

20
**2013-
2016**

The City of Amsterdam
Industrial Development
Agency

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Executive Director

HOW ARE WE DOING WITH OUR PLAN?

NOVEMBER 2014

[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

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.

STATUS: THE FOLLOWING LEASES HAVE BEEN RENEGOTIATED AND STANDARDIZED.

1 Sam Stratton Drive

Tenant: Breton Industries Current Number of Jobs: 100
Rent: \$2,600/month
Dates: 9/1/14-8/30/19

5 Sam Stratton Drive

Tenant: AGT Services Current Number of Jobs: 65
Rent: \$5,250/month
Dates: 9/1/14-8/30/19

24 Park Street

Tenant: Beckman Converting Current Number of Jobs: 24
Rent: \$4,375/month
Dates: 6/1/13 – 5/31/18

2 Chuctanunda Street

Tenant: Emma Lou's Diner
Rent: \$400/month
Dates: 6/1/12-5/31/18

44 East Main Street

Ground Floor: Amstedam Bakery: \$800 per month
2nd Floor Residential: \$750 per month

46 East Main Street

Ground Floor: Ronco Construction : \$800 per month
2nd Floor Residential: \$750 per month
3rd Floor: Ronko Construction \$700 per month through November 2014

The following leases still need to be renegotiated:

24 Sam Stratton Drive

Tenant: AGT
Rent: \$500 /month
Dates: 7/16/08 – 6/15/23

30-32 East Main Street

Tenant: Wrestling Hall of Fame
Rent: \$1/year

24-26 East Main Street

Tenant: Wrestling Hall of Fame
Rent: \$1/year

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 as to needed coverage. Go out for proposals to secure the most cost effective and complete coverage available.

STATUS: ALL INSURANCE POLICIES WERE RE-EXAMINED AND THREE OTHER INSURANCE COMPANIES REVIEWED CURRENT COVERAGE.

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.*

STATUS: CURRENTLY, IF AIDA CAN NOT MAKE A LOAN THE COMPANY IS REFERRED TO THE MONTGOMERY COUNTY CHAMBER OF COMMERCE LOAN PROGRAM, THE COUNTY IDA LOAN PROGRAM, MOHAWK VALLEY ECONOMIC DEVELOPMENT DISTRICT LOAN PROGRAM, THE CAPITAL DISTRICT COMMUNITY LOAN FUND, OR THE NY BUSINESS DEVELOPMENT COUNCIL.

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.

STATUS: NEW COMMITTEE STRUCTURES HAVE BEEN DEVELOPED AND INCLUDE THE FOLLOWING:

BUDGET /FINANCE

BUILDINGS AND GROUNDS

PLANNING AND ECONOMIC DEVELOPMENT

PERSONNEL

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.

STATUS: WHILE ALL PREVIOUSLY APPOINTED BOARD MEMBERS HAVE RECEIVED TRAINING, NEWLY APPOINTED BOARD MEMBERS (APPOINTED THIS YEAR) ALL NEED TRAINING.

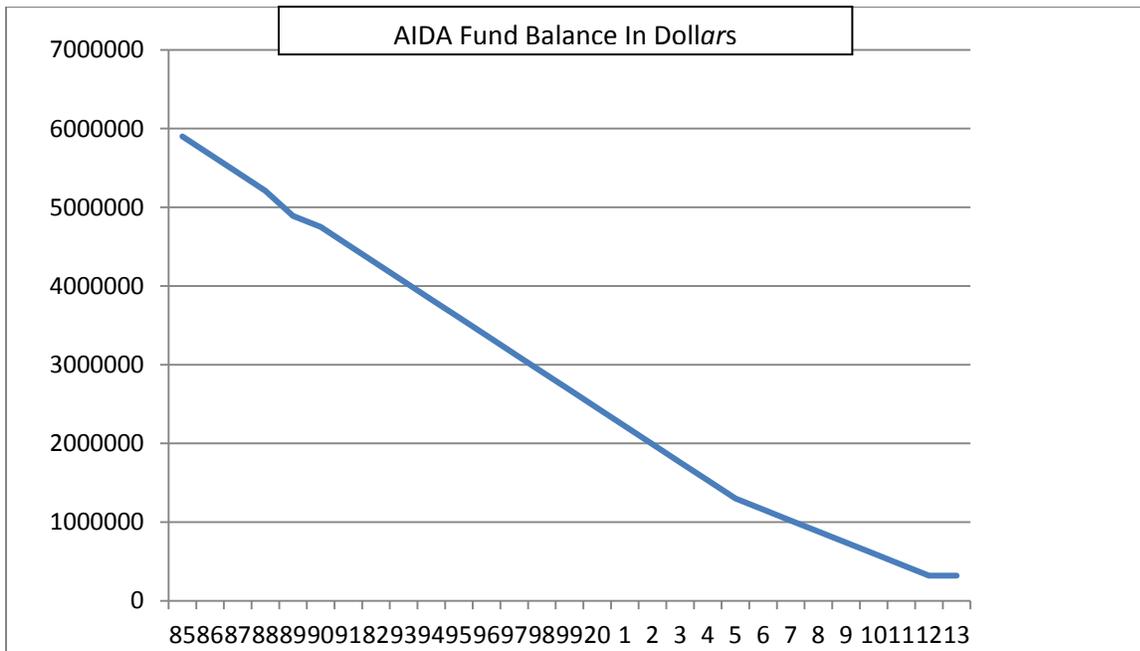
Strategy 1f. Staff Training and Development of Performance Standards

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.

STATUS: ADDITIONAL STAFF TRAINING HAS NOT OCCURRED. HOWEVER, THE BOARD OF DIRECTORS IS IN THE PROCESS OF DEVELOPING PERFORMANCE STANDARDS AND ALL STAFF WILL GO THROUGH FORMAL EVALUATION BY THE END OF THE CALANDAR YEAR.

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.

STATUS: ALL LEASES HAVE BEEN RENEGOTIATED WITH RENTAL INCREASES, NEW LEASE FACILITIES HAVE BEEN DEVELOPED, AND ALL LOANS ARE CURRENT.

Strategy 1h. Agency Operating Budget

Issues: The current agency's operating budget is dependent upon various grants 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.

STATUS: AIDA HAS DEVELOPED ITS CURRENT YEAR BUDGET BASED SOLELY ON INCOME DERIVED FROM ONGOING REVENUE FROM THE FOLLOWING SOURCES: RENTAL INCOME, JFA CHARGES, AND A MODEST AMOUNT FROM EMPIRE ZONE ADMINISTRATION. THE ANNUAL BUDGET IS REVIEWED MONTHLY FOR VARIANCES BETWEEN ACTUAL AND PLANNED, INCOME VERSUS EXPENDITURES.

Strategy 1i.

Communication/Accountability

- **Between Staff and Board Members**
- **Between Other Governmental Agencies**
- **Between Business Community**
- **Between General Public**

STATUS: MORE WORK NEEDS TO BE UNDERTAKEN TO UNDERSTAND THE ISSUES BETTER AND TO IMPROVE COMMUNICATION.

Strategy Ij. 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.

STATUS: AIDA IS NOW FULLY COMPLIANT WITH THE NYS AUTHORITY BUDGET OFFICE AND ALL ANNUAL REPORTS, BUDGETS, AUDITS, AND ANNUAL UPDATES ARE SUBMITTED ON TIME. IN ADDITION, AIDA WEB PAGE IS FULLY COMPLIANT WITH ALL REQUIREMENTS OF THE AUTHORITY BUDGET OFFICE.

Strategy 1k. Reducing Liabilities

Issue: The agency has, unfortunately, conducted business as usual. The Agency needs 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.

STATUS:

- 1. INSURANCE: SEVERAL INDEPENDENT INSURANCE COMPANIES HAVE REVIEWED ALL AIDA INSURANCE POLICIES AND FOUND THEM TO BE ADEQUATE.**

- 2. AN EVALUATION OF ALL CURRENT PROPERTIES HAS BEEN CONDUCTED BY THE AGENCY AND A NUMBER OF PROPERTIES HAVE BEEN APPROVED FOR DISPOSITION TO THE CITY OF AMSTERDAM WHICH HAS PASSED A RESOLUTION ACCEPTING THEM.**

- 3. ALL MAJOR RESTORATION WORK ON BUILDINGS OWNED BY AIDA HAVE INCORPORATED BOTH ASBESTOS REMOVAL AND REMEDIATION AND LEAD BASE PAINT REMEDIATION.**

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.

STATUS:

THE FOLLOWING IMPROVEMENTS HAVE BEEN MADE TO BUILDINGS OWNED BY AIDA:

- **44 AND 46 EAST MAIN STREET: TOTAL RECONSTRUCTION OF BOTH FACILITIES**
- **30 AND 32 EAST MAIN STREET: BOTH BUILDING REPOINTED AND REPAINTED**
- **2 CHUCTANUNDA STREET: NEW HEATING AND AIR CONDITIONING UNIT INSTALLED.**
- **5 SAM STRATTON DRIVE: NEW GAS MAIN INSTALLED, IMPROVEMENTS TO BOILER MADE, NEW WATER MAIN INSTALLED.**
- **1 PARK PLACE: NEW WATER METER INSTALLED. NEW SECURITY FENCING AND IMPROVEMENTS TO BOILER ROOM PLANNING FOR 2014-2015.**

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.

STATUS: THE FOLLOWING LEASES HAVE BEEN RENEGOTIATED WITH INCREASED RENTS:

- 24 PARK PLACE (BECKMANN CONVERTING)
- 1 SAM STRATTON DRIVE (BRETON INDUSTRIES)
- 5 SAM STRATTON DIRVE (FORMERLY PCT INDUSTRIES- NOW AGT SERVICES)

IN ADDITION, THE FOLLOWING NEW LEASES HAVE BEEN CREATED:

- 2 CHUCTANUNDA STREET (EMMA LOU'S DINER)
- 44 EAST MAIN STREET
- 46 EAST MAIN STREET

IN ADDITION, CAPITAL IMPROVEMENTS ARE TO BE REIMBURSED BY STATE GRANTS (\$225,000 ESD, \$120,000 AURA, AND \$200,000 DOS).

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 or is in default.

STATUS: ALL COMPANIES EITHER LEASING SPACE FROM AIDA, RECEIVING LOAN ASSISTANCE FROM AIDA, OR RECEIVE GRANT ASSISTANCE THROUGH AIDA ARE REQUIRED ANNUALLY TO SUBMIT JOB CREATION/RETENTION REPORTS.

Strategy 2a. Recapitalize Existing Revolving Loan Fund

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

STATUS: CURRENTLY, IF AIDA CAN NOT MAKE A LOAN, THE COMPANY IS REFERRED TO THE MONTGOMERY COUNTY CHAMBER OF COMMERCE LOAN PROGRAM, THE COUNTY IDA LOAN PROGRAM, MOHAWK VALLEY ECONOMIC DEVELOPMENT DISTRICT LOAN PROGRAM, THE CAPITAL DISTRICT COMMUNITY LOAN FUND, OR THE NY BUSINESS DEVELOPMENT COUNCIL.

AIDA HAS MET WITH SEVERAL AREA BANKS TO GAUAGE THEIR INTEREST IN ASSISTING WITH RE-CAPITALIZING OUR LOAN FUND WITH FUNDS FROM THEIR COMMUNITY REINVESTMENT ACT PROGRAM. MORE FOLLOWUP NEEDS TO BE DONE.

THE NYS DIVISION OF HOUSING AND COMMUNITY RENEWAL HAS INDICATED THEY WILL NOT RE-CAPITALIZE OUR REVOLVUING LOAN FUND.

Strategy 2b. Access Existing Businesses Capital Needs

Issue: AIDA 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).

STATUS: A MAILING WAS MADE TO ALL EMPIRE ZONE BUSINESSES (OVER 100 COMPANIES) TO ASK QUESTIONS ABOUT THEIR FUTURE CAPITAL NEEDS. THE RESPONSE WAS VERY POOR (LESS THAN 5%). A FOLLOW-UP MAILING PLUS RADIO APPEARANCES IS PLANNED FOR THE FUTURE.

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.

STATUS: ALL KNOWN MANUFACTURING COMPANIES WITHIN THE CITY'S HUB ZONE HAVE BEEN CONTACTED REGARDING THE HUB ZONE PROGRAM. BETTER FOLLOW-UP NEEDS TO OCCUR.

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.

STATUS: A NEW BOND FEE STRUCTURE HAS BEEN DEVELOPED AND APPROVED BY THE BOARD.

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

Issue: There are no 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.

STATUS: A FACT SHEET WHICH CAN BE SENT TO PROSPECTIVE BUSINESSES HAS BEEN DEVELOPED....HOWEVER, A BETTER VERSION MUST BE DONE. THE CURRENT SHEET DOES HIGHLIGHT AVAILABLE SITES.

POTENTIAL SITES FOR NEW MARKET TAX CREDITS HAS BEEN LOOKED AT AND DISCUSSED WITH ESD IN UTICA.

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.

STATUS: NOT YET UNDERTAKEN.

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.

STATUS: THE PRESIDENT OF THE NEW YORK SUSQUEHANNA AND WESTERN RAILROAD HAS BEEN CONTACTED AND HAS AGREED TO HAVE HIS ENGINEERING DEPARTMENT LOOK AT OUR RAIL LINES. HOWEVER, THE COUNTY IDA IS IN THE PROCESS OF FUNDING A STUDY BY AN INDEPENDENT ENGINEERING FIRM TO ASSESS THE CONDITIONS OF THE LINE AND COSTS NEEDED FOR IMPROVEMENTS. THE STUDY IS EXPECTED TO COMMENCE IN 2015.

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.

STATUS: SAME AS STRATEGY 2A. CURRENTLY, IF AIDA CAN NOT MAKE A LOAN, THE COMPANY THE COMPANY IS REFERRED TO THE MONTGOMERY COUNTY CHAMBER OF COMMERCE LOAN PROGRAM, THE COUNTY IDA LOAN PROGRAM, MOHAWK VALLEY ECONOMIC DEVELOPMENT DISTRICT LOAN PROGRAM, THE CAPITAL DISTRICT COMMUNITY LOAN FUND, OR THE NY BUSINESS DEVELOPMENT COUNCIL.

AIDA HAS MET WITH SEVERAL AREA BANKS TO GAUAGE THEIR INTEREST IN ASSISTING WITH RE-CAPITALIZING OUR LOAN FUND WITH FUNDS FROM THEIR COMMUNITY REINVESTMENT ACT PROGRAM. MORE FOLLOWUP NEEDS TO BE DONE.

THE NYS DIVISION OF HOUSING AND COMMUNITY RENEWAL HAS INDICATED THEY WILL NOT RE-CAPITALIZE OUR REVOLVING LOAN FUND.

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

STATUS: WE CURRENTLY HAVE COPIES OF ALL LOAN INFORMATION FROM MONTGOMERY COUNTY IDA, THE MONTGOMERY COUNTY CHAMBER OF COMMERCE, THE MOHAWK VALLEY ECONOMIC DEVELOPMENT DISTRICT, THE CAPITAL DISTRICT COMMUNITY LOAN FUND AND THE NY BUSINESS DEVELOPMENT CORPORATION. ALL LOAN INFORMATION IS ALSO AVAILABLE ON LINE.

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

STATUS: THE IDA IS CURRENTLY WORKING TO DEVELOP THE FORMER MOHASCO SITE INTO A NEW SITE FOR MANUFACTURING CONCERNS. SEVERAL OTHER SITES LOOKED AT FOR REDEVELOPMENT (I.E. THE FORMER WARD PRODUCT BUILDING AND THE FORMER EMBASSY MILLWORKS BUILDING) RECENTLY SOLD TO PRIVATE COMPANIES. AIDA IS ALSO LOOKING FOR THE AVAILABILITY OF A NEW VACANT SITE, AND IS REASSESSING SPACE AT THE EDSON STREET PARK.

Strategy 2k. Inventory Available Development Sites within City

STATUS: CURRENTLY BEING WORKED ON.

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

STATUS: NEEDS TO BE UNDERTAKEN.

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

**STATUS: AIDA HAS BEEN WORKING WITH THE FOLLOWING COMPANIES ON
THEIR FUTURE DEVELOPMENT PLANS:**

- BECKMANN'S CONVERTING

- GIANT SOLUTIONS

- SARATOGA HORSEWORKS

- AGT SERVICES

- MOHAWK FABRICS

- NOTEWORTHY INDUSTRIES

- NTI GLOBAL

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

STATUS: AIDA HAS BEEN MEETING REGULARLY WITH THE FOLLOWING COMPANIES:

- BECKMANN'S CONVERTING (REGARDING NEW CAPITAL IMPROVEMENTS)**
- BRETON INDUSTRIES (NEW LEASE)**
- AGT SERVICES (LEASE OF 2ND BUILDING AND CAPITAL IMPROVEMENTS PLANNED)**
- MOHAWK FABRIC (ON CURRENT GRANT AND FUTURE CAPITAL IMPROVEMENTS)**
- GIANT SOLUTIONS (ON CURRENT GRANT AND FUTURE CAPITAL IMPROVEMENTS)**

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

STATUS: NOT YET UNDERTAKEN.

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

STATUS: INITIAL DIALOG HAS COMMENCED WITH RESPECT TO EXSITING CAPACITY OF TRANSMISSION LINES.