

**ALLEGANY COUNTY BOARD OF LEGISLATORS
COMMITTEE OF THE WHOLE**

January 12, 2022

CALL TO ORDER: The meeting was called to order at 10:08 a.m. by Chairman Philip G. Stockin.

LEGISLATORS PRESENT: P. Stockin, G. Barnes, J. Burdick, K. Demick, D. Fanton, G. Hanchett, B. Harris, S. Havey (*arrived at 11:31 a.m.*), D. Healy, J. Ricci, J. Ricketts-Swales, D. Root, J. Rumfelt (Absent: P. Curran, A. Cyr)

OTHERS PRESENT: T. Boyde, H.R. Budinger, C. Clark (*arrived at 10:31 a.m.*), S. Decker, K. Hooker, C. Jones, C. Knapp, T. Miner, S. Pullen, B. Riehle, T. Ross

Allegany County Industrial Development Agency (ACIDA)

County Administrator Knapp stated that appointment of members to the ACIDA was recently added to an agenda and it was realized that our new Legislators might not have background information or a good understanding of the ACIDA and its current board members. Legislator Root said that although she understands that the purpose of the meeting is to discuss the ACIDA, if we're going to be hypercritical about how members are appointed to this board we need to talk about our other boards. Some of our advisory boards have Legislators as members; should there be Legislators on those boards that are advising us? She questioned if there is a need to look at all boards, and the process for how individuals are appointed. She would like to see a broader discussion. County Administrator Knapp stated that's something she or Clerk of the Board Brenda Rigby Riehle can assist with. She noted that the Community Services Board and Board of Health recently had appointments done. Those are important decisions. The Board of Health sets policies for the Health Department and the Community Services Board sets policy for our Community Services Agency. Legislator Root said it's also important to know which boards are advisory boards and which are stand-alone. She noted that the ACIDA is not advising the Board of Legislators. County Administrator Knapp pointed out that just because a board has "advisory" in the title doesn't necessarily mean they are advising this Board. Chairman Stockin stated that the recent appointments that were made were done in the same manner they had been done in the past. He remarked on the system the Clerk of the Board uses for tracking the appointments, saying it includes all of the committees, the terms, who serves, the purpose of the committee, etc. He said the process is more than just throwing darts, but it's a point well taken. He feels it would be good for everyone to have a little more exposure to the process. Ms. Knapp spoke about the County's relationship with the ACIDA and its Executive Director, Dr. Craig Clark. She stated that she meets regularly with Dr. Clark, and they have a good system of communication. He keeps her up to date on ACIDA projects, and she is able to keep apprised of things by reading their minutes, but stated she can be more involved if that's what's wanted. Dr. Clark reports to our Planning & Economic Development Committee on a monthly basis and also files annual reports with us that are included in the Journal of Proceedings. Their audit is also included as part of our audit. She remarked on the vast amount of information available on the ACIDA's website. Legislator Healy asked if the ACIDA reporting to the Planning & Economic Development Committee is just a formality or if the Committee actually has authority over the ACIDA. Ms. Knapp said that although they report to that Committee, she's not sure the Committee has any authority over the ACIDA. Legislator Healy asked about ACIDA bylaws. Ms. Knapp stated the ACIDA bylaws

are available on the ACIDA's website. (Legislator Harris located them and forward them via email to the other Legislators.) Ms. Knapp noted that the bylaws had been updated in 2016, which is also when Dr. Clark became Executive Director. Chairman Stockin stated that he'd had a conversation with Dr. Clark and recommended that Legislator Ricci be appointed to the ACIDA Board. Chairman Stockin said that Dr. Clark was very much in favor of it. He stated that confidentiality is essential due to the nature of the work; as Legislators, we have to trust our representatives. Chairman Stockin feels Legislator Ricci would be a good addition to the ACIDA Board.

Legislator Rumsfelt asked if the County has a Public Relations Officer. He feels that with good public relations, some misconceptions could be avoided. County Administrator Knapp stated that the Clerk of the Board was appointed as Public Relations Officer when the amount of communications regarding COVID-19 became significant. Ms. Knapp stated that as she has been searching for someone to fill the position of Deputy County Administrator there has been emphasis on community relations. Legislator Ricketts-Swales said she was also having similar thoughts as Legislator Rumsfelt and noted what a great job Genesee Valley Central School does with public relations. She feels a good online presence is important. Legislator Root stated that ACIDA meetings are open to the public. Ms. Root also pointed out that when the previous Board of Legislators began its term, they held roundtable discussions and having a central source of communication was something they felt was important. She feels having a good communication source in place will clear up a lot of problems. County Administrator Knapp stated that Facebook is not as popular with the younger population; Instagram has become more popular. She also mentioned that the Office for the Aging puts forth a survey to find out where people get their information from. Although the demographics for OFA clients may be different than others, it's important to ask people where they get their news.

Legislator Burdick asked if the ACIDA board members are paid. County Treasurer Terri Ross stated that they are not paid. Ms. Burdick asked if the PILOT payments come to the County. Ms. Ross stated that some of them come here but some are done through the ACIDA. She said that it depends on how the PILOT agreement is written. Dr. Clark stated he's only aware of one PILOT that is currently billed through the ACIDA. Legislator Healy asked if it's the ACIDA's decision as to who collects the payments. Dr. Clark said that the ACIDA makes the decision but that historically the County has collected the payments. It's more work for the ACIDA when the County is already set up to do so.

Dr. Clark gave a Power Point presentation on the history, purpose, and members who make up the Allegany County Industrial Development Agency. He noted that some larger towns and cities have their own IDA; Steuben County has multiple IDAs. Dr. Clark said that in rural areas much of the focus is on retention and expansion of existing businesses. The ACIDA has also worked on attracting new business. Legislation was enacted in 1969 that allowed for the creation of an IDA to assist with economic development. Dr. Clark stated that the purpose of the ACIDA is "to promote retention, growth, and expansion of business and industry thereby enriching the overall quality of life throughout our County. This is accomplished by incentivizing the construction or rehabilitation of facilities and equipment in order to expand job opportunities within the area." The mission of the ACIDA is, "to offer attractive incentives to manufacturing and other businesses to remain and expand, or relocate to Allegany County understanding that a strong plan for sustainable economic development begins with a clear vision for economic

growth. The County-wide vision for economic development may be summarized through a listing of overarching goals for economic development, a description of where such economic growth is desired to occur, and an identification of what type of economic development is envisioned.” He said that the ACIDA is a separate entity from the County. The ACIDA reports directly to the State and the County. Dr. Clark then went on to speak about ACIDA board members saying that board members are appointed by the Allegany County Board of Legislators and are traditionally appointed every four years for a four-year term. Potential board members are brought forward by the Executive Director of the ACIDA to the Chairman of the Board of Legislators. ACIDA needs and member background are reviewed by the ACIDA. There is no requirement that a Legislator serve on the ACIDA board but traditionally a Legislator has served. Current ACIDA board members are as follows:

Richard Ewell, Chairman (Term 1/1/18 - 12/31/21)
Judy Hopkins, Vice Chairman (Term 1/1/18 - 12/31/21)
Randy Shayler (Term 1/1/18 - 12/31/21)
Douglas Frank (Term 1/1/18 - 12/31/21)
Ward “Skip” Wilday (Term 4/9/18 - 12/31/21)

Dr. Clark stated that he was appointed Executive Director in September 2016, and gave information regarding both his professional and educational background. Dr. Clark received his PhD and Master of Science degrees in civil engineering from North Carolina State University. He has a Bachelor of Science degree in civil engineering from the University of Colorado, and an Associate of Science degree in engineering science from Jamestown Community College. He is a licensed Professional Engineer in New York State. Since 2015, he has served as economic developer for Allegany County. He currently serves as interim Vice President of Academic Affairs and Vice President of Economic Development at Alfred State College. Dr. Clark serves as Vice President on the Incubator Works Board, is a board member of Invest Buffalo Niagara, a member of New York State Economic Development Council, and an executive committee member of the Community Colleges of Appalachia. He also serves as the New York State Director of Postsecondary Skills USA.

Legislator Barnes asked if there is a limit on the number of ACIDA board members. Dr. Clark said that the bylaws dictate that there can be 5-7 members. County Administrator Knapp noted that this is also set by statute. Legislator Healy asked about assistance provided to both Houghton College and Alfred University. Dr. Clark stated that they received financing through the ACIDA. Legislator Root asked if the property tax forgiveness from PILOTS is for the land only or if the buildings are included. Dr. Clark stated that the property tax forgiveness includes everything. Chairman Stockin brought up the solar ray project in Houghton, which was not done through the ACIDA, and stated it is his understanding that they are exempt from taxes on the land but still have to pay special district (water, sewer, fire, etc.) taxes. Dr. Clark affirmed that special district taxes must still be paid.

Dr. Clark said that based on municipal law, the ACIDA is able to offer the following incentives:

- Taxable and tax-exempt bond financing
- Sales tax forgiveness on material and equipment used for manufacturing
- Payment in lieu of taxes agreements (PILOTS) for reducing property taxes

- Exemption of the mortgage tax recording fee

The PILOT agreements are developed using the Uniform Tax Exemption Policy. PILOTS receive property tax exemptions as follows:

Years 1-5: 100 percent

Year 6: 50 percent

Year 7: 40 percent

Year 8: 30 percent

Year 9: 20 percent

Year 10: 10 percent

Year 11: Full taxes are paid

Dr. Clark noted that clean energy projects receive an exemption on the equipment only; they pay \$2,500/MW for the equipment and must pay full taxes on the land. Clean energy projects are not done in any town unless the town agrees.

The process for receiving assistance from the ACIDA begins with the submission of a financial aid application. Once that is done the project becomes public information. Applications include the value of the project and the number of jobs that will be retained or created. The ACIDA Board then reviews the application for positive economic effects. A fee of one percent of the project value is the standard cost for assistance. Dr. Clark further explained the process saying that all lawyer fees are the responsibility of the client. If the benefits to be received exceed \$100,000, a public hearing is required. The public hearing will include a listing of all incentive benefits. After the public hearing is held, the ACIDA Board makes a final review of the incentives. All fees must be paid before the project paperwork is finalized. Dr. Clark noted that this process takes place during public meetings and the information is posted. Legislator Healy asked if a non-disclosure agreement is ever signed. Dr. Clark stated they do sometimes sign non-disclosure agreements and said that the Board of Legislators could also. Legislator Harris asked if the clean energy projects are subject to the same fee schedule. Dr. Clark stated that they are also required to make the same up front one-time payment. Dr. Clark stated that when he started with the ACIDA, there wasn't any money for them to operate with; now that they are doing so many clean energy projects, they are in a better position financially. Legislator Rumsfelt asked how large a business must be to receive assistance from the ACIDA. Dr. Clark said that it's typically manufacturing businesses; retail businesses are assisted only occasionally. Often the lawyer's fees outweigh the benefits that could be derived by a small business, so it tends not to be effective for them. The incentives are designed to help larger companies. Legislator Burdick asked when in the process the PILOT is negotiated and when the towns and schools affected by the PILOT are notified. Dr. Clark stated that it depends on the project. With clean energy projects, a PILOT wouldn't be done until a host agreement is in place. With other projects, the affected schools/municipalities are informed during the process. Legislator Healy expressed his frustration that when the ACIDA took the property at the Wellsville Airport, used by Lufkin and General Electric, off the tax rolls in 2016, there was a headline in the Wellsville Daily Reporter three days prior to Election Day, and he didn't recall hearing anything about it before hand. Dr. Clark stated that Lufkin already had a PILOT. Dr. Clark was not the Executive Director of the ACIDA at that time and isn't sure what the property tax loss was without looking it up. When GE decided to close their business at that location, it was decided that getting the building was

a better outcome than trying to get them to pay the taxes. Legislator Healy remarked that we had the building years before; that was a failed ACIDA project.

Dr. Clark stated that he reports monthly to the Planning & Economic Development Committee. He also files an annual report with the Board of Legislators and an annual financial audit is submitted to the Board of Legislators through the County Treasurer. In addition to their annual financial audit being posted online, they also file an annual PARIS (Public Authorities Reporting Information System) Report online. County Administrator Knapp indicated that the annual reports are posted on the County website and are included in the Journal of Proceedings. Clerk of the Board Brenda Rigby Riehle stated that a copy of the report is also distributed to each Legislator.

Legislator Burdick asked what happens when a PILOT expires. Who's responsible for making sure it goes back on the tax rolls? Dr. Clark stated that the County Treasurer is very good at monitoring PILOTS to make sure they aren't missed once they expire. He said it is ultimately the responsibility of the assessor to make sure it gets added back to the tax rolls. Dr. Clark went through a list of some of the PILOTS that currently exist. Legislator Ricci questioned why Stilly Enterprises (The Still Water) would still have a PILOT if the restaurant is closed. Dr. Clark stated that is one they are currently discussing as they aren't sure if the closure is temporary due to COVID-19. Legislator Healy asked about PM Research and if they own the building they occupy. Dr. Clark stated that they are in the process of purchasing it from the ACIDA. They have been making lease payments. The committee and Dr. Clark discussed the possibility of renegotiating PILOTS and what is done if the payments aren't made. County Administrator Knapp stated that there are tools if the PILOTS aren't paid. Alliance is an example of a PILOT that required a lawsuit in order to get paid. Dr. Clark noted that PILOT is paid up to date now. Legislator Healy noted that the only PILOT with past due payments is Swain Recreation Center. Dr. Clark said that the ACIDA is already working with them to renegotiate. County Treasurer Ross stated that the Swain PILOT is paid up through 2020 for Town/County. They owe for 2020 School taxes and 2021 Town/County and 2021 School.

Legislator Barnes asked if all of the solar sites in the County are PILOTS through the ACIDA. Dr. Clark indicated that the only solar site that has received assistance from the ACIDA is the one in Andover. The group discussed how there is a uniform policy for taxing those; the equipment is the only part of the project that receives an exemption from taxes. Legislator Healy remarked that the clean energy projects are the best ones for taxpayers in that nothing is removed from the tax rolls.

County Administrator Knapp asked Dr. Clark to tell them more about the microenterprise grant and how that has been used. Dr. Clark stated that the County, in partnership with the ACIDA, received a \$200,000 microenterprise assistance grant to be used to assist small businesses. A business is considered small if there are less than five employees. The ACIDA has given out \$170,000 to assist small area businesses. Dr. Clark stated he didn't have a list of those businesses in front of him but they included a pen business and an antique store. Part of the stipulation for receiving the funds is that the business must add an employee. Dr. Clark remarked on the success of this program saying their business plans are very good and the businesses they've assisted are still operational. Dr. Clark stated that \$30,000 doesn't seem like a lot, but to these small businesses it makes a big difference.

Legislator Harris asked, for the benefit of the new Board members, if Dr. Clark could go through the recent history of the County's financial interest in the ACIDA. Dr. Clark stated that in 2012 this Board agreed on the installation of a waterline at the Crossroads area; the Board for many reasons was not allowed to do the installation so they asked the ACIDA to get the waterline installed on behalf of the County. A \$3.5 million bond was taken out to fund the project, including purchasing property, design fees, legal fees, etc. Development at the Crossroads would not have been possible without the waterline. The County has had an economic development contract with the ACIDA to assist with development and make sure the waterline continues to operate. Legislator Harris asked for the terms of that contract. Dr. Clark stated it was a two-year agreement for \$450,000. County Administrator Knapp indicated that contract has now expired. Legislator Harris asked if the payments from the clean energy projects are helping to make the payments on the bond for the waterline project. Dr. Clark said that the contract for economic development with the County is what has been used to pay the bond. Legislator Harris asked if the ACIDA has funds to continue making those payments now that the economic development contract has expired. Dr. Clark stated that the ACIDA has adequate resources at this time noting that the ACIDA owns the waterline. Legislator Harris asked Dr. Clark what the value of the waterline is. Dr. Clark stated it's valued at approximately \$1.5 million. Dr. Clark stated that the Allegany County Utility Corporation handles the operations of the waterline. Legislator Healy asked if the travel center would have been built at the Crossroads if the waterline hadn't been installed, and if the additional sales tax revenue from the travel center has covered the cost of the waterline. Dr. Clark stated that if the waterline hadn't been installed, the travel center wouldn't be there; the additional sales tax revenue has exceeded the cost of the waterline. Legislator Fanton asked how the water is paid for. Dr. Clark said that the travel center installed their own waterline and water is paid for based on metered usage. He indicated that the Town of Friendship is receiving revenue from the water. County Administrator Knapp noted that the County is also a party to that agreement.

Legislator Barnes asked Dr. Clark if he could quickly review what happened with the proposed cheese manufacturing facility that was to be built at the Crossroads area. Dr. Clark stated that it began with Invest Buffalo Niagara looking for property in Allegany County. The ACIDA didn't know at the time who the client was. In October of that year, they found out it was Great Lakes Cheese that was looking to build a new facility. The ACIDA had to sign a non-disclosure agreement. Great Lakes was doing their own site selection. They were having a difficult time finding property that had both water and suitable electric. Eventually, they settled on property in Belvidere. The ACIDA was asked to proceed with eminent domain because the landowner didn't want to sell the property. A deal for significantly over fair value was negotiated. The real difficulty was finding access to necessary electricity. They were expecting to have electricity needs that exceeded what Dresser Rand had been using. Dr. Clark remarked, "It was always a \$20 million problem." The company was willing to pay \$20 million for electrical service but Rochester Gas & Electric couldn't guarantee when the project would be complete. Great Lakes eventually "pulled the plug" on the project because they were having problems with RG&E. The two main reasons for cancelling the project were not being able to get the land in a timely manner, and not getting RG&E to commit to the project. Legislator Barnes asked how it was possible for Cattaraugus County to find a site so quickly. Dr. Clark stated that the property in Cattaraugus County had an owner who was willing to sell, and the site that was selected is flat and has power provided by a different utility company. The expansion of electrical service will be easier based on the existing structure that is there.

Legislator Healy asked if Cattaraugus County and their IDA offered Great Lakes better incentives. Dr. Clark stated that he's not sure, but it wasn't better incentives that caused them to change plans. Legislator Healy remarked about RG&E using subcontractors to do their work and wondered why the project couldn't have been sped up with the use of a subcontractor. Dr. Clark stated that they never got to have that conversation with RG&E, and RG&E would have had to approve the subcontractor. The bigger issue was that RG&E couldn't guarantee when it would be completed.

County Administrator Knapp remarked that this presentation is an introduction to the ACIDA. She noted that one of the things that wasn't mentioned is that the ACIDA is the County's landlord for buildings the County leases at the Crossroads. Several County offices including Emergency Services, Office for the Aging, Planning, etc. utilize that space. It is also the base for our Park & Ride. Dr. Clark said that prior to the PILOTS, the ACIDA only had revenue from renting these facilities.

Legislator Healy expressed his concern about having equal representation from across the County on the ACIDA board. He feels there should be a member from each of the Legislative Districts. He's also concerned about transparency. He has nothing against the current members, but these things concern him greatly. Dr. Clark stated that is something that can be looked at as new board members are added, but more importantly they look to make sure their board members have appropriate and diverse backgrounds. Legislator Root said she feels it's important to find board members with the best information and good financial sense. She feels this is difficult to do on a geographical basis and said we need to be thinking regionally. She went on to say that we don't have everything in the County we need for economic development. When we think about development, it doesn't matter which district it's in, it will benefit all of Allegany County. It's more important that board members have the proper background.

Legislator Hanchett thanked Dr. Clark for the presentation and asked how the \$7.5 million that the County has earmarked for economic development will be used in conjunction with the ACIDA. Dr. Clark stated that the Crossroads area isn't just a travel center. They are looking for further development. They would like to see at least one hotel, one or two restaurants, and another facility; that has been the long term goal. It's located right in the middle of the County. Legislator Hanchett asked for specifics on how the \$7.5 million will be accounted for. County Administrator Knapp stated that it's been earmarked in the Budget, but there would have to be a specific use for it and the Board would have to decide when and how it is used. The Crossroads development could be a possible use of the money. Ms. Knapp stated that a general misconception is that the ACIDA is part of County government. They are their own separate agency.

Legislator Rumfelt thanked Dr. Clark for enlightening them and asked if they are working on anything to help businesses that are larger than five employees but aren't considered large. Dr. Clark stated they would like to work on a plan to get funding out to in-between sized businesses. Legislator Hanchett asked about assistance with funding for town and village water systems. Dr. Clark stated that ESD (Empire State Development) will fund studies that need to be done for these systems.

Executive Session

A motion was made by Legislator Havey, seconded by Legislator Root, and carried to enter into executive session at 11:55 a.m. to discuss the medical, financial, credit or employment history of a particular person or corporation, or matters leading to the appointment, employment, promotion, demotion, discipline, suspension, dismissal or removal of a particular person or corporation. Immediately following discussion at 12:18 p.m., a motion was made by Legislator Fanton, seconded by Legislator Rumpfelt, and carried to end the executive session and return to the regular meeting.

ADJOURNMENT:

There being no further business to come before the committee, the meeting was adjourned at 12:20 p.m. on a motion by Legislator Harris, seconded by Legislator Ricketts-Swales, and carried.

Respectfully submitted,

Sarah M. Decker, Journal Clerk
Allegany County Board of Legislators