone program benefits as incentive to expand businesses in development area and attract new businesses to the developable property available.</p> <p>Tactics: Print and Web advertising.</p> <p>Measures: New employment & investment. Adapt/fill vacant American Tissue plant.</p>	Manufacturing Traded	\$20:\$1

<u>EMPIRE ZONE DEVELOPMENT AREA</u>	<u>GOALS/STRATEGIES/TACTICS/MEASURES</u>	<u>TARGET BUSINESSES</u>	<u>CERT. THRESHOLD B/C RATIO</u>
#7 - Town of Argyle (former Tyco and Mallinckrodt healthcare (catheter) operations)	<p>Goals: Development</p> <p>Strategies: Use zone benefits as incentive to expand existing businesses in building and attract new businesses in the remaining, vacant space.</p> <p>Tactics: Print and Web advertising.</p> <p>Measures: Lease vacant area (50,000 sq. ft +/-)</p>	Manufacturing	\$20:\$1

WASHINGTON COUNTY EMPIRE ZONE

BENEFIT-COST ANALYSES SUMMARY STATEMENT

Made since Mid-2005

(Based upon analyses of certification applications under the new zone statute implementing regulations)

<u>Type of business</u>	<u>Development Zone Area</u>	<u>Projected Total Inv. (2006-10 in \$ 000)</u>	<u># Jobs</u>		<u>Total Wages/Benefits (in \$ 000)</u>		<u>B/C Ratio</u>
			<u>Existing</u>	<u>New Total 2010</u>	<u>Current Year</u>	<u>2010</u>	
Manufacturing							
Applicant "A"	#7 (Argyle)	\$ 190	8	32	\$ 163	\$ 503	\$ 24.51
Applicant "B"	#2 (W/WCIDA)	\$ 350	9	12	\$ 330	\$ 406	\$ 14.83
Applicant "C"	#1 ("Route 4 Corridor")	\$ 890	18	61	\$ 816	\$2.688	\$ 27.30
Applicant "D"	#1	\$ 565	10	32	\$ 234	\$1.015	\$ 10.08
Non-traded Businesses							
Applicant "E"	#7	\$ 645	12	20	\$ 545	\$ 865	\$ 17.00
Applicant "F"	#2	\$ 567.5	6	11	\$ 318	\$ 583	\$ 16.24
Applicant "G" *	Vill. of Whitehall	\$ 556	20	24	\$ 450	\$ 70	\$ 11.10

*(B/C analysis required by the 2005 ESD rules to add a new location for a business already certified.)

VIII. FREEDOM OF INFORMATION LAW DISCLOSURE

If not otherwise protected by federal or State law, records, or portions thereof, submitted to the Washington County Empire Zone Administrative Board may be subject to disclosure pursuant to law, specifically the Freedom of Information Law (FOIL), court order subpoena or other legal process.

For purposes of said disclosure, a “record” shall mean “any information kept, held, filed, produced or reproduced by, with or for the Washington County Empire Zone Administrative Board, in any physical form whatsoever including, but not limited to, reports, statements, examinations, memoranda, opinions, folders, files, books, manuals, pamphlets, forms, papers, designs, drawings, maps, photos, letters, microfilms, computer tapes or discs, rules, regulations or codes.” A record also means the information and data contained on the Empire Zone certification application and any supplementary material filed with this application.

If the applicant strongly believes that the information submitted should be held in confidence and not disclosed, a written request shall be made to the Washington County Empire Zone Administrative Board at the time of submission stating, with specificity, the reason(s) why the records, or portions thereof, should not subject to disclosure. Such a written request shall not ensure that such records, or portions thereof, will not be disclosed.

Pursuant to law, the Washington County Empire Zone Administrative Board has no obligation to advise the applicant if any record(s) are requested and/or subsequently disclosed.

If the applicant has any questions regarding the exemption of certain records, or portions thereof, from disclosure, the applicant shall refer to the New York State Freedom of Information Law and the Rules and Regulations Governing Public Access to Records of the Washington County Empire Zone Administrative Board in Accordance with Article 6 of the Public Officers Law of New York State, as may be amended from time to time.

By signing below, the applicant acknowledges that applicant has received this Freedom of Information Law Disclosure and understands the same.

Name:

Date:_____