

2013-
2016

City of Amsterdam
Industrial Development
Agency

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[4 YEAR STRATEGIC PLAN – FINAL DRAFT]

This document is a summary of the strategic initiatives to be undertaken by the Amsterdam Industrial Development Agency during 2013 through 2014.

City of Amsterdam Industrial Development Agency
4 Year Strategic Plan
2013-2016

This Strategic Plan is summarized into two specific, but dependent sections; the first section deals with the organization itself, while the second section deals with accomplishing the Agency's mission.

To begin with, *the mission of the City of Amsterdam IDA is to provide the resources that encourage investment, innovation, growth and global competitiveness - creating a successful business climate that improves the quality of life for the residents of the region.*

Goals:

- to create new employment opportunities in the City of Amsterdam;
- to retain existing employment opportunities;
- to increase the City's tax base;
- to diversify the City's economic base; and
- to improve the quality of life in City of Amsterdam.

To further the Agency's Mission and assist in meeting the goals and objectives of the Agency, **two specific but dependent objectives** have been formulated: 1) to develop the Amsterdam IDA into one of the top IDA's within New York State and 2) to provide complete financing mechanisms, first rate development sites and buildings, and total infrastructure packages to City businesses.

Objective No. 1: To Develop the Amsterdam IDA into One of the Top IDA's Within New York State

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| Strategy 1a. | Leases |
| Strategy 1b. | Insurance |
| Strategy 1c. | Loan Program |
| Strategy 1d. | Define Board Responsibilities and Committees |

- Strategy 1e. Board Training
- Strategy 1f. Staff Training and Development of Performance Standards
- Strategy 1g. Agency Fund Balance
- Strategy 1h. Agency Operating Budget
- Strategy 1i. Communication/Accountability
- Between Staff and Board Members
 - Between Other Governmental Agencies
 - Between Business Community
 - Between General Public
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- Strategy 1j. Compliance with NYS Authority Budget Office
- Strategy 1k. Reducing Liabilities
- Strategy 1l. Improving and Acquiring Assets
- Strategy 1m. Increase Revenues
- Strategy 1n. Develop Better Reporting Mechanism for Job Creation Documentation

Objective No. 2: To Provide Compete Financing Mechanisms, First Rate Development Sites and Buildings, and Total Infrastructure

- Strategy 2a. Recapitalize Existing Revolving Loan Fund
- Strategy 2b. Access Existing Businesses Capital Needs
- Strategy 2c. Inventory Manufacturing Sites and Businesses In HUB Zone
- Strategy 2d. Re-vamp IDA Bond Issue Procedures and Policies

- Strategy 2e. Create Fact Sheets, Inventory Available Sites and Develop Market for New Market Tax Credit Programs
- Strategy 2f. Inventory and Map Water Mains, Sewer Mains, Electric Services, Gas Mains, and DSL Lines to Business Parks and Available Sites and Buildings
- Strategy 2g. Map and Assess Condition of Local Rail Lines
- Strategy 2h. Create New Intermediately Revolving Loan Fund for City
- Strategy 2i. Have All Available Loan Program Applications Available to Businesses Including Mohawk Valley Economic Development District, the Capital District Community Loan Fund, the New York Business Development Corporation, Jobs for Amsterdam, The Montgomery County Chamber, the SBA Loan Guarantee Program, and Empire State Development
- Strategy 2j. Identify At Least Two (2) New Sites for Development of New Industrial Park
- Strategy 2k. Inventory Available Development Sites within City
- Strategy 2l. Develop Strategy for Downtown AIDA Properties and Strategy for Downtown Parking Issues
- Strategy 2m. Develop Pipeline for Consolidated Funding Applications At Least 6 Months Prior To Deadline
- Strategy 2n. Regularly Meet With All Manufacturers Who Lease Property from AIDA or Have Loans From AIDA
- Strategy 2o. Develop Business Incubator for Small and Start-Up Businesses
- Strategy 2p. Work with National Grid On Future Upgrade To Electrical

Capacity

Objective No. 1: To Develop the Amsterdam IDA into One of the Top IDA's Within New York State

Strategy 1a. Leases

Issues: Currently, IDA leases are the very most basic lease. Many, if not all, contain no provision for documentation of current employment levels, needed for the IDA to determine how effective it is operating. In addition, some leases are extremely favorable to the tenants with respect to lease payments and/or leasehold improvements.

Strategic Initiative: A master list of all leases needs to be developed with stated job creation goals. As leases come up for renewal, specific language needs to be added to allow the IDA to collect employment data. In addition, all leases should be brought up to current market value where possible. Finally, those companies receiving PILOTs which have not submitted applications to AIDA or have not been approved by AIDA not to have specific language added to their lease that the Company is responsible for all taxes.

Timeframe: Initial review of leases and development of master list: Spring 2013.
Thereafter: ongoing.

Strategy 1b. Insurance

Issues: Insurance coverage for AIDA is rather complex and has not been reviewed in recent years. This includes property insurance, leased building insurance, officer and directors liabilities insurance, equipment insurance, liability insurance, etc. Recent coverage, for example, of a newly acquired building illustrated that often different insurance carriers quote different coverage from one another at extremely wide price ranges.

Strategic Initiative: Have an independent professional review all existing insurance policies and make recommendations are to needed coverage. Go out for proposals to secure the most cost effective and complete coverage available.

Timeframe: An independent professional should be engaged during the spring of 2013 and requests for proposals also issued during the spring of 2013.

Strategy 1c. Loan Program

Issues: The current loan program, Jobs for Amsterdam, appears to have initially been funded with proceeds from the U.S. Department of Housing and Urban Development. As such, the program has been modeled to meet national objectives of creating employment opportunities for low and moderate income individuals as well as removal of slum and blighted conditions. While admirable, this limits the availability of funds for other types of businesses or business needs. In addition, reporting mechanisms and tracking of progress made by companies is, while adequate, far from ideal.

Strategic Initiative: *There is a major need to re-capitalize the existing revolving loan fund. The current fund should be recapitalized using small cities grant funds through the NYS Housing and Community Renewal Agency through the Consolidated Funding Application Process. In addition, a new loan should be created using SBA Rural Development grant funds. Initial funding would target this program at approximately \$150,000. This would be used to assist small businesses which primary employment is not targeted to low and moderate income. A third fund should be established with the assistance of area banks. An initial target of approximately \$250,000- \$500,000 should be achievable. This fund should be used to augment loans contemplated to be made by banks but due to internal restrictions, cannot make loans exceeding 70% of the request.*

Timeframe: *An application to the USDA Rural Development should be made during the spring of 2014. Key to the application process is the matching of approximately \$50,000 towards the capitalization. If matching funds cannot be identified, the time frame would be moved back to the spring of 2014. The recapitalization of the existing revolving loan fund could occur during the fall of 2013 if the CFA Process allows. The third fund, from proceeds from area banks, could also begin in the spring of 2014.*

Strategy 1d. Define Board Responsibilities and Committees

Issues: Current AIDA Committees include: Finance/Banking/Budget/Audit Committee; Inter-agency Economic Development Committee; Land and Building Committee; Personnel/Governance Committee; and Policy and Procedures Committee. While the committees themselves have been well defined, Board Members responsibilities and duties on the various committees have not. Currently, most functions are carried out by the Executive Director and reported to the committees.

Strategic Initiative: A retreat for board members needs to with an independent facilitator reviewing the Board committees, make up, and responsibilities. Specific duties and responsibilities of board members should be discussed and identified.

Timeframe: A retreat should be planned for early 2014.

Strategy 1e. Board Training

Issues: In addition to the above retreat for board responsibilities, NYS requires that each board member attend on-going training. While this has occurred in the past, primarily due to the former bond counsel, Hodgson and Russ, members have not attended training in recent years.

Strategic Initiative: All members, particularly new members, need to be informed of the training requirement before being appointed to the Board. As new training programs are offered, all board members should be notified and encouraged to attend.

Timeframe: This should begin during Summer 2013 and be ongoing.

Strategy 1f. Staff Training and Development of Performance Standards

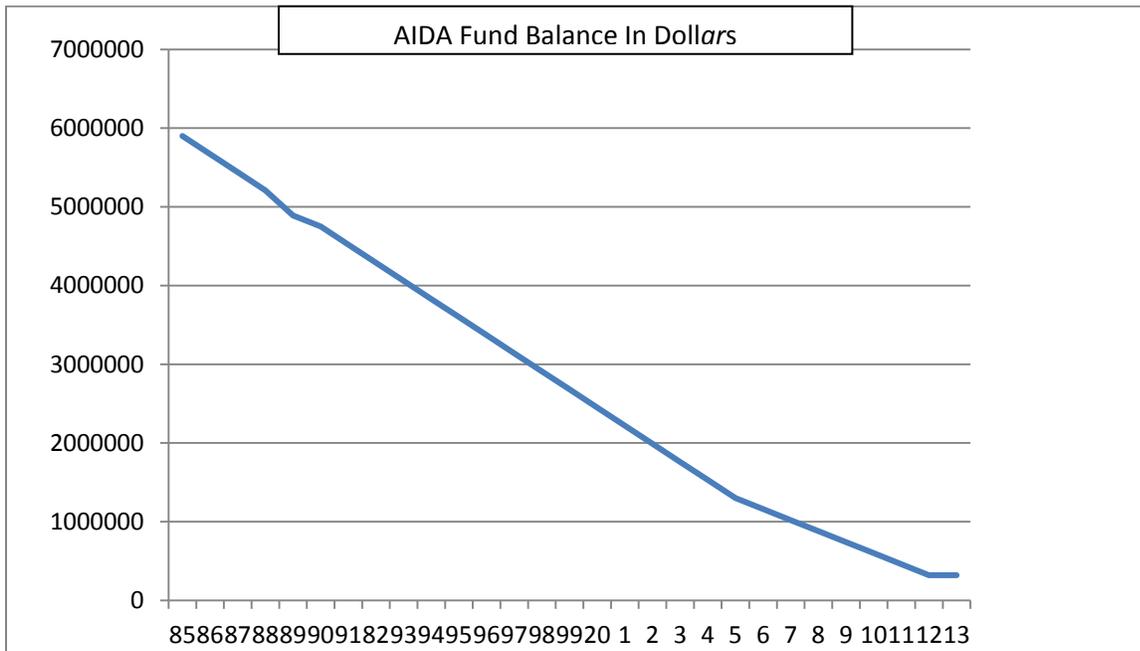
Issues: While money is budgeted for travel and entertainment each year, staff have been reluctant to use this money due to budgetary constraints. However, it is important for staff to continue to educate themselves on new funding mechanisms, development trends, and organizational skills. In addition, while contracts allow for the Board to provide merit increases to staff, not existing performance standards are in place to allow the Board to justify approved raises.

Strategic Initiative: The personnel committee should develop specific performance standards with respect to each employee whether on staff or as a consultant. As part of those standards, professional training should be included as a goal.

Timeframe: Performance standards should be developed and approved by the spring of 2014.

Strategy 1g. Agency Fund Balance

Issues: In 1985, the Agency's fund balance was \$5.9 million. In January 2004, the fund balance dropped to \$1.3 million and by May 2011, the fund balance was down to \$0.32 million. Between 1985 and 2004, the Agency lost almost \$230,000 per year. During 2004 and 2011, the Agency lost \$140,000 per year. While the past year and a half, the Agency's fund balance has remained constant, it is woefully low and needs to be immediately attended to.



If the trend of the previous years before 2011 continued, the Agency would have been out of money by year 2014. However, while the past year and a half has been "good" with respect to not losing any monies, AIDA needs to address this issue as their number one priority – since any unforeseen event could wipe out

the Agency's fund balance. In addition, several loans are non-performing, one major loan is about to be paid off, one business tenant's lease expires in 2013 and another in 2014.

Strategic Initiative: New revenues need to be identified and sought after. To this end, Beckmann's lease should be increased to account for current market conditions. In addition, PCT's lease needs to be reexamined. AIDA should pursue purchasing additional real estate holding as funds become available. New tenants for 44-46 East Main Street should be actively marketed through a local realtor.

Timeframe: Beckmann's lease needs to be increased in 2013 and 2014. PCT lease needs to be examined in the spring of 2014. 44-46 East Main Street should be completed by the late fall 2014.

Strategy 1h. Agency Operating Budget

Issues: The current agency's operating budget is dependent upon various grant and fees relating to the agency's operation. Given that grant funds and agency fees are susceptible to outside forces, the Agency needs to develop an operating budget that relies solely on secure revenue streams.

In addition, not all of the Agency's operating budget is truly reflective of the annual operating costs, such as taxes paid, utilities costs, and insurance costs.

Strategic Initiative: New revenues should be derived from increases to existing leaseholds as well as developing new rental income through acquisition and renovation of additional real estate holdings.

In addition, all actual anticipated costs should be reflected in the Agency' Operating Budget.

Timeframe: During the 2012-2014 Budget process, all operating costs should be identified and budgeted for. Also, as the opportunity arises, lease rates should be increased to account for current market conditions. Renovations of 44-46 East Main Street should be undertaken as soon as possible.

Strategy 1j. Compliance with NYS Authority Budget Office

Issue: In the past, AIDA was not always in compliance with the NYS Authority Budget Office, specifically with report filings and web page information.

Strategic Initiative: Comply with All NYS Authority Budget Office guidelines.

Timeframe: During 2012 and 2013, efforts have been made to submit all required reports to the NYS Authority Budget Office on time. In addition, all minutes of meetings and annual financial statements and audits are now posted on the City's web page. AIDA will continue to improve its reporting mechanisms and adopted required policies and procedures as need. Ongoing.

Strategy 1k. Reducing Liabilities

Issue: The agency has, unfortunately, conducted business as usual. The Agency need to be proactive in its attempt to reduce liabilities from future operations.

Strategic Initiative: Staff will meet with representatives of the insurance industry to review policies and make recommendations as to improvements needed with respect to insurance coverage. This will be accomplished by Summer 2013. In addition, the Building and Grounds Committee will look at all property owned by AIDA and make recommendations as to improvement or disposition (fall 2013). In addition, capital improvements will be undertaken to remove hazardous conditions at building owned by AIDA. 44-46 East Main Street will have all asbestos removed by summer 2013.

Timeframe: 2013 and ongoing.

Strategy 1l. Improving and Acquiring Assets

Issue: Many of the capital assets of the Agency have been neglected over the years and no new assets have been added to the agency's portfolio.

Strategic Initiative: Capital improvements need to be undertaken on the PCT Building. During 2012, repairs to the existing roof were made. During 2013, a new industrial boiler and improvements to the gas line need to be made (summer 2013). In addition, the two buildings on Main Street leased to the Wrestling Hall of Fame are in need of painting (spring 2013). Finally, the Agency acquired three new buildings in the summer of 2012, 44 and 46 East Main Street and 2 Chuctanunda Street. A major rehabilitation of 44 and 46 East Main Street is planned for the summer of 2013 and a new heating system is to be installed in 2 Chuctanunda Street.

Timeframe: Beside improvements planned for 2013, this is an ongoing effort.

Strategy 1m. Increase Revenues

Issue: The Agency has had no increased revenues for the past ten years and has relied on its existing leases and fund balance to fund its operations. During 2004-2011, for example, the Agency used approximately \$140,000 a year of its fund balance to fund the Agency's operation.

Strategic Initiative and Timeframe: Additional revenues must be broken down into two categories: general operating support and capital improvements. General Operating support must come from new revenues associated with increased rents from fair market value as rental agreements become due. Beckmann's Converting lease should be increased to reflect current market value (summer 2013). PCT lease (2014) needs to be examined. In addition, new rentals need to be obtained from Emma Lou's Diner (acquired in 2012) and from 44-46 East Main Street (winter 2013).

Capital Improvements need to come from new grants applied for from the State of New York starting in 2013.

Strategy 1n. Develop Better Reporting Mechanism for Job Creation Documentation

Issue: The Agency currently sends our letters to all of the businesses it has assisted with financial help or provides lease space to, many of which do not respond.

Strategic Initiative: The agency should require each company that it does business with to provide this information as either part of the lease agreement or part of the funding agreement.

Timeframe: Beginning in 2013, all leases up for renewal and all new financing loan shall stipulate that the company needs to provide this information on job creation of is in default.

Objective No. 2: *To Provide Compete Financing Mechanisms, First Rate Development Sites and Buildings, and Total Infrastructure*

Strategy 2a. *Recapitalize Existing Revolving Loan Fund*

Issue: AIDA's revolving loan fund has been fully obligated.

Strategic Initiative: AIDA needs to look at other funding source to recapitalize its revolving loan fund to assist with businesses including the USDA Rural Development Agency, the NYS Office of Homes and Community Renewal and private lending institutions.

Timeframe: Begin in 2013, private lending institutions should be approached as to their willingness to assist. During 2014, federal and state funding agencies should be approached with private lending institutions used as a match.

Strategy 2b. *Access Existing Businesses Capital Needs*

Issue: IAIDA does not have a good knowledge of area business capital needs. Often, these are the only projects for which AIDA can assist with (non-operating issues).

Strategic Initiative: AIDA need to annual request of Amsterdam Businesses to inform the Agency of their capital long term and short term needs. To this end, better promotion of the agency's mission, annual mailing to areas businesses, and the use of the City's informational sign needs to be undertaken.

Timeframe: 2013 and ongoing.

Strategy 2c. *Inventory Manufacturing Sites and Businesses In HUB Zone*

Issue: Many of the businesses located in the City's HUB Zone don't know the benefits of their location. Area manufacturing businesses located in the HUB Zone need to be identified and informed of the potential benefits.

Timeframe: 2014.

Strategy 2d. *Re-vamp IDA Bond Issue Procedures and Policies*

Issue: The IDA Bond Issue Procedures and Policies need to be re-examined since they have not be updated within the past five years.

Strategic Initiative: Currently, there is not distinction between manufacturing, retail, office or housing development. In addition, fee structures need to be re-evaluated.

Timeframe: 2014.

Strategy 2e. *Create Fact Sheets, Inventory Available Sites and Develop Market for New Market Tax Credit Programs*

Issue: There is not fact sheets informing potential new businesses or, for that matter, existing businesses, what is available to them. IN addition, there is no listing of available sites and no information of sites that are eligible for new market tax credits.

Strategic Initiative and Timeframe: AIDA needs to development a fact sheet about the City of Amsterdam and what is available (winter 2013). The City is in the process of developing an inventory of existing sites. Once this inventory is available, the inventory will be assessed for new market tax credit benefits (2004).

Strategy 2f. Inventory and Map Water Mains, Sewer Mains, Electric Services, Gas Mains, and DSL Lines to Business Parks and Available Sites and Buildings

Issue: Currently, no common data base showing infrastructure at available sites exists.

Strategic Initiative: Once the City develops the inventory of available sites, AIDA will work with National Grid and the City Public Works Department to inventory existing infrastructure.

Timeframe: 2014.

Strategy 2g. Map and Assess Condition of Local Rail Lines

Issue: While the Agency owns the railroad ROW through the City of Amsterdam, its condition for putting the line back into service as well as the need for such service is unknown.

Strategic Initiative: AIDA has been in contact with the NYS Susquehanna and Western Railroad to have their engineers come in and evaluation the track. In addition, businesses along the track need to be identified and contacted.

Timeframe: 2014

Strategy 2h. Create New Intermediary Revolving Loan Fund for City

Issue: While the IDA does have a small revolving loan fund for companies which will create employment opportunities for person of low and moderate income,

often businesses in need of financial help are not willing to commit to hiring. No loan program exists for them.

Strategic Initiative: Area banks within the City have been approached about the concept of creating a new, intermediary revolving loan fund.

Timeframe: 2014-2015 new fund to be created.

Strategy 2i. ***Have All Available Loan Program Applications Available to Businesses Including Mohawk Valley Economic Development District, the Capital District Community Loan Fund, the New York Business Development Corporation, Jobs for Amsterdam, The Montgomery County Chamber, the SBA Loan Guarantee Program, and Empire State Development***

Issue: There is no one stop shop for business to find information on all available loan and grant program.

Strategic Initiative: AIDA needs to compile information and application forms for all lenders and grant program and package them in a complete binder.

Timeframe: Project to begin in fall 2013 and be completed by spring 2014.

Strategy 2j. **Identify At Least Two (2) New Sites for Development of New Industrial Park**

Issue: The City's only industrial park is totally occupied. AIDA needs to work on the development of a new industrial park for future businesses.

Strategic Initiative: The agency needs to identify at least two potential sites for future development and begin the process of site evaluation.

Timeframe: 2014.

Strategy 2k. ***Inventory Available Development Sites within City***

Being undertaken by the City of Amsterdam Community Development Office.

Strategy 2l. Develop Strategy for Downtown AIDA Properties and Strategy for Downtown Parking Issues

Issue: Neither the City or AIDA has a strategic plan for the redevelopment and ultimate goal of downtown Amsterdam.

Strategic Initiative: Working with the City's Community Development Office and the City Urban Renewal Agency, a cohesive redevelopment plan with targeted businesses needs to be developed and implemented.

Timeframe: 2014.

Strategy 2m. Develop Pipeline for Consolidated Funding Applications At Least 6 Months Prior To Deadline

Issue: Currently, AIDA submits grant applications for area businesses only after they have expressed a desire for financial help. Longer range plans for downtown redevelopment, new incubator space, re-capitalization of revolving loan funds, etc., are not being planned for future funding applications until the grant cycle is announce.

Strategic Initiative: Staff will begin to develop grant applications ahead of the announced grant cycle for medium and long range projects.

Timeframe: 2014.

Strategy 2n. Regularly Meet With All Manufacturers Who Lease Property from AIDA or Have Loans From AIDA

Issue: Most of AIDA's tenants don't contact AIDA until there is a problem with either their loan or their building, which usually develops by then into a crisis situation.

Strategic Initiative: AIDA should regularly begin meeting with tenants and loan recipients to assess their needs and address upcoming concerns.

Timeframe: Summer 2013 and ongoing.

Strategy 2o. Develop Business Incubator for Small and Start-Up Businesses

Issue: There currently is no place for small and start up businesses to either rent space or have shared resources available to them.

Strategic Initiative: AIDA will work with Montgomery County Community College, the Fulton-Montgomery-Schoharie County Workforce Solution Center and the City's Community Development Office to begin to plan to develop a new business incubator for area businesses.

Timeframe: 2014-2015.

Strategy 2p. Work with National Grid On Future Upgrade To Electrical Capacity

Issue: Our current electric feeds into the City are a limiting factor with respect to some businesses.

Strategic Initiative: AIOA needs to begin work with National Grid to identify those lines and available sites which could more easily be upgraded to handle additional power load.

Timeframe: 2015.