

# Renewing Sullivan: Creating Sustainable Economic Development in Sullivan County



SULLIVAN ALLIANCE for **SUSTAINABLE DEVELOPMENT**

[www.sullivanalliance.org](http://www.sullivanalliance.org)

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## Renewing Sullivan: Creating Sustainable Economic Development in Sullivan County

### PREFACE & ACKNOWLEDGEMENTS

This report was prepared for the Sullivan Alliance for Sustainable Development (SASD) as part of SASD's attempt to better understand current economic development policy in Sullivan County, how it impacts poverty, wages, the environment and quality of life, and to see what can be done to put Sullivan County on the road to a more sustainable and regenerative economy. SASD is a community-based organization **made up of individuals, community groups and businesses whose goal is to promote socially and environmentally responsible economic development.** More info is available at [www.sullivanalliance.org](http://www.sullivanalliance.org).

The following people were kind enough to sit down with me and give me their thoughts, ideas, hopes and sentiments about economic development in the County. Many of their ideas appear throughout this report, and I am grateful to them for their continued leadership on development issues in the county.

**The individuals listed, and their affiliations, are for identification purposes only. It should not be construed in any way that they, or their organization, company or agency, endorse in any way the recommendations in this report. Responsibility for those recommendations lies exclusively with SASD and the author of this report.**

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Terri Hess	President, Sullivan County Chamber of Commerce
Chris Cunningham	Chair, Sullivan County Legislature
Helen Budrock	Assistant Director, Catskill Center for Conservation & Development

## **Renewing Sullivan: Creating Sustainable Economic Development in Sullivan County**

I also spoke with numerous people in the construction industry about the state of building in Sullivan County, and with as many small business owners as possible. Numerous informal conversations with local residents helped form many of the ideas in this report. This report is intended to be used as a guide and source of discussion by the citizens of Sullivan County. It may be reprinted and reproduced by anyone in any form.

It is also intended to be a living document, and will be updated on the internet in the future. Part of the mission of SASD is to stimulate critical discussion of economic development issues amongst the citizens of the county, and this report is part of that mission. Comments, suggestions, criticism and ideas are most certainly welcome. More information about the Sullivan Alliance for Sustainable Development, and future updates of this report, can be found at [www.sullivanalliance.org](http://www.sullivanalliance.org)

### **NOTES ON LINKS**

If you are reading this report as a PDF on your computer, many of the links are active. By clicking on a small map, you will be taken to a larger version in the appendix. Clicking on the larger map will bring you back to your previous place in the document. The URL hyperlinks will also work, but will take you to your web browser and out of the document.

### **THANKS**


I am deeply indebted to Lynn McCormick of Hunter College, whose patience and sharp eye were invaluable, and whose guidance helped form much of the backbone of this document. I am also grateful to Madeline Fletcher, whose unwavering support and critical thinking skills were integral in getting this report off the ground. Ken & Barbara Schmitt provided me with a home in Mountaintale and with a reason for coming to Sullivan County in the first place, for which I will always be thankful. Bob Shrem was my sounding board, who over the past year has always been there to listen, not to mention help me stay on top of development issues in the county. SASD board members Dick Riseling, Eileen Weil and Joan Thursh provided editorial support without which this plan could not have been written. A committed group of SASD volunteers spent a long afternoon going over the report in depth, making sure it was clear and understandable.

And finally to the people of Sullivan County, whose storied history and long struggle for sustainability will hopefully be remembered one day as a shining example of how to grow. I look forward to being a part of that process.

**Alex Schafran, March 2006**



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## EXECUTIVE SUMMARY

“Sullivan County is a place where we achieve a diversified and sustainable economy, which maintains and enhances the natural beauty and rural characteristics of the County.”  
*Sullivan 2020: The Vision for Sullivan County in the 21<sup>st</sup> Century*

Few issues in Sullivan County have engendered as much rancorous debate as the question about what to do with Sullivan County’s economy. Although there has been significant growth over the past seven years, with a rebound in sales tax revenue and a gradual recovery in terms of total jobs, there is still a great deal of concern.

Poverty rates are among the highest in the state, and the gap between rich and poor is growing, as median incomes skyrocket while the number of people in poverty holds steady or inches upward.

Certain sectors, like health care, agriculture and natural resources and manufacturing have shown strong growth, but the lack of construction jobs, a missing white collar sector and the over reliance on traditionally low-wage tourism jobs represent significant concerns about the strength of the county’s economy. (Ch. 1)

Bringing together the diverse voices within the county, groups which may have been (and still may be) at odds over specific economic development projects, is critical. One way to do this is to unite behind a single set of principles embodied by the term sustainable development. Sustainable development begins with the idea that economic development must benefit all its citizens, and maintains the firm belief that economic growth need not be at the expense of social or environmental goals. (Ch. 2)

This report believes that these principles of sustainable development are already strongly evident in the recently developed master plan for Sullivan County, *Sullivan 2020*. Uniting behind this plan, and ensuring that its strong *Vision for Sullivan County in the 21<sup>st</sup> Century* is realized will determine whether or not Sullivan County is able to grow in such a way that alleviates its social, economic and environmental problems, or whether it continues down a road towards increased stratification, acrimonious debate and a reduction in the quality-of-life for most citizens.

### Helping Sullivan’s Economic Development Agencies Build a More Sustainable Economy

Realizing this vision will require that the agencies charged with developing the county’s economic future begin to ask tougher questions about proposed economic development projects. The following Six Sustainability Questions are a good first step:

- Is the project consistent with the sustainable **VISION** set out in the *Sullivan 2020* Plan?
- Is the project **INTERCONNECTED** with previous projects and our economic base?
- Will the project enhance the local **ENVIRONMENT**, or have a negative effect?
- Will the project pay **WAGES** which allow workers to support their families?
- Has support for the project been discussed in an open and democratic **PROCESS**?
- Does the project involve **LOCAL** ownership?

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### Sullivan County’s Primary Economic Development Agencies

- Department of Planning & Community Development (DPCD)
- The Partnership for Economic Development
- County of Sullivan Industrial Development Agency (IDA)
- Empire Zone Board (EZ)
- Agriculture Advisory Committee
- Sullivan County Chamber of Commerce

All six agencies are responsible in some way to the **County Legislature**, either through direct supervision or funding. Therefore, the County Legislature should implement the following recommendations, in cooperation with the appropriate agency (Ch. 3):

- **Develop Standards.** Using the *2020 plan* and the “Six Sustainability Questions” as guidelines, develop and impose a **single set of standards** used by **all agencies** when examining potential economic development projects.
- **Follow the Plan.** Reinforce the goals of the 2020 Plan.
- **Let Some Sun(shine) In.** The economic development agencies all operate in an insufficiently public manner. A first step would be linked websites that would provide current and up-to-date information on all projects under consideration, and how to obtain services and incentives.
- **Make all Agency Boards – Including the Partnership - More Inclusive.** All economic development agencies which take public money must create room on their boards for voices that more properly reflect the diversity of the County, even if it means altering its membership requirements.
- **Improve Accounting – and Accountability.** It is very hard to judge whether incentives given to particular projects make sense in hindsight. Standardize and improve reporting, so that the County can better evaluate the positive and negative impacts of projects and learn from the past.
- **Make the Programs work for Small Businesses - and therefore Main Streets.** This was a goal set out in the 1997 *Rebuilding Sullivan Plan* which has not been realized. Businesses with between 4 and 99 employees are the backbone of a sustainable Sullivan County economy.
- **Make DPCD a Stronger Hub.** As the executive branch of government, DPCD has an oversight, planning and technical assistance relationship with the IDA, EZ and Partnership. This should be strengthened. It has long been a dream to have a one-stop shopping stop for Economic Development – the idea was proposed in the 1997 *Rebuilding Sullivan plan*. We should make it happen.

There are also two key recommendations that come out of our analysis of economic development’s impact on Main Street (Ch. 4):

- **Map all projects.** Current Mapping technology makes it simple to map all proposed projects, *and* to make these maps public. This will allow decision makers and the general public to better assess impacts and the relation of these projects to Main Streets, prior economic development projects and historic and natural resources.
- **Develop a Main Street Impact Report.** Main Street revitalization has been a priority of every plan for the past decade. A simple report on each project can determine whether the projects helps or hinders this goal.

### **Key Sectors for Sustainable Growth**

Institutional reform is just part of the solution. Focusing intently on key sectors that offer excellent potential for meeting the sustainability criteria - local ownership, interconnectivity, decent wages, positive environmental impact, an open and democratic process, consistent with our vision - is critical to realizing true sustainability. By utilizing the four county-wide plans currently on the table - Sullivan 2020, the 1997 Rebuilding Sullivan Plan, the 1999 Rural Economic Area Partnership (REAP) Plan and the 1999 Agricultural Development Plan - along with other resources and interviews, we have identified eleven key sectors for sustainable growth. It is by no means an exhaustive list, but it is a good beginning. Chapter Five illustrates our thinking behind all eleven sectors, along with more in-depth explanations of the following recommendations for developing those industries:

### Sustainable Agriculture

→ **Strengthen linkages** to local consumers, especially local restaurants, businesses and school districts. Focus on adding value in local kitchens, not just manufacturing centers. Improve linkages with the green energy and green building sectors, helping our farmers continue to be leaders of sustainability.

### Green Energy

→ **Secure funding** for an in-depth feasibility study on creating a bio-energy economy.

→ **Develop the local capacity** for wind & solar energy consulting, system design, installation and maintenance.

### Green Building

→ **Create a specific target** in terms of accredited LEED-certified builders, engineers, architects, etc., and provide incentives and encouragement to local professionals to develop these increasingly marketable skills. Investigate tie-ins with Clean Manufacturing to produce green building materials for this growing industry.

### Construction

→ **Help Sullivan County build Sullivan County.** Work with industry leaders to identify how local builders can secure a bigger piece of the billions of dollars that will be spent in building the county in the next decade.

### Health Care & Biotech

→ **Make sure a whole-systems approach** to the health care industry is used to ensure the maximum economic benefit. Assign a permanent liaison from either DPCD or the Partnership to the industry in order to better understand and assess their needs.

### Independent Media

→ **Hold an independent media conference** in Sullivan County to brainstorm ways to enhance the media sector, including new publications and the development of related industries and new markets.

→ **Utilize the design talents and skills of local design companies** to give all three local papers an improved web presence to better capture a dispersed readership and to offer better promotional opportunities to local small businesses.

### Small scale design & tech companies

→ **Assign the Partnership's new expansion staff** to help local small businesses buy new websites, new ads, new marketing materials. This would provide a boost to this growing sector, and help small businesses professionalize their marketing and reach new customers.

### Main Streets & Small Business

→ **The legislature should appoint a Main Streets Task Force**, with participation from the Partnership, the IDA, Empire Zone Board, Sullivan Renaissance, the Visitor's Association and Main Street CDC's and/or Renaissance groups. The Task Force should be charged with the following:

- **Examining all current sources of Main Street and Small Business funding available**, identifying gaps and needed revisions. We must make the ED system work for Main Street and small business.
- **Developing a Sullivan County Community Foundation.** Fully functioning not-for-profit community organizations are critical to the revitalization of Main Streets, much as they were and are responsible for

## ELEVEN SECTORS FOR SUSTAINABLE GROWTH

- Sustainable Agriculture
- Green Energy
- Green Building
- Construction
- Health Care & Biotech
- Independent Media
- Small Design Firms
- Main Streets & Small Businesses
- Clean Manufacturing & Distribution
- Eco-Tourism
- Arts

much of the revitalization in New York City and other Main Streets throughout the country. This is impossible without a secure, *local* source of funding.

- **Help local restaurants grow** – and use local products. Restaurants are key Main Street anchors. For a place like Sullivan County, they can also be a key link in our Agricultural economy and healthy food system, and provide important informal spaces for community interaction.

### Clean Manufacturing & Distribution

→ **Aggressively pursue clean manufacturing** operations with strong ties to sustainable sectors like green building and green energy, for instance major wind turbine makers who will need towers manufactured somewhere in the region.

→ **Improve our communication infrastructure** - high speed digital phone lines, more wireless and cellular access, and more reliable service period. Until we get the infrastructure better, telephone and computer-based businesses will not find this area very attractive, and it will hinder the growth of telecommuters.

### Eco-Tourism

→ **Improve eco-tourism infrastructure** by developing a Trails & Greenway Master plan. DPCD, together with the Towns, local residents, and eco-tourism businesses can identify means to develop the O&W rail trail, other hiking and biking routes, trail maps, potential promotional events and linkages with local businesses and Main Streets (the O&W right-of-way runs right through **eight Main Streets**).

→ **Follow through with a recommendation from *Rebuilding Sullivan*** to assist long-time tourism operators to become more green - and to take advantage of this growing market. Specific funding sources should be developed by the IDA and the Partnership to assist operators.

### Arts (and artists)

→ **Plan for Bethel Woods**. Ensure that Bethel Woods generates the maximum internal economic activity, enhances Main Streets, small businesses and local arts organizations, and becomes a model for sustainable, integrated development. Bethel Woods is a once in a lifetime opportunity for the county – let's grab it.

→ **Work to link the arts and Main Streets** in an official sense. Main Street funding sources should be used to bring art galleries, art studios, arts education – and artists - to empty storefronts.

→ **Develop a world class** year-round arts residency.

### Conclusions

No principle of sustainable development is more critical to Sullivan County than the idea of **INTERCONNECTIVITY**. Individual projects must fit together, benefit from each other, utilize each other's productivity and waste. That also means the people involved must work together, for in a place as small as Sullivan County, interconnectivity also means interdependence.

For the first time in generations, Sullivan County is poised to meet the challenge of creating a year-round sustainable economy that benefits all sectors of our population. This means an open and democratic **PROCESS**, where tougher questions about **WAGES**, the **ENVIRONMENT**, and **LOCAL** ownership are asked to ensure that all projects follow our sustainable **VISION**. It also means preserving our natural capital, and investing in our “human capital” – the workforce of Sullivan County.

The double-edged sword that is investment and change has arrived, and it is up to our elected officials, economic development agencies, civic groups and individual citizens to insist that we take advantage of this opportunity to reduce poverty, improve wages, enhance our natural environment and quality of life, and truly remake the county into what it can and should be: a model of sustainability.



# Renewing Sullivan: Creating Sustainable Economic Development in Sullivan County

## INTRODUCTION

“Sullivan County is a place where we achieve a diversified and sustainable economy, which maintains and enhances the natural beauty and rural characteristics of the County.” *Sullivan 2020: The Vision for Sullivan County in the 21<sup>st</sup> Century*

“Economic development is only valuable to a community if it helps produces the particular living environment its residents desire.” *Rebuilding Sullivan: An Economic Development Strategy, 1997*

For a rural county of less than 80,000 people nestled in the foothills of the Catskill Mountains, the controversy raging about Sullivan County’s economic future can be heard as far away as the steps of the State Capital in Albany or on the front pages of the New York Times. The debate about casinos has brought nationwide attention to the former Borscht Belt, dividing county residents, lawmakers and organizations. Within the county, debates about growth, housing, redevelopment, new factories and jobs are resounding throughout local Town, planning and zoning board meetings and the halls of the County Legislature.

Much of this debate is about density and growth, about the sheer number of homes, buildings, roads, and so forth that this rural county can accommodate without losing its rural character. But a significant portion of this discussion is focused on the economy – despite all the growth (or talk of growth), Sullivan County is still poor. In fact, very poor, and by some accounts, getting poorer. The overall poverty rate in 2000 was over 16%, as high as 35% in one census tract in Monticello. At the same time, median income is on the rise, creating a growing gap between the haves and the have-nots.<sup>1</sup>

Sullivan’s economic problems stem from a variety of sources – the precipitous and dramatic decline of what was once the one of the largest resort destinations in the nation, restructuring of the agriculture and manufacturing sectors (New York State has been “outsourcing” jobs for almost 40 years – first to go south, then overseas), and the loss (or dramatic shrinking) of key employers like Frontier Insurance. Geography, new technologies, changes in the global economy – innumerable factors, many outside of the control of the County and its residents, have helped create a local economy that is not meeting the needs of a majority of its citizens.

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<sup>1</sup> Source: 2000 US Census

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So the question becomes, how does Sullivan County address its economic problems? If we can agree that the local economy needs a shot in the arm, what should it be? Can it create a new economy? This has long been the subject of discussion in the county, and has engendered a heated and at times acrimonious debate. Different “sides” have accused each other of not having the best interests of the county in mind, of being “anti-jobs” or “anti-environment,” of being blind to each other’s interpretation of reality. It has pitted neighbor against neighbor, Town against Town – meanwhile, we have yet to realize anyone’s vision of a revived economy, and our economic problems persist.

This report is an attempt to move beyond the acrimonious debate, beyond the tired paradigm of “jobs vs. the environment” and to show Sullivan County that there is a pathway towards increased employment, better jobs, a cleaner environment and a happier and healthier quality of life. In fact, as this report will show, the citizens of Sullivan County have already articulated this vision in the recently completed countywide Master Plan, *Sullivan 2020*.

Fundamentally, this report is based on two key tenets: First, that Sullivan County can grow its economy in a way that **pulls people out of poverty without destroying the natural environment**, and that we can ensure that the jobs we create pay a living wage, do not abuse our natural resources, and do not adversely affect quality of life. To boil it down to one word, we can ensure that the new economy that we create is **sustainable**. Second, and equally as important, is the belief that **in order to move towards a more sustainable economy, the era of vitriol and lines in the sand must end**. It is only through the cooperation of its citizens that the county will realize the vision it set out for itself in the *2020 Plan*. This does not mean that criticism should be squashed – just the opposite. This report is part of what we hope will be the growth of a stronger civil society in the county, one which encourages debate, discussion and openness from agencies and elected officials. But it is also relentlessly positive – it does not throw mud, accuse any agency or organization of anything other than making a few mistakes along the way. This plan fully recognizes that all of the agencies, organizations and businesses that have worked so hard for so long for this county are needed for us to move forward towards a sustainable economy, and that in the end, the various “sides” are not that far apart.

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### Structure of the Report

Although many agree that the state of Sullivan County's economy is problematic, exactly how and how much is a matter of discussion. **Chapter One** will paint a demographic picture of the county, in order to better understand recent trends in employment and poverty, and to identify key strengths and weaknesses that will inform the rest of the plan. **Chapter Two** is the crux of the report; by incorporating some of the key concepts of sustainable development, we will show that the county, through its *2020 Plan*, has laid out a sustainable vision for the county's economy. Using this vision, and the ideas of shared prosperity, local ownership, community economic development and natural capitalism, we will develop a set of criteria for evaluating past, current and future economic development initiatives. **Chapter Three** uses the criteria established in Chapter Two to examine current economic development policy – who the agencies are that carry it out, how they operate, what they do and have done. It will include case studies and examples of projects that have been supported or promoted by various agencies, as well as recommendations for helping those agencies better realize the vision for a sustainable economy set forth by the *2020 Plan*. **Chapter Four** will take project analysis to a deeper level, using Geographic Information System (GIS) technology to analyze projects in relation to each other and local communities. This is designed as an example of one of the ways that the agencies in Chapter Three can more effectively utilize technology to ensure that economic development projects meet the sustainability criteria. **Chapter Five** will examine specific opportunities for sustainable economic development by looking at key sectors of our local economy.

Most chapters will include strategies and action items that address issues brought up in each chapter, and **Chapter Six** will bring all of those ideas together in a coherent conclusion. By the end, readers should have a clear understanding of what the criteria for a sustainable economy are (as established both by citizens and by leading thinkers), who the agencies are that are charged with developing our economy and to what extent their past projects meet that criteria, and what can and should be done better to put Sullivan County on the road to decreased poverty, increased wealth, a cleaner and more productive environment, and a better and more stable quality of life for all residents.

### Didn't The County Just Do This?

This report is meant as a supplement to the recently released County Master Plan, *Sullivan 2020*. As has been mentioned repeatedly, this plan utilizes the *Vision for Sullivan County in the 21<sup>st</sup> Century* as articulated in the *2020 Plan*. It is meant to go in depth on one subject – economic development - in ways that a master plan cannot, and to build on the energy and momentum that was built up during the process. In many ways, this

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can be considered part of the planning process – *Sullivan 2020* was designed to be a living, breathing document, and this plan is just one of what are sure to be many plans developed by both the public and private sector in response to the 2020 challenge to make a better and more sustainable Sullivan County.

### **What This Report Is Not**

As this report is not a master plan for the county, and will not deal with many issues that are important to growth and development, such as government services, transportation, etc, except in the context of economic development. It is not an expose or an investigation into corruption or conflict-of-interest, nor an attempt to name names or point fingers. It recognizes just how difficult sustainable economic development is, and how few societies in the world have truly succeeded in created a just, balanced and sustainable economy. It also recognizes that many professionals and volunteers involved with economic development have poured their hearts and souls into their work over the past few decades, and this report aims to honor that work and that commitment by providing a few fresh ideas, bringing back many great ideas that have never been realized, and infusing new energy and unbridled enthusiasm for the work ahead.

### **A Final Note on Sustainability**

As we move forward with our discussion, it is critical to understand that economic development is not a science. Eliminating all impacts is impossible; the perfect plan does not exist. There will always be drawbacks, trade-offs, economic realities, finite resources, differing opinions. Although Chapter Two establishes what we believe to be strong and realistic criteria, there is no exact litmus test for sustainability, and there will likely be plenty of people who think that plenty of the industries, companies or ideas discussed in this report do not meet their standards.

But it is the firm belief of this report that positive sustainable economic development is possible, and that it is only possible if local citizens understand it, demand it from their government and businesses, and work to implement it at the local level. It will also only be possible if we put down our swords and recognize that the vast majority of Sullivan County citizens want the same thing: a healthy community, a good quality of life, a clean environment, a good paying job. The potential for growth and positive change in the county is immense, and accomplishing the goals of this report are eminently achievable. Hopefully, by the end of this document, one should have a decent sense of some of the steps needed towards weaving together the complex, intricate and fragile web that will be Sullivan County's new economy.



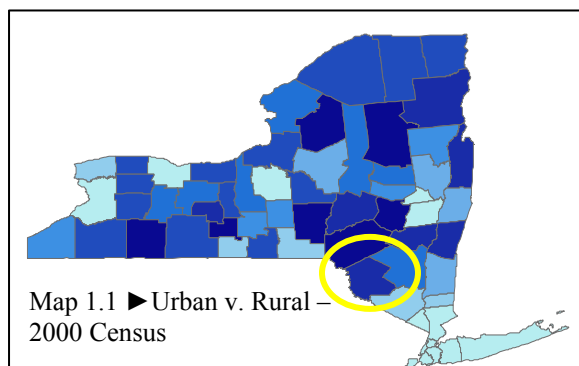
### CHAPTER ONE – DEMOGRAPHIC CHANGE IN SULLIVAN COUNTY

There are few amongst us that would debate the notion that Sullivan County is undergoing rapid change. Much of that change is physical – the new housing developments are hard to ignore. It is also hard to ignore the extreme rise in housing prices over the past few years. Yet there has also been significant economic distress. So just what is the state of poverty and unemployment in the county? And as so many visitors to the county ask, “Where does everyone work?”

This chapter seeks to answer some of these questions, and to provide a base level of understanding of the demographic changes and current labor picture before we set out to discover solutions to our problem. After all, is there really a problem? What is the state of poverty and unemployment today? How does Sullivan County compare with other counties in New York?

***Throughout this report, click on a map to see a larger version. To get back, just click on the larger map.***

First we will examine Sullivan in the context of other counties in the State, using data from the United States Census<sup>1</sup>. Secondly, there will be a look at demographic change at the census tract level between 1990 and 2000, with particular attention paid to changes in median income and poverty levels. Finally, we will do a more in depth analysis of Sullivan’s labor force and labor markets, drawing some conclusions with regards to wages and employment that will give us a head start as we seek to examine the key question of economic development and growth – what types of jobs do we want here?



#### **Sullivan in Context**

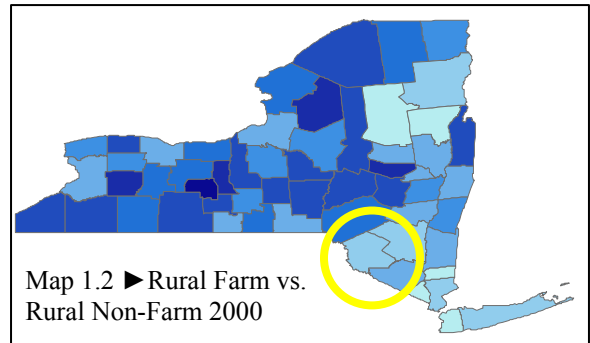
As can be seen from Map 1.1, Sullivan County’s population is decidedly rural (the bluer a county, the more rural). As one can see, we are very much the frontier between the urban New York City Metropolitan Area and the decidedly rural upstate and western New York. All of the counties in the state that lie south and east of Sullivan are considered Metro counties by the US census, meaning that they lie

<sup>1</sup> Unless otherwise noted, all data in the Chapter is from the US Census of Housing & Population

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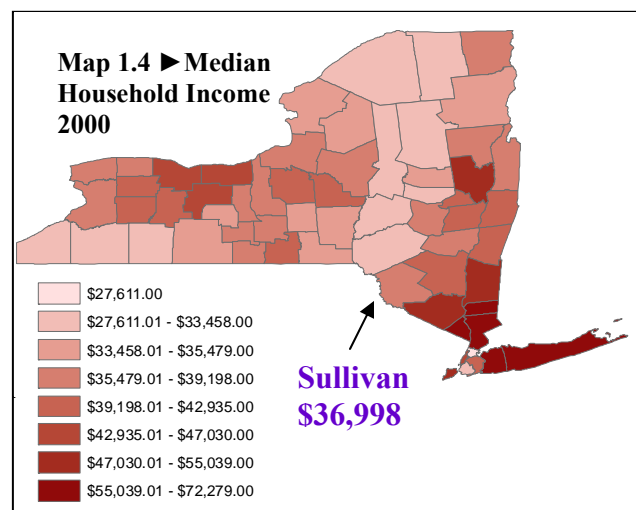
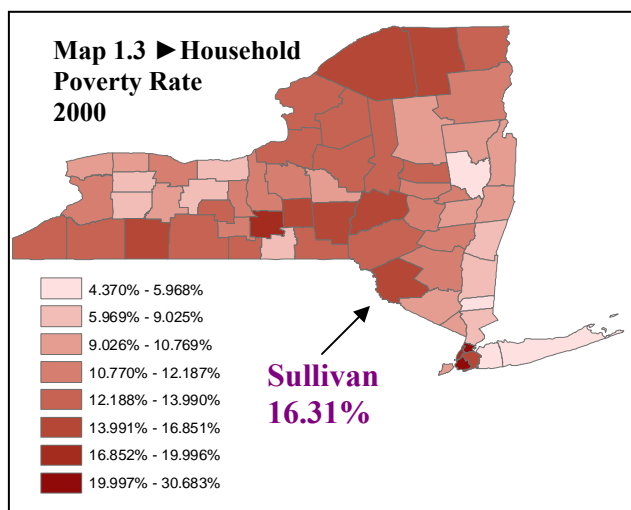
within a recognized metropolitan area.<sup>2</sup> The reasoning behind calling the *Sullivan 2020 Plan* by that name is that many predict that the combination of population growth, increased commutes and the growth of Middletown will mean that Sullivan becomes a Metro county by the year 2020.

Yet not all rural counties are created equal. What exactly does rural mean? Map 1.2 shows something interesting. Although Sullivan County has a decidedly rural population, the percentage of that rural population that live on a farm is one of the lowest in the state. A higher percentage of Westchester County's *rural residents* actually live on a farm compared to Sullivan County. Although we may be spread out, and there are no cities, many of us live in small hamlets, villages or other communities, or in sparsely populated wooded areas. In other words, we are rural, but few of us farm.



### Poverty, Income & Employment

When it comes to poverty and household income, Sullivan County does not compare very favorably with the rest of the state, especially the wealthier Hudson River Valley to our east. Maps 1.3 and 1.4 show poverty rates and median income respectively. In terms of poverty rates, Sullivan ranks higher than any county in our

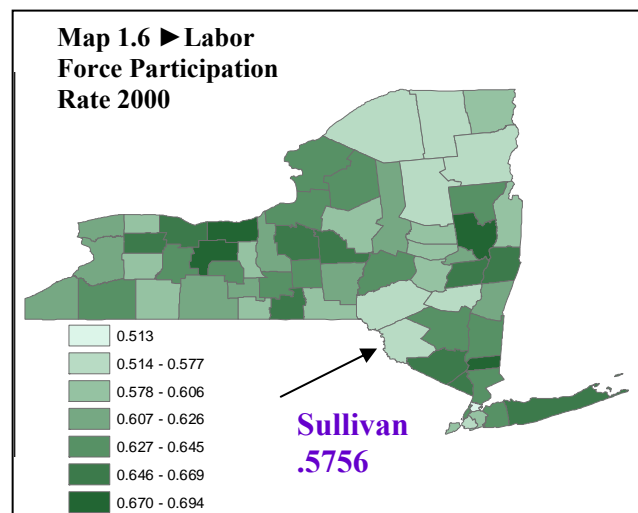
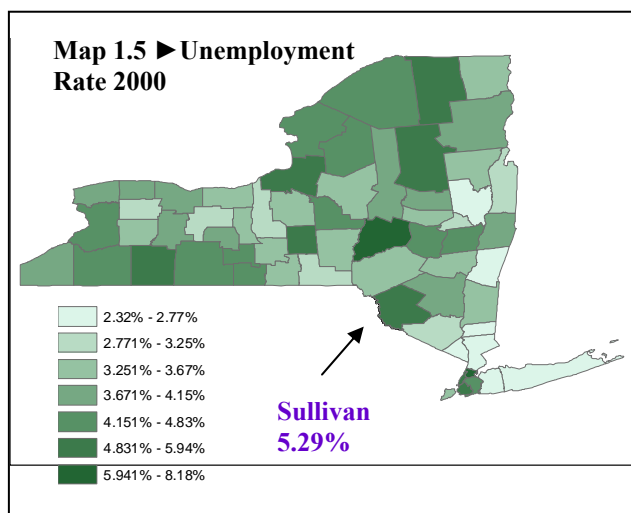


<sup>2</sup> A metro county either has a central city of more than 50,000 population, or is within the immediate commutershed of that city.

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immediate vicinity. In fact, Sullivan County's poverty rate is comparable with the urban counties of New York City. On the income side, median household income also did not keep pace with the Hudson Valley, although it was higher than some of our farm belt neighbors to the north and west. As we will see in a subsequent section, changes in median income are occurring in some census tracts in the county, but not all.

Maps 1.5 and 1.6 show two key employment statistics – the well known unemployment rate, and the lesser-known labor force participation rate (LFPR). Again, Sullivan County shows areas of significant concern, especially with LFPR, although the unemployment rate is also on the high side relative to the surrounding area. Whereas unemployment measures those who are unemployed yet actively looking for work versus the entire labor force, the LFPR measures those in the labor force versus the entire population. What this statistic shows is that for some reason, be it high levels of disabilities, retirees, incarceration, or just a morbid job market, a smaller percentage of Sullivan County's population works than the majority of counties in the state.



Overall, it is clear from the comparative statistics that there is a lot of work to do, and that the county faces a lot of challenges. Sustainable economic development – development that creates **decent paying jobs** that **lifts people out of poverty** and **back into the labor force**, is a way of meeting that challenge. Yet before we move onto the discussion of how to grow sustainably, it is important that we look a bit deeper at some of the demographic changes taking place at the local level.

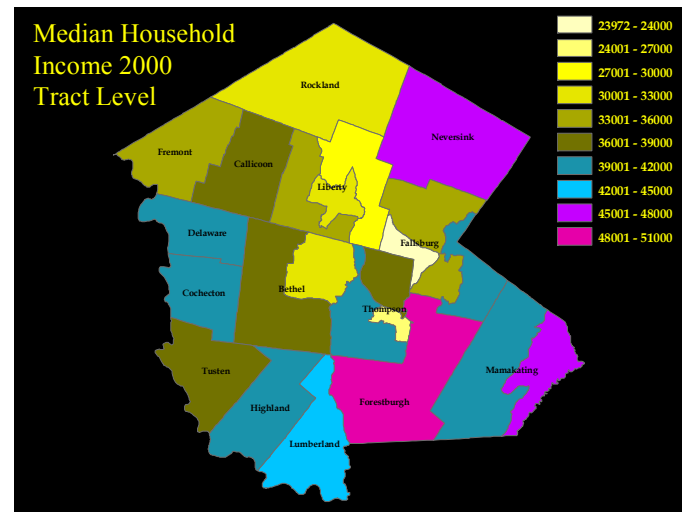
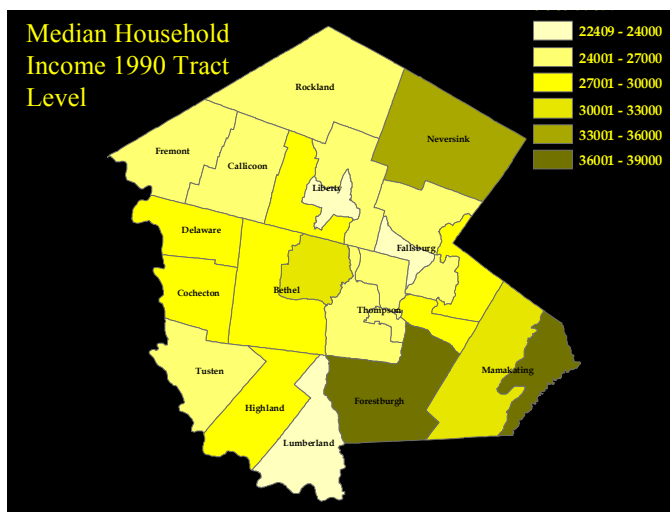
## Renewing Sullivan: Creating Sustainable Economic Development in Sullivan County

### Micro-Level Analysis – Demographic Change on the Census Tract Level

Looking at changes within Sullivan County between 1990 and 2000 yield an even more interesting, and at times startling picture. Maps 1.7 and 1.8 show the difference between median household income by census tract. In many tracts, including most of the southern portion of the county and in the Town of Neversink, median income shot through the roof, in some places almost doubling. For instance, the median household income in the census tract that is Lumberland went from \$23,625 in 1990 to \$42,625 in 2000, an 80% increase. This compares to the county as a whole, which saw its median income increase 34% (compared to increases of 31 and 39% at the state and national levels respectively).<sup>3</sup> Five tracts saw increases of above 45%, a significant jump compared to the state and county averages.

For a map of census tracts and a list of median income increases by tract, [click here](#)

Yet what is most notable is that a handful of census tracts, primarily in Fallsburg (South Fallsburg), Thompson (Monticello) and Liberty saw little or no increase whatsoever. Whereas the 1990's saw significant



increases in median income in most parts of the county, the tract that is downtown Monticello saw virtually no increase (less than 1%), and South Fallsburg (<7%) and western Liberty (14%) were had increases far below the county average. In fact, analysis of poverty rates shows that, although median income rose in virtually every part of the county, the poverty rate in each tract either held steady, or in some cases grew. Maps 1.9 and 1.10 show that change. Note the purple section in Thompson. This is the heart of Monticello. While most tracts in Sullivan County showed massive increases in wealth, Monticello now has a poverty rate of over 35%.

<sup>3</sup> US Census of Housing & Population.



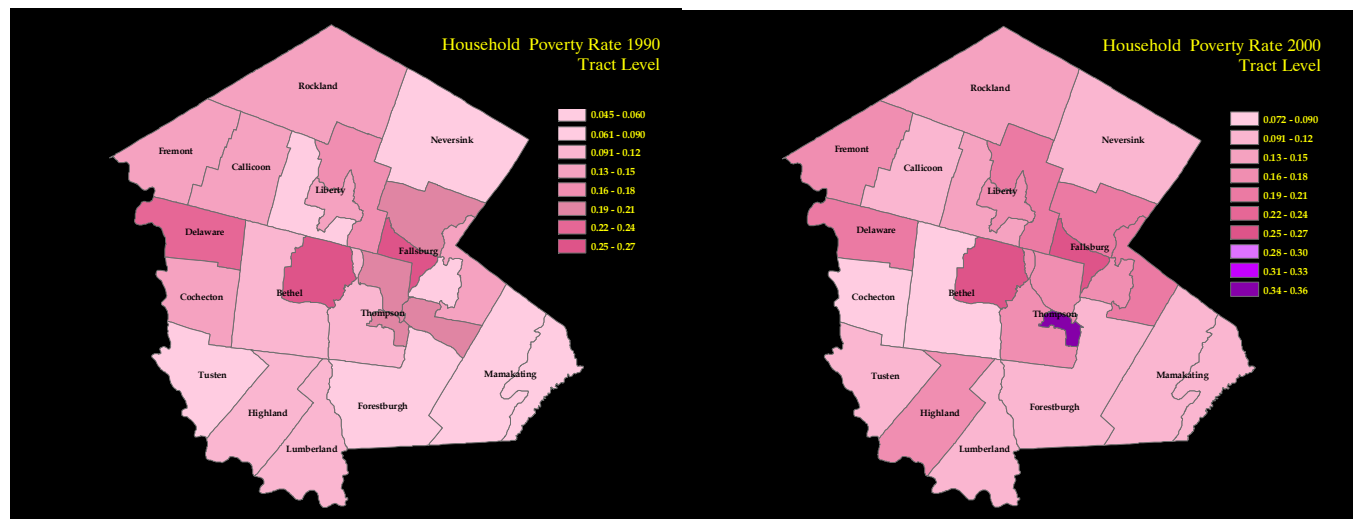
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So what can be extrapolated from this information? A rise in median income can signal that at least some of the existing population is doing well, or that they have been replaced by or joined by wealthier neighbors.

Given the poverty rate figure, we must assume the latter, or that lower income people are also moving in.

**What can be said unequivocally is that the gap between rich and poor in Sullivan County has grown.**

There is more wealth than ever before, and more poverty. **This presents both an opportunity and a challenge for economic development.**

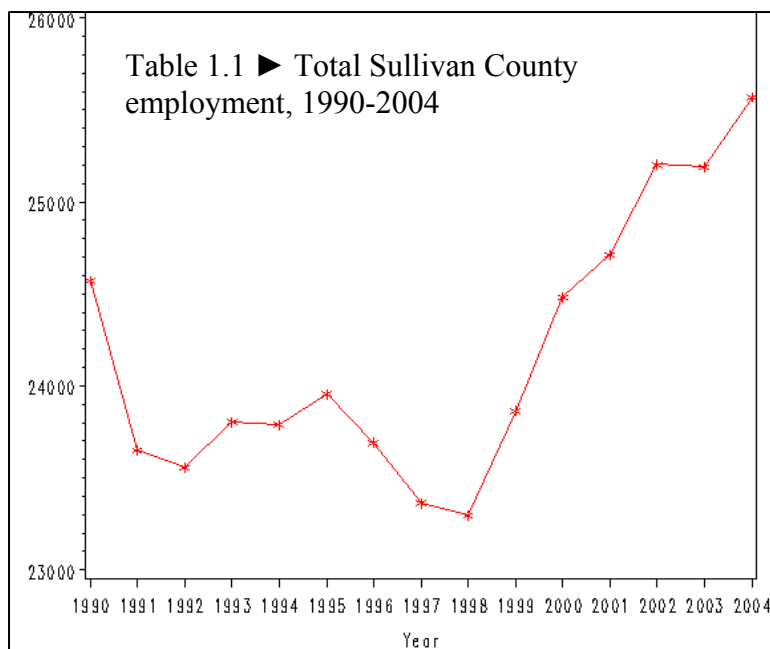


### Employment - “So what do people up here do for work?”

When it comes down to it, the heart of economic development is job creation, and a critical debate in economic development is what types of jobs are we working to create. A key aspect of sustainability is the development of jobs that pay what is known as a “living wage,” a salary that allows an employee to support his or her family.<sup>4</sup> So what types of jobs do we have in Sullivan County? Has there been significant change over the past few years?

<sup>4</sup> Definitions of a living wage differ. Some, like the Universal Living Wage campaign (<http://www.universallivingwage.org/>), define it narrowly, simply as the amount of money one needs to earn to afford the cheapest form of housing in an area. Others, like United for a Fair Economy, define it as the amount needed to support one's family ([http://www.responsiblewealth.org/living\\_wage/](http://www.responsiblewealth.org/living_wage/)). “Living Wage” in the context of this report is used to define the amount of money a worker needs to earn to support their family. It should not be confused with a Living Wage Campaign, whereby the government makes paying a living wage mandatory for businesses that do business with the government. Whether Sullivan County should adopt a living wage ordinance is a worthy subject of debate, but not one to be carried out on these pages.

## Renewing Sullivan: Creating Sustainable Economic Development in Sullivan County



Using both shift-share analysis and location quotient analysis, we will first examine Sullivan County's overall job picture for the past few years. We will then go into more depth regarding certain employment areas, with specific regard to wage differentials between growing sectors and declining sectors.

Table 1.1 shows the overall job pattern in Sullivan County over the past 15 years.<sup>5</sup> From a midway point in 1990, the county saw a precipitous drop over the majority of

the 1990's. The initial decline can be attributed to the recession that gripped the country in 1990 and 1991. Yet that does not tell the whole story. Whereas by 1998, New York State had the same number of overall jobs that it did in 1992, Sullivan County had just reached the bottom.<sup>6</sup> Nevertheless, there has been significant growth since that point, with 2004 representing the highest period of total employment during that period, despite the national recession in 2000.

So what sectors of the economy in the county are growing? Have all sectors recovered from the doldrums of the late 1990's? In many ways, it depends on which years you use for comparison. Looking at growth from 1998 to 2004 shows decent growth in all sectors, especially when compared to national growth. But the county was not exactly starting in a good place. A better way is to look starting in 1990. That way true growth, not just recovery from Sullivan County's prolonged recession, will come to light.

Table 1.2 examines changes in the major employment sectors from 1990-2004<sup>7</sup>. As it shows, **Education & Health Services** is the single largest employer, and one with strong growth, a reflection of the strong health care industry. Not surprisingly, **Leisure & Hospitality** was and still is a major employer, yet suffered

<sup>5</sup> Source: Shift-share analysis from the University of Georgia, using statistics from the US Bureau of Labor Statistics. More information on the shift-share analysis can be found at <http://www.georgiastats.uga.edu/sshare1.html>

<sup>6</sup> Ibid.

<sup>7</sup> These sectors are high-level aggregates developed by the BLS. For a breakdown of these aggregates into major NAICS groups, click here. For a more detailed breakdown of NAICS codes, visit <http://www.bls.gov/sae/saewhatis.htm>

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significant declines over the 14-year period in question. Interestingly enough, **Manufacturing and Natural Resources/Mining** both saw significant gains in the number of jobs, while **Construction** jobs had the second largest numerical loss behind Leisure & Hospitality. This fact bears further investigation, and will be discussed more thoroughly in Chapter Five.

Table 1.2: Employment Changes in Sullivan County, 1990 to 2004<sup>8</sup>

Sector	Employment, 1990	% of total	Employment, 2004	% of total	Change	Percent Growth, 1990 - 2004
Education and Health Services	5,313	21.6	7,236	28.6	1,923	36.2
Trade, Transportation, and Utilities	4,929	20.1	4,878	19.2	-51	-1.0
Leisure and Hospitality	5,261	21.4	3,543	14.0	-1,718	-32.7
Public Administration	3,192	13.0	3,077	12.1	-115	-3.6
Financial Activities	1,219	5.0	1,360	5.4	141	11.6
Other Services	763	3.1	1,322	5.2	559	73.3
Professional and Business Services	1,210	4.9	1,181	4.7	-29	-2.4
Manufacturing	731	3.0	1,066	4.2	335	45.8
Construction	1,305	5.3	1,012	4.0	-293	-22.5
Natural Resources and Mining	110	0.4	411	1.6	301	273.6
Information	519	2.1	256	1.0	-263	-50.7
<b>Total</b>	<b>24,552</b>		<b>25,342</b>		<b>790</b>	<b>3.2</b>

Some of these changes may reflect changes in the national economy, things that are beyond the control of Sullivan County. Others may reflect changes in particular industries at the national level. Finally, some of these changes may be due to particular competitive advantages or disadvantages within Sullivan County. In order to separate out the effect of national forces, economists use shift-share analysis to better understand the particular strengths and weaknesses of a local economy. Table 1.3 shows the shift share analysis, which we will explain briefly. To view the entire shift-share analysis, with detailed explanation, [click here](#).

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<sup>8</sup> Ibid.

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Table 1.3: Shift-Share Analysis for Sullivan County, 1990-2004

Sector	National Growth Component, Percent	National Growth Component, Jobs	Industrial Mix Component, Percent	Industrial Mix Component, Jobs	Competitive Share Component, Percent	Competitive Share Component, Jobs
Manufacturing	19.1	139	-39.2	-287	66.0	482
Other Services	19.1	145	4.4	34	49.8	380
Natural Resources and Mining	19.1	21	-23.2	-26	277.8	306
Financial Activities	19.1	232	-3.4	-42	-4.1	-50
Education and Health Services	19.1	1,013	20.0	1,063	-2.9	-153
Information	19.1	99	-7.3	-38	-62.5	-324
Public Administration	19.1	608	-7.3	-233	-15.4	-490
Trade, Transportation, and Utilities	19.1	940	-7.4	-366	-12.7	-625
Professional and Business Services	19.1	231	35.8	433	-57.2	-693
Construction	19.1	249	12.9	168	-54.4	-710
Leisure and Hospitality	19.1	1,003	14.3	753	-66.0	-3,474
		4,680		1,459		-5,351

Columns One and Two represents how much of the job growth or decline can be explained by the growth of the *national economy*. The US economy grew by 19.1% from 1990-2004. Therefore, of the growth in Education & Health jobs, 1,013 of the 1,923 new jobs in that sector can be attributed to the strength of our national economy. Columns Three and Four are the *industrial mix component* – those jobs which can be accounted for by virtue of changes in particular industries at the national level. Again, Education and Health



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jobs grew strongly, at 20%, accounting for 1,063 of our jobs. Columns Five and Six are the *competitive share component*, those jobs that grew due to some particular advantage within a given region. According to shift-share, Sullivan County is in fact 153 Health and Education jobs short of what it should be according to growth of the national economy and this particular sector. This is the most critical category, for it tells us as planners what our strengths and weaknesses are, and allows us to plan accordingly.

Overall, the shift-share analysis shows that Sullivan County fell more than 5,000 jobs short of what it should have overall in terms of job growth given national trends. But this figure is a very blunt sword, and does not take into consideration other controls on growth. The key findings from the shift-share analysis are on an industry by industry basis. They point to unusually strong growth in the Manufacturing and Natural resources sectors. The Natural Resources sector includes agriculture, so that growth could be attributable to a resurgence in Sullivan County farming. We expect that Leisure and Hospitality would be the largest loser, but the fact that construction jobs fell well short of the mark is surprising, given the construction boom of late. Also of concern is the Professional & Business Services sectors, which is a high-wage sector that is key to a strong middle class. In fact, as one can see from Table 1.2, neither sector has fully recovered from the 1990's recession, and there are still almost 300 fewer construction jobs, 22.5%, than there were in 1990.

A further method for understanding Sullivan's employment situation is what is known as the location quotient (LQ). The location quotient looks at employment in certain industries in a smaller area compared to overall employment in that area, and compares it to the same ratio in a larger base area.<sup>9</sup> It gives you a sense of the sectors where activity in the sub-area, in this case Sullivan County, is more concentrated compared to either the country as a whole or the State. It can both show strengths, expose vulnerabilities (over-reliance on any particular industry can be dangerous), and indicate potential areas for growth.

Table 1.4 is the location quotient analysis for Sullivan County.<sup>10</sup> The base area is the country as a whole, and New York State and Ulster County are also used for comparisons sake. A location quotient of 1.0 indicates that the ratio for the area in question (Sullivan County) is the same as the base area (the nation). An LQ that is greater than 1.0 indicates that we have a higher ratio in that industry; an LQ of less than 1.0 indicates a

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<sup>9</sup> Technically, the definition is: Ratio of analysis-industry employment in the analysis area to base-industry employment in the analysis area divided by the ratio of analysis-industry employment in the base area to base-industry employment in the base area. *Source: BLS*

<sup>10</sup> Source: US Bureau of Labor Statistics Location Quotient calculator. More information at [http://data.bls.gov/LOCATION\\_QUOTIENT/servlet/lqc.ControllerServlet](http://data.bls.gov/LOCATION_QUOTIENT/servlet/lqc.ControllerServlet). The complete LQ for Sullivan County can be found by clicking here.

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lower ratio. For context, the location quotients of New York State and Ulster County (also using the nation as a base) are shown.

Table 1.4 ► Location Quotient, Year 2004, Base: United States			
Industry	Sullivan County	Statewide	Ulster County
Base Industry: Total, all industries	1	1	1
NAICS 11 Agriculture, forestry, fishing and hunting	1.47	0.3	1.82
NAICS 21 Mining	1.14	0.14	0.61
NAICS 22 Utilities	1.05	1.1	ND
NAICS 23 Construction	0.82	0.73	0.83
NAICS 31-33 Manufacturing	0.42	0.66	0.76
NAICS 42 Wholesale trade	0.65	0.99	ND
NAICS 44-45 Retail trade	1.25	0.91	1.39
NAICS 48-49 Transportation and warehousing	0.77	0.86	0.8
NAICS 51 Information	0.41	1.37	1.38
NAICS 52 Finance and insurance	0.89	1.41	0.77
NAICS 53 Real estate and rental and leasing	1.14	1.38	0.74
NAICS 54 Professional and technical services	0.44	1.2	0.58
NAICS 55 Management of companies and enterprises	0.7	1.11	0.37
NAICS 56 Administrative and waste services	0.31	0.84	0.64
NAICS 61 Educational services	0.48	2.01	0.75
NAICS 62 Health care and social assistance	1.73	1.3	1.35
NAICS 71 Arts, entertainment, and recreation	1.74	1.12	0.78
NAICS 72 Accommodation and food services	1.56	0.79	1.34
NAICS 81 Other services, except public administration	1.72	1.15	1.19
NAICS 99 Unclassified	2.62	2.63	2.5
Footnotes: (ND) Not Disclosable			
<i>Calculated from Quarterly Census of Employment and Wages Data by the US BLS</i>			

Although the categories are slightly different from the shift-share analysis, one can easily see some emerging patterns. Despite positive growth in manufacturing, we lag behind in the category compared to the country as a whole, although one can see that this is an area the state struggles with as well. The vast gap between education and health care shows that the strength of that combined sector is really in health care.

Accommodation and Food Service still accounts for a large portion, twice the ratio of the state. Key white collar sectors like Finance and Insurance and Management are weak compare to the state, although not as

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bad as one may be led to believe. Again, despite significant building in the county, construction jobs lag behind the national rate.

### Wages

Now that we have a sense of Sullivan County's relative strengths by sector, it is critical that we delve briefly in to the issue of wages. As was mentioned earlier, and will be talked about in more depth in Chapter Two, the ability of a job created by economic development to pay a salary on which a worker can support his or her family is critical.

Table 1.5 shows the average annual salary by sector for Sullivan County in 2004.

Table 1.5 ► Average Annual Salary by Industry				
Industry	LQ for Sullivan County	Average Annual Salary (county)	# of establishments	# of employees
NAICS 11 Agriculture, forestry, fishing and hunting	1.47	23907	16	305
NAICS 21 Mining	1.14	46381	9	106
NAICS 22 Utilities	1.05	73396	5	106
NAICS 23 Construction	0.82	35302	241	1012
NAICS 31-33 Manufacturing	0.42	27964	57	1066
NAICS 42 Wholesale trade	0.65	32613	77	659
NAICS 44-45 Retail trade	1.25	21913	285	3363
NAICS 48-49 Transportation and warehousing	0.77	24796	45	554
NAICS 51 Information	0.41	47770	33	226
NAICS 52 Finance and insurance	0.89	49533	89	933
NAICS 53 Real estate and rental and leasing	1.14	19543	131	426
NAICS 54 Professional and technical services	0.44	28370	150	534
NAICS 55 Management of companies and enterprises	0.7	38984	4	214
NAICS 56 Administrative and waste services	0.31	24493	83	432
NAICS 61 Educational services	0.48	13508	20	179
NAICS 62 Health care and social assistance	1.73	32270	184	4349
NAICS 71 Arts, entertainment, and recreation	1.74	16944	47	577

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NAICS 72 Accommodation and food services	1.56	14332	267	2966
NAICS 81 Other services, except public administration	1.72	17135	185	1322
All figures for Sullivan County for the year 2004.				
<i>Calculated from Quarterly Census of Employment and Wages Data by the US BLS</i>				

Some of the news is quite positive. Health Care has a strong annual salary, spread out over a large number of establishments, employing a large number of workers. The county's strong position in Agriculture, Mining and Utilities also bodes well from a wage perspective. On the other hand, Accommodation and Food Services, a key component of the tourism industry, and one which the County is heavily reliant upon (an LQ of 1.56), has an average annual wage of \$14,332, well below the poverty line for a family of four.<sup>11</sup>

There should also be concern about the relative lack of jobs within high-income sectors. Local officials have long bemoaned the lack of white-collar jobs in Information, Finance and Insurance, and Professional and Technical Services, especially since the dramatic downsizing of Frontier Insurance. But another area of particular concern and focus should be the construction sector, whose annual average salary is more than \$35,000 per year, and whose 1,000+ employees are spread among almost 250 establishments.

### Some Conclusions

This section has not meant to paint an overly bleak picture of the economy of the county. We recognize that job growth in the past six years has been strong, median income is up in most census tracts, and sales tax revenue is up significantly during that period.<sup>12</sup> Yet we have also shown that there is steady if not rising poverty, and a low labor force participation rate. There has also been a loss of jobs in a key sector – construction – and growth in the business and professional services sector has not kept up with the nation as a whole. Health care remains strong, but over-reliance on tourism related industries is a concern due to low wages.

Keeping these employment and demographic statistics in mind as we plan for Sullivan County's future is critical. Failure to consider wages, the strength of a given industry, or poverty issues can lead us away from a

<sup>11</sup> According to the 2005 Health & Human Services Guidelines, the poverty threshold in the continental United States for a family of four is \$19,350. In fact, this sector's annual wage is below the poverty guidelines for a family of three - \$16,090.

<sup>12</sup> Sullivan County DPCD Databook - 2002



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more sustainable economy, not towards it. In Chapter Two we will develop a set of criteria for evaluating economic development projects, criteria built from the vision of the *2020 Plan* and theories of sustainable development, criteria that will better enable us to solve some of the issues brought up in this chapter. We will also return to this information, and add more industry-specific data, in Chapter Five, when we discuss concrete ways to grow Sullivan County's new economy.

### **CHAPTER TWO: SULLIVAN COUNTY'S SUSTAINABLE VISION**

Over the course of the past year and a half, Sullivan County has developed a vision for the future. Entitled *Sullivan 2020: Defining An Image And Managing Change: A Strategic Plan For Sullivan County*, the *2020 Plan* is an update of the County's Master Plan. It deals with issues such as transportation, emergency services, waste disposal, open space and housing. Yet as one can imagine, a core topic is Sullivan County's economy.

This chapter, and this plan as a whole, is based on the idea that the vision laid out in the *Sullivan 2020* plan is a sustainable one, one that is consistent with the ideas of sustainable economic development and natural capitalism, one that is capable of meeting the challenge of creating a diverse and robust economy that addresses the concerns brought up in Chapter One while preserving and enhancing the health of our natural environment and our quality of life. What is missing are a set of criteria that we can use to evaluate economic development ideas so that we can be sure that they are consistent with the *2020 Plan* vision.

The chapter will first lay out the vision as stated in the *2020 plan*. It will then explain what "sustainable development" means according to current discourse. Particular attention will be paid to four key concepts – natural capitalism, community economic development, shared prosperity and local ownership - overlapping ideas that have a great deal of relevance for the county. Utilizing the 2020 vision and these concepts of sustainable economics, we will then develop a set of criteria which Sullivan County can and should use to evaluate past, current and future economic development projects. These criteria will then be used in the subsequent chapters to look at both past and future economic development ideas, as well as the agencies charged with implementing our new economy.

#### **The 2020 Vision**

The second chapter of the *2020 Plan*, immediately following the introduction, lays out in no uncertain terms a vision for Sullivan County. In it, the steering committee, made up of more than 30 county residents from all walks of life, utilizing survey data and information from the five participatory public meetings held to develop the plan, state:

"Sullivan County is a place where we achieve a diversified and sustainable economy, which maintains and enhances the natural beauty and rural characteristics of the County. It is also a place where we nurture our youth, our elderly and our dependent populations in an

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environment that is welcoming to those seeking a rural quality of life in an urbanized setting. We expect to achieve our vision by focusing our attention to the critical policy areas discussed in this document.”<sup>1</sup>

What follows is an itemization of the **outcomes** that the 2020 plan *expects* from a 21<sup>st</sup> Century Sullivan County<sup>2</sup>:

- A diversified economy
- A broad based economy marketing identity that reaches beyond the County borders.
- There is balance between preserving the agricultural economy of the County and allowing growth and development in the rural areas primarily through innovative, progressive implementation techniques such as promoting cluster development.
- Clean industry is promoted in the County that is compatible with and diversifies the economic base
- **Sustainable development that is compatible with the natural environment**
- The expansion of infrastructure including natural gas, power, and widened roads
- Monticello is built up as the County seat
- An increase in new industry
- Attract jobs with higher wages, more benefits
- Downtowns with an anchor business
- Themed industry clusters in the downtowns
- Eco-tourism
- Unique destinations that draw visitors to the communities
- Containment of rapid growth
- Year-round economic development
- An economy that draws from a broad-based market area and type.
- Main street development in all communities.
- A train rail service for transportation
- The creation of service economies such as assisted living centers that spin-off other small businesses
- Housing available for all income levels

Note the fifth expected outcome (emphasis added) – sustainable development that is compatible with the natural environment. In fact, the word sustainable appears 20 times throughout the 2020 plan.

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<sup>1</sup> Sullivan 2020 Plan

<sup>2</sup> Ibid.

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Yet it is not only the use of the word “sustainable” that makes a plan qualify as a sustainable development plan. Surely the plan must meet other criteria – if it were to call itself sustainable yet also propose a massive nuclear waste dump in Monticello, would that be sustainable?

In order to better judge the “sustainability” of the 2020 Plan, we must take a look at some of the definitions of sustainable development as developed by some of the leading thinkers in community and economic development. We will then revisit the above desired “outcomes,” showing how most of them are important pieces of the sustainable puzzle. In the end, it will allow us to develop “sustainability criteria,” which we can and will use to evaluate past, present and future projects.

### Understanding Sustainability

As was mentioned earlier, sustainable development is not a science, but rather an amalgamation of various ideas from different individuals and organizations throughout the world. The International Institute for Sustainable Development defines sustainable development thusly: “For development to be sustainable it must integrate environmental stewardship, economic development and the well-being of all people-not just for today but for countless generations to come.” More simply put, their vision states that sustainability means “Better living for all.”<sup>3</sup>

Although the idea of sustainable development has its origins decades ago in some of the earliest environmental literature, many point to *Our Common Future*, the World Commission on Environment and Development (WCED) report on global sustainability, which drew international attention to issues of global and local sustainability. This report, also known as the Brundtland Commission report, was codified as guiding international principle during the 1992 Rio de Janeiro Conference on Environment and Development (UNCED), when 180 nations signed a protocol that encompasses it, namely, Agenda 21.<sup>4</sup>

The Brundtland Commission Report defines sustainability as “Development which meets the needs of the present without compromising the ability of future generations to meet their own needs.”<sup>5</sup> As environmental planner Lauren Gropper puts it, “This definition brings together four sets of values –

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<sup>3</sup> International Institute for Sustainable Development, <http://www.iisd.org/>

<sup>4</sup> WCED (1987) and UNCED (1992) as cited in Gropper (2005)

<sup>5</sup> *ibid*

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environmental protection, providing for the future, quality of life, and social equity – to create a new policy agenda, which integrates environmental, developmental, social and economic concerns.”<sup>6</sup>

As one can imagine, this subject of sustainable development, and exactly how to achieve this nexus between environmental, developmental, social and economic concerns, has spawned a vast and diverse quantity of scholarship since Brundtland. For the purposes of this plan, it is important to look at four key ideas that have come out of this discussion – the idea of shared prosperity, the importance of local ownership, a systematic approach called “community economic development,” and a new economic paradigm, natural capitalism.

### Shared Prosperity

A key component to sustainable development is exploding the myth that development and growth, which is necessary for employment and the generation of wealth, is incompatible with environmental stewardship. Another myth that must be exploded is that making growth more equitable means hindering growth. As Brad Lander and Laura Wolf-Powers state:

“Fortunately, the choice is not between inequitable growth and no growth. There are innovative strategies for utilizing planning and redevelopment tools – without abandoning most of the current plans – not only to generate prosperity, but to share it more equitably and to produce it more sustainably.... Smartly applied, in combination, many of these tools could reshape proposed redevelopment plans to create more shared and sustainable prosperity....”<sup>7</sup>

Lander and Wolf-Powers talk about “shared prosperity” in the context of the sweeping redevelopment currently happening in New York City. But the concept remains sound for Sullivan County, as do many of their recommendations. Can we create a new economy for the county which addresses some of the significant poverty issues raised in Chapter One? Is it possible to harness future economic growth so that the gap between rich and poor in the county stops growing?

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<sup>6</sup> Gropper (2004)

<sup>7</sup> Lander & Wolf-Powers (2004), p. 20

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One key plank of their sustainability platform for New York City that is particularly relevant to Sullivan County is the idea of “Making Service Work Pay.” For a place like Sullivan County, which is a bedroom community for service workers from Middletown and whose major industries (Health Care and Tourism) employ large numbers of service workers, a key issue in achieving “shared prosperity” is figuring out how Sullivan County residents can live off their service wages. Lander and Wolf-Powers cite a 2001 study which shows that over half of the economic polarization in the United States over the past three decades has occurred within groups of similar age, education and experience.<sup>8</sup> Although the overwhelming number of informal interviews conducted for this report indicate the need to improve the workforce development system, this study shows that education and training alone are not the answer. Clearly, public policy and development decisions make a difference in terms of wages.

One ray of light in the research on service work is the concept known as “career ladders.”<sup>9</sup> A low paying job that is the first step on the road to financial security is very different from a dead end job with no prospects. This is one reason why the health care sector, despite a significant number of low wages jobs, can be a source of positive growth. Recent studies have shown that initiatives to provide bridges between the lowest rungs of the health care profession and the well-paid upper echelon, especially those sponsored by unions, have been successful in providing career and wage growth for its employees.<sup>10</sup> Making service work pay is not just about where you start, it is about where you can end up.

### Local Ownership

In the past, chances are you purchased your goods at stores owned locally, many of whom stocked goods produced regionally. If you worked at the local plant, there was a good chance it was owned by people who you might see walking down the street. As anyone who has walked down the street or visited a mall in recent times can see, this fact has changed.

Nevertheless, Sullivan County still has a large number of locally-owned businesses, and local ownership is another key factor in sustainable economics. A recent study in Austin, Texas showed that locally owned businesses generated **three times** the local economic activity than comparable chain stores operating on equal revenue.<sup>11</sup> Their explanation lay in the following factors:

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<sup>8</sup> Bernhardt et al. (2001) as cited in Lander & Wolf-Powers (2004)

<sup>9</sup> Ryan (2001)

<sup>10</sup> See Ryan (2001), Takahashi & Melendez (2002). For more on career ladders, see also Fitzgerald (2004)

<sup>11</sup> Economic Impact Analysis: A Case Study – Local Merchants vs. Chain Retailers (Austin, TX): Civic Economic, 2002



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1. Local businesses have larger payrolls, employing their own ad writers, buyers, accountants, and other positions that chains centralize in a single headquarters.
2. Locally owned businesses make more of their own purchases locally.
3. More of the profits generated by locally owned businesses recirculate in the community.

In the report, which focused on two locally-owned bookstores compared with a national chain, researchers demonstrated that \$100 spent at the national chain generated only \$13 of local economic impact, compared to \$45 in the case of the locally owned store. If every Sullivan County household switched \$100 of its holiday shopping from a chain store to a locally-owned store, the increase in economic impact for the county would be almost *one million* dollars.<sup>12</sup>

### Community Economic Development (CED)

CED has evolved from the notion that while individual economic development projects may be effective, and may be sustainable, revitalization generally requires a more comprehensive and systematic approach. As defined by the Centre for Community Enterprise, a leading organization dedicated to developing and enhancing CED, this method is designed for the long term, and rather than focusing on specific projects or specific strategies, and works to develop the overall capacity of a community to handle economic and social change.

The Centre, which has compiled an extensive body of research and case studies on effective Community Economic Development, has identified six key features of CED:<sup>13</sup>

- A multi-functional, comprehensive strategy or development system of on-going activities, in contrast to any individual economic development project or isolated attempts at community betterment;
- An integration or merging of economic and social goals to make a more powerful impact for community revitalization;

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<sup>12</sup> Cased on the calculation of number of households (2000 census) x difference in economic impact from Civic Economics report (\$33)

<sup>13</sup> Tools & Techniques for Community Recovery and Renewal (2000), Center for Community Enterprise.  
[www.cedworks.com](http://www.cedworks.com)

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- A base of operating principles that empower the broad range of community residents for a governance both of their development organizations and their community as a whole;
- A process guided by strategic planning and analysis, in contrast to opportunistic and unsystematic tactics;
- A businesslike financial management approach that builds both ownership of assets and a diverse range of financial and other partners and supporters;
- An organizational format that is nonprofit, independent and non-governmental, even though for-profit or governmental entities are linked to its work.

This comprehensive approach is critical to achieving the long term goals of increased local ownership and a greater sharing of future prosperity, an “integration or merging of economic and social goals.”<sup>14</sup> But sustainability and CED also involve the concept of integrating the businesses themselves, or **interconnectivity** – the idea that projects can not exist in a vacuum, and that a “**whole system**” approach is needed, whereby individual projects relate to each other, use each other’s products and byproducts, and working together reduce waste and create a more stable and healthy economic system. This is a concept elucidated quite clearly in the thinking of Paul Hawken, Amory Lovins and L. Hunter Lovins in their book *Natural Capitalism*.

### *Natural Capitalism*<sup>15</sup>

Both Hawken and the Lovins are entrepreneurs. Hawken is perhaps most famous for starting Smith & Hawken, an upscale garden supply company based in California. His 1993 book *Ecology of Commerce* laid much of the groundwork for *Natural Capitalism*. The Lovinses are the founders of the Rocky Mountain Institute, an “entrepreneurial nonprofit organization” whose innovative thinking and practical approach have contributed greatly to our understanding of sustainability.<sup>16</sup>

**natural capital:** natural resources and the ecological systems that provide vital life-support services

The basic concept of *Natural Capitalism* is that modern capitalism is based on an outdated model, developed during the Industrial Revolution, when labor was scarce and natural resources were abundant and cheap. Such a system places little or no value on these resources and the ecosystems that provide

<sup>14</sup> Ibid.

<sup>15</sup> A more thorough explanation of Natural Capitalism can be found in Appendix \_\_\_ or at [www.natcap.org](http://www.natcap.org)

<sup>16</sup> More information about the Rocky Mountain Institute can be found at [www.rmi.org](http://www.rmi.org)

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and maintain them – our natural capital. Natural Capitalism, what Hawken and the Hunters consider the “next Industrial Revolution,” aims to transform business and industrial practices to economize on what they now see as the limiting factor of production – the scarcity of natural capital. It is a new **business model** – like all business models designed to improve efficiency and create profit – and is based on four key principles:<sup>17</sup>

1. ***Radically increase the productivity of resource use.*** Through fundamental changes in production design and technology, leading organizations are making natural resources stretch five, ten, even 100 times further than before. The resulting savings in operational costs, capital, and time quickly pay for themselves, and in many cases initial capital investments actually decrease.
2. ***Shift to biologically inspired production (Biomimicry)*** with closed loops, no waste, and no toxicity. Natural Capitalism seeks not merely to reduce waste but also to eliminate the concept altogether. Closed-loop production systems, modeled on nature's designs, return every output harmlessly to the ecosystem or create valuable inputs for other manufacturing processes. Industrial processes that emulate nature's benign chemistry reduce dependence on nonrenewable inputs, eliminate waste and toxicity, and often allow more efficient production.
3. ***Shift the business model away from the making and selling of "things" to providing the service that the "thing" delivers.*** The business model of traditional manufacturing rests on the sporadic sale of goods. The Natural Capitalism model delivers value as a continuous flow of services—leasing an illumination service, for example, rather than selling light bulbs. This shift rewards both provider and consumer for delivering the desired service in ever cheaper, more efficient, and more durable ways. It also reduces inventory and revenue fluctuations and other risks.
4. ***Reinvest in natural and human capital.*** Any good capitalist reinvests in productive capital. Businesses are finding an exciting range of new cost-effective ways to restore and expand the natural capital directly required for operations and indirectly required to sustain the supply system and customer base.

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<sup>17</sup> Hawken, Lovins and Lovins (1999) as excerpted from RMI's Cuyahoga Valley Report, p. 85

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Perhaps most importantly, eliminating waste, improving efficiency and reducing energy use improve the bottom line and allow for increased investment “in human capital—the people who foster the innovation that drives future success.”<sup>18</sup>

These ideas of “natural capitalism,” “local ownership,” “community economic development” and “shared prosperity” are the key foundations of Sullivan County’s new economy. Fortunately for all of us who are involved in building this economy, the vision we have laid out for ourselves in the *2020 Plan* is consistent with these notions of sustainability. We mentioned earlier that the *Vision for Sullivan County* explicitly states that “**Sullivan County is a place where we achieve a diversified and sustainable economy,**” and that one expected outcome is “**Sustainable development that is compatible with the natural environment.**”<sup>19</sup>

Additionally, many of the other desired outcomes in the *2020 Plan* are part and parcel to a sustainable vision. It sets out to “Attract jobs with higher wages, more benefits” and make “housing available for all income levels,” key steps towards shared prosperity. “Eco-tourism,” “Clean Industry,” and especially the search for balance between agriculture and development speak to the integration of environmental and developmental concerns. The numerous expectations dealing with Main Streets and downtowns fit in with ideas of reuse, efficiency and closed systems that are keys to *Natural Capitalism* and sustainability. The goal of creating service economies with the potential for small-business spin-offs fits squarely within the goal of interconnectivity.

### Creating Criteria for Progress

So how do we implement this vision? How do we decide whether a project is in fact sustainable and will therefore help us realize the *Vision for Sullivan County*? In order to keep our eye on the prize, the people of Sullivan County, and the economic development agencies charged with reviving our economy, must be able to decide whether an individual project moves us towards this vision, or farther away.

Part of making those decisions is asking the right questions. Yet it is also critical that the questions be asked in a way that people can hear them. This is the final piece of the puzzle, the glue that holds together our society, without which any discussion of sustainability is moot: **democracy**. As Rualdo Menegat states:

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<sup>18</sup> Ibid.

<sup>19</sup> Sullivan 2020 Plan

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“... sustainable development is impossible without good urban environmental management and ... this, in turn, has to be built on **democracy and participation**.”<sup>20</sup>

The way in which economic development projects are discussed – who makes the decision to subsidize or approve it, how many people are involved, to what extent the public knows about and understands the projects potential impacts – is just as critical as the project itself. With this emphasis on the democratic process firmly in mind, we have developed the following six criteria – *overlapping* questions to be asked about each project, questions that should be at the forefront of our minds as we brainstorm economic development ideas. Just as our economy should be interconnected, these criteria and questions are as well.

### **THE SIX SUSTAINABILITY CRITERIA**

**VISION**- *Is the project consistent with our vision of a sustainable economy? Is it part of a systematic approach Does it **contradict** any other projects or principles?* Keeping our eyes on the prize is critical to ensuring sustainability and not falling for false promises and pretty renderings.

**INTERCONNECTIVITY**- *How does the project help other projects and other businesses? Will it drive traffic to existing business, or pull it away? Will other businesses be able to use its products and/or waste? Is the **location** and **scale** optimal for interconnection?* The more that a project uses the inputs and outputs of other local businesses, the more the local economy benefits. The more that one project builds on another, the more the local economy grows.

**ENVIRONMENT** – *How does the project help sustain the environment, or does it have a negative effect? Will it increase our access to, and enjoyment of the natural environment, or just the opposite? How do the **scale** and **location** of the project affect the environment?* The environment is a key to our quality of life, not to mention many of the goals of the *Vision for Sullivan County*.

**WAGES** – *Does the project meet the goal of higher wages and more benefits? Does it contribute to shared prosperity? If lower wage jobs are being created, do they have strong career ladder potential?* Creating large numbers of low wage jobs does not make a sustainable economy, nor does it contribute to shared prosperity.

**PROCESS** – *Has the decision making process been open and inclusive? Was an attempt made to educate the public?* No project will make everyone happy, but that is no excuse to hide behind closed doors. If the goal is to create an economy that helps all, the table must be open to everyone.

**LOCAL** – *Is the project owned locally? Will the profits generated be reinvested in the local economy?* Three times the economic impact makes local critical.

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<sup>20</sup> Menegat (2002), p.205

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These six basic criteria – an easy way to remember them is to **VIEW the PLaN** - are what this report will use to examine past, present and future economic development ideas. They can easily be put into question format, giving up Six Sustainability Questions to be asked about each and every project submitted for public support:

- Is the project consistent with the sustainable **VISION** for the county set out in the *Sullivan 2020 Plan*?
- Is the project **INTERCONNECTED** with previous projects and our economic base?
- Will it enhance the local **ENVIRONMENT**, or have a negative effect?
- Will the project pay **WAGES** which allow workers to support their families?
- Has support for the project been discussed in an open and democratic **PROCESS**?
- Does the project involve **LOCAL** ownership?

More than just a way of looking at ideas, these questions and criteria should form our basis for brainstorming. Rather than simply come up with an idea and put it to the test, planners can and should ask themselves, “What kind of development can we bring in that is connected to X industry? What kind of projects have good wages, or a positive affect on the environment?”

There is no magic formula for a good economy – moving our county forward will require countless decisions by policy makers, advocacy groups, government officials and local residents. Utilizing the above criteria will help - simply asking questions that may have previously gone unasked is a critical step. But doing so outside of the public eye only gets us halfway. We must build our new economy more openly if we are to build it more sustainably.



### **CHAPTER THREE – SULLIVAN COUNTY’S ECONOMIC DEVELOPMENT AGENCIES**

#### *Economic Development Policy (and Practice) in Sullivan County*

In a state where home rule is the law if not the religion, economic development is one area where County government plays a strong role. Economic Development in Sullivan County is primarily guided by two quasi-governmental institutions, the County of Sullivan Industrial Development Agency (IDA) and the Empire Zone Board (EZB), both of which are directly connected to the County Legislature and the Sullivan County Division of Planning & Community Development (DPCD). A public-private partnership, the Partnership for Economic Development, also plays a significant role in both recruiting new businesses and in setting the tone for economic policy. Additionally, the Sullivan County Agricultural Advisory Committee helps set policy on agricultural issues, and the Sullivan County Chamber of Commerce provides assistance to existing businesses in the county.<sup>1</sup>

As these agencies are charged by the people of Sullivan County with carrying out their vision for a healthier economy, it is critical to understand who they are, how they operate, and how they work together. In some form or another, all six agencies – the IDA, the Empire Zone Board, the Partnership, the Chamber, the Ag Committee and DPCD – are directly or indirectly connected to the County Legislature, as all receive some or all of their operating budgets from taxpayer dollars.

This section will start with a brief history of economic development in Sullivan County, especially as it pertains to the IDA, Empire Zones and the Partnership, and proceed with an in depth look at the specific roles that each entity plays within the county, including how they make their decisions, what types of projects they work on, and how they are related to each other. It will then look at recent governmental and non-governmental criticism of the tax-incentive programs on a statewide level. This scholarship is invaluable in shedding light on issues and problems which Sullivan County is not alone in facing.

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<sup>1</sup> It could also be argued that there are other agencies with a role in economic development, like the Sullivan County Visitor’s Association and the various workforce development agencies like Sullivan County Community College, BOCES, Cornell Cooperative Extension, and the Center for Workforce Development. Although those agencies play an important role in economic development, and their directors all sit on the Partnership Board, for the purposes of this analysis we will only be examining those agencies who have the direct responsibility of setting and or administering economic development policy.

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On a parallel track, color-coded sidebars throughout this section will look at specific economic development projects that have been supported by the different agencies, with observations guided by the six criteria developed in Chapter Two. At the end, using the principles and strategies of the *Sullivan 2020 Plan*, the sustainability criteria, and the aforementioned criticism of tax-incentive programs, we will make specific and concrete recommendations on how to help these agencies better create sustainable economic development policy for the county.

### A (Very) Brief History of Economic Development Agencies and Planning in Sullivan County

During the first wave of deindustrialization that hit New York State in the late 1960's, state officials identified a need to empower local governments to provide incentives to manufacturing and industry to stay put. Since New York's constitution prevents direct grants from local governments to businesses, Industrial Development Agencies were created. Essentially

these were non-profit corporations controlled by local governments that would have the power to use tax breaks as incentives to lure business from other states and help keep existing companies where they were.<sup>2</sup>

Sullivan County's IDA was created in 1970, and for many years was run directly from the County's Division of Planning & Community Development (DPCD). Its original role involved both granting tax breaks and doing outreach to prospective companies. In 1994, a decision was made by the newly created County Legislature to split those two functions, and to create somewhat more independent agencies. The IDA retained its function as the provider of incentives for business, although its offices were moved out of DPCD and the Government Center, and future employees would no longer be civil servants.<sup>3</sup> Outreach to prospective business became the purview of the newly created Partnership for Economic Development, a public-private partnership with an independent board. The County retained its role in the Partnership

### Six Sustainability Questions

- ▶ Is the project consistent with the sustainable **VISION** for the county set out in the *Sullivan 2020 Plan*?
- ▶ Is the project **INTERCONNECTED** with previous projects and our economic base?
- ▶ Will it enhance the local **ENVIRONMENT**, or have a negative effect?
- ▶ Will the project pay **WAGES** which allow workers to support their families?
- ▶ Has support for the project been discussed in an open and democratic **PROCESS**?
- ▶ Does the project involve **LOCAL** ownership?

<sup>2</sup> Economic Development Handbook (2005), Harris Beach, author Shawn M. Griffen, January 2005

<sup>3</sup> Current IDA Executive Director Jennifer Brylinski, who was previously a planner with DPCD, remains technically a county employee, whereas IDA CEO Allan Scott and IDA Executive Assistant Liz Hunt are solely employed by the IDA.

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through funds which are both channeled through the IDA and provided directly by County government, as well as through the presence of numerous County officials in *ex-officio* seats on the Partnership's Board of Directors.

In 1997, the County Legislature commissioned an Economic Development Plan, entitled *Rebuilding Sullivan: An Economic Development Strategy*. The plan, which was written primarily by then-Planning Commissioner Alan Sorenson and planning consultant Tom Shepstone (along with then County Manager Jonathan Drapkin and Architect/Planner Robert Dadras), outlined a broad economic development strategy which recognized the need for economic diversification given the morbid state of the tourist economy at the time. Among other things, *Rebuilding Sullivan* led to the creation of the 1999 *Agricultural Development and Farmland Protection Plan*, a plan specifically designed to revitalize the county's agriculture sector. That year also saw the development of the Rural Economic Area Partnership (REAP) plan, under a program sponsored by Congressman Maurice Hinchey that combined Sullivan County and the Town of Wawarsing in Ulster County into a single planning zone. This plan laid out an ambitious agenda for everything from agriculture to education, from the arts to tourism.

In 2001, the Statewide Empire Zone (EZ) program came to Sullivan County, adding another source of potentially lucrative tax breaks to the mix already offered by the IDA. Empire Zones are essentially tax-free zones throughout the state, in which the State of New York picks up the tax bills for new and expanding businesses as a form of incentive. These zones are targeted to low-income and distressed areas, and the geographic area in question must meet certain need-based criteria.<sup>4</sup> The Empire Zone program is administered locally, and in the case of Sullivan County, it is well integrated with the rest of the economic development apparatus – the program is administered through DPCD, and overseen by a Board that includes the Partnership for Economic Development and the Chair of the IDA Board.

Finally, in 2004, Sullivan County began developing a new Master Plan, now known is the *Sullivan 2020 Plan*. In addition to the *Vision for Sullivan County in the 21<sup>st</sup> Century*, the plan also laid out specific economic development ideas designed to move the county forward. In Chapter Five, as we delve more deeply into specific, industry-based ideas for a sustainable economy, we will come back to many of the ideas from the *1997 Rebuilding Sullivan Plan*, the *1999 Ag Plan*, the *REAP* plan and *Sullivan 2020*. The rest of this chapter will look at the agencies responsible for implementing those plans.

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<sup>4</sup> Source: Empire State Development Corporation - [www.nylovesbiz.com](http://www.nylovesbiz.com)

### Sullivan's Economic Development Team – Understanding Who's Who, What They Do, And How They Are Related

The following section outlines the various roles and responsibilities of Sullivan's economic development agencies. Although this section is designed for those who do not fully understand how current economic development decisions are made, or who makes them, readers who are familiar with the agencies may want find the brief case studies included alongside this section insightful.

#### *Sullivan County Division Of Planning & Community Development (DPCD)*

DPCD plays a critical role in economic development in Sullivan County. The Division has direct oversight of the Empire Zone program, and provides technical support to the IDA. It works closely with the Partnership on a variety of efforts, and its Commissioner is an ex-officio member of the Partnership Board. The Director of Agricultural Economic Development, who advises the Ag Committee, is a member of the DPCD staff. Additionally, as the entity charged with long range planning for the County, it works with local officials, citizens and organizations to articulate the future vision of Sullivan County's citizens.

To that end, DPCD was the lead author of the 1997 *Rebuilding Sullivan* Plan, and recently completed a year long process of updating the County's Master Plan, *Sullivan 2020*. As noted earlier, this plan identifies key areas of concern and opportunity, along with strategies and actions for making improvements to all areas of county life, including housing, social services, open space and the environment, transportation, emergency management, community development and governance. It pays particular attention to the issue of economic development, and economic development considerations and strategies appear regularly throughout the more than 100-page document.

DPCD also plays an important regulatory role through what is known as Section 239 review. New York State law mandates that the County review any development proposal before a Town planning or zoning board that would have county-wide impacts. Although the review is only advisory in nature under Home Rule, it can be an important tool for local officials, who generally do not have the same access to technical resources available as DCPD.

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### *County Of Sullivan Industrial Development Agency (IDA)*

Industrial Development Agencies are public authorities created by the State of New York to attract and enhance economic and industrial development, create jobs and provide economic stability within specific geographic boundaries. Sullivan County's IDA was created as a public benefit corporation by the New York State Legislature under section 906 of the General Municipal Law (GML) in 1970, and is governed by the rules and regulations of Section 18a of the GML.

#### ► *Powers & Activities – What does it do?*

The IDA functions primarily through the granting of tax abatements to businesses that are considering locating or expanding within the county. These deals are also known as **straight lease** deals, because in order to be eligible for the abatements, the company must deed over the property to the IDA and lease it back from them. A company with an IDA-eligible project applies to the IDA for a combination of **sales tax abatements** on products purchased for the construction or development of the project, **mortgage recording tax abatements** on any loan taken out in conjunction with the project, and **real property tax abatements** on the increased value of the land associated with the improvements made during the project. The property tax abatement is generally spread over twenty (20) years, with gradual reductions over time. In order to help offset the burden of property tax abatements on local municipalities, the IDA also negotiates PILOTs (Payments in Lieu of Taxes), a program whereby the business will make payments amounting to a portion of what the property tax would have been in order to compensate the municipality for the loss in tax revenue.

#### ► *Additional Activities*

Additionally, the IDA possesses a handful of other important quasi-governmental powers: the ability to issue bonds, both tax-exempt and non-exempt, and the right to exercise the power of eminent domain. The bond deals, which are generally quite large, allow major investors to capitalize on the ability of a government entity to borrow money at a lower rate. Due to the

#### Case Study: Liberty's New Burger King



In May of 2000, the IDA Board closed on a project submitted by CWD II Management for the relocation and expansion of its Burger King outlet in Liberty.<sup>5</sup> The application promised to increase employment from 18 to 38 employees. The average annual wage for a fast food worker is \$15,390<sup>6</sup>.

Low WAGE jobs. A location that hurts Liberty's Main Street. Little INTERCONNECTION with the rest of the economy.

<sup>5</sup> Source: IDA Activity Report (April 1, 2005)

<sup>6</sup> Source: Bureau of Labor Statistics, May 2004 National Occupational Employment and Wage Estimates

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high cost of Bond Counsel, these projects are rarely undertaken and generally apply only to major deals, like the Frontier Insurance building in Rock Hill and the former CGI building in Ferndale. To date, the IDA has never exercise the power of eminent domain.

The IDA also administers a **revolving loan fund** and a **main streets façade loan fund**. The revolving loan fund, which is taken from a pool of money from a HUD grant given to the County, is made available to small businesses who for some reason are unable to secure financing through traditional means. There is a \$40,000 maximum on each loan. The Main Streets Façade Loan Fund is intended to help provide matching funds to the County's Main Streets Façade Grant Program, which has a matching funds requirement. The Façade Loan program monies come from a one-time surplus generated by the IDA in a prior year. Finally, the IDA manages the Airport Industrial Park in Bethel, although it is currently phasing out that project, and currently retains title to only one of the three buildings.

### ► *What does the IDA fund? Who is eligible?*

The IDA's primary program is known as the General Abatement program, which is non-industry specific. In addition to its General Abatement program, there are specific abatement programs targeted at specific industries – Tourism, Agricultural, Manufacturing and Retail Sales. There is also a Disaster Impacted Business Abatement for companies impacted by fire, flood or other natural disaster.

Under a 2004 revision to its tax exempt policies, certain industries were declared ineligible for certain or all benefits:<sup>7</sup>

- all tourism-related projects within the Town of Thompson are ineligible,
- Manufacturing Abatements are NOT available for: Food & Kindred Products; Furniture & Fixtures; Printing, Publishing & Allied Industries; Stone, Clay, Glass & Concrete; Industrial & Commercial Machinery Manufacturing.

There are also significant constraints on the Retail Sales Abatements due to state law. It is only eligible if the project is:<sup>8</sup>

EITHER: 1) a tourist destination project or 2) operated by a not-for-profit corporation

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<sup>7</sup> IDA Resolution No. 27-04

<sup>8</sup> NYS General Municipal Law Section 862, as cited in IDA resolution No. 27-04



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OR: 3) The project would locate out of state without assistance, 4) the project would make available goods and services which are not currently reasonably accessible to local residents or 5) the project is located in a highly distressed area (including an Empire Zone) AND a) The IDA makes a finding that the project will preserve or increase private sector jobs AND b) the County Manager gives approval of this decision.

The IDA has also instituted Employment Goal requirements for the General, Tourist, and Manufacturing Abatement programs. These goals set a total number of new employees to be hired, and participants who

don't meet the goals can have their property tax abatements reduced over time.

### Case Study: Center for Discovery



The IDA has three current bond deals with the Center for Discovery (STDC), a non-profit center dedicated to working with children and adults with significant disabilities. They are the single largest non-governmental employer in the county, part of the reason why healthcare is the largest industry in the county. With the recent announcement of the formation of the Carrus Institute, a new research institute headquartered at STDC, along with the development of Crystal Run Medical Center (another IDA project), the LOCAL business is poised to help grow the health care industry, an industry with solid WAGES and a good “career ladder” for its lower paid workers. Its diverse focus helps INTERCONNECTIVITY, especially the emphasis on the ENVIRONMENT.

### ► Governance – *Who controls the IDA?*

The IDA is governed by a seven member board, which is appointed by and serves at the pleasure of the Sullivan County Legislature. The legislature can remove any member of the Board at any time for any reason. Tradition has it that the Chair of the Legislature's Planning and Community Development Committee serves on the board as its Chair. All other members are appointed by the legislators.<sup>9</sup>

The day to day operations of the IDA are run by a three person staff, and are supported by the IDA attorney, who drafts all agreements between the IDA and companies, and outside consultants, including

bond counsel, which prepares the complex bond deals, and planners, who prepare some of the Cost-Benefit Analyses that the IDA often requires when considering a deal.

<sup>9</sup> At the time of writing, the IDA board is as follow: Samuel Wohl, Chairman (Member of the County Legislature), Harold Gold, Vice Chairman, Joyce Salimeno, Treasurer, Charles Barbuti, Jr., Asst. Treasurer, Raymond Walter, Secretary, Edward T. Sykes, Asst. Secretary, Harris Alport, Member.

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### ► *How does it work?*

A business that is interested in IDA assistance first meets with the Agency Executive Director for an informal meeting and information session to discuss the feasibility of the project and the type of assistance required. The applicant then submits an application and the application fees, which pay all of the costs incurred by the IDA in processing the application. The application then goes to the board for initial approval. After the initial approval, the IDA conducts and completes the Environmental Assessment Form,

### **Formaggio Cheese – Can a business become sustainable?**

The Empire Zone Board, the Partnership and DPCD were all active in bringing Formaggio Cheese to the shores of Loch Sheldrake in 2003. There was a good deal of fanfare involved with the company's relocation from Staten Island, and Formaggio was held up as an example of positive economic growth. But over the past few years, concerns have grown over WAGES and treatment of workers,<sup>10</sup> about ENVIRONMENTAL issues, and about the lack of INTERCONNECTIVITY with the local dairy farmers. Some now point to Formaggio as development gone wrong. But if the company was to respond to criticism by paying better WAGES, cleaning up its ENVIRONMENTAL record, and buying LOCAL milk, could this not become a model of sustainability?

the first stage of the State Environmental Quality Review (SEQR) process. If there are no major impacts, and the project is less than \$100,000, the board votes on the project. If the project is more than \$100,000, the agency must conduct a Public Hearing and provide 30-day notice. The hearing must be held within the municipality where the project is to be located. Following the hearing, the Board meets to vote on the project. An affirmative vote creates an inducement resolution, allowing attorney's for both sides (the IDA and the company) to

negotiate terms of the lease and or bond deal. The agency then adopts a final resolution authorizing the transaction, and the deal is closed.

### ► *So just what has the IDA done?*<sup>11</sup>

As of April 1, 2005, the IDA is currently administering 40 projects throughout the county, a mixture of bond and straight lease deals. Ten projects are awaiting final closing.<sup>12</sup> There are 19 projects that have either reached the end of their term with the IDA and have therefore been closed out, or have withdrawn prior to the end of the agreement. Additionally, the IDA has approved 21 revolving loans, of which approximately six are still pending, and 32 façade loans, the majority of which have been repaid. There are two remaining

<sup>10</sup> United States District Court, Northern District Of New York, Case No. 04-CV-6962, April 12, 2005

<sup>11</sup> See appendix B for a complete list of IDA projects. Source: IDA Activity Report, 4/1/05

<sup>12</sup> Since all projects involve real estate transactions – IDA actually owns the land – the term closing is used for IDA projects.

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tenants in the Airport Industrial Park in Bethel (see Chapter Three for a spatial analysis of the IDA's work - where the projects are – and their potential impact on Main Streets).

### ► *How much does this cost taxpayers?*

It depends on how you look at it. The IDA pays its administrative costs entirely from the fees it collects to process and applications and administer projects, so the running of the organization itself costs government nothing. All of the abatements are on future development – i.e. from projects that would not necessarily have happened without IDA support. For example, there is currently a vacant piece of land, owned by Company X. They are paying property tax based on the value of the vacant land. The owner proposes to build a factory that will create jobs. The IDA gives them tax abatement on the materials they need to buy to build the factory, the mortgage tax on the loan they need to take out to build the factory, and a portion of the increase in property tax that will occur as a result of an improvement on the land. The logic is that these improvements, and hence increased taxes, would not have occurred without the IDA's intervention, and therefore any extra tax dollars which the County and the Towns get is better than what they would have received had the land remained undeveloped. The question remains as to whether the increased costs incurred by government as a result of the new business (roads, schools, etc<sup>13</sup>) are covered by the PILOTs. As a point of procedure, the IDA consults with the affected Town and/or Village during the negotiation of the PILOT agreement.

In terms of actual dollars, it is difficult to calculate the value of the abatement, as what is calculated is the PILOT agreement (what they will pay), rather than the abatement (what they won't pay).

### ► *How does the IDA make a decision?*

A key aspect of the decision-making process is the Cost-Benefit Analysis (CBA). A basic Cost Benefit Analysis is required by Article 18-A of the NY General Municipal Law, Section 859-a, subsection 3. Although this could be interpreted to mean a very brief analysis, the IDA decided to develop a more comprehensive outline to analyze the benefits of a project. This model was developed by IDA Director Jennifer Brylinksi and planning consultant Tom Shepstone, and some of the CBA's are done in-house while others are done by Shepstone. The cost of the CBA is paid for by the developer.

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<sup>13</sup> IDA projects are not exempt from sewer and water taxes.

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The CBA considers a wide variety of costs – increased school enrollment, use of services, loss of taxes (property, sales and/or mortgage) – as well as benefits – new employee salaries, increased property tax base, new sales tax revenue. This information is then presented to the Board as an integral part of this decision-making process. One project under consideration in Monticello was rejected because of the cost that the

local school district would incur outweighed the potential benefit of the project.

### Case Study: The Mushroom Factory

One of the most controversial projects of the past few years, Yukiguni Maitake Manufacturing Corporation of America has proposed to build an 80 foot tall manufacturing plant at the corner of Hwy. 209 and McDonald Road in the Town of Mamakating. At issue is the height and bulk of the structure, which would affect views of the Shawangunk Ridge, and the significant use of water, with its attendant affects on the Basha Kill. The Partnership has been a major proponent of this project, and has recently uncorked a major PR campaign in the wake of Planning Commissioner Bill Pammer's decision in his Section 239 review to advise against the project. The IDA was originally involved (they have since dropped out), and the property is part of the Empire Zone.

This project's LOCATION, SCALE, and proposed use of water have a significant impact on the ENVIRONMENT. Although it is a food related business, there is virtually no INTERCONNECTIVITY with the county's Agricultural economy, and ownership is not LOCAL. WAGES in the food manufacturing sector, though not poverty level, are on average below \$25,000 annually.<sup>14</sup>

### *Empire Zone Board (EZB)*

The Empire Zones, formerly known as Economic Development Zones, were created in 1986 by the Economic Development Zone statute in order to encourage job creation in distressed areas of the state. Businesses within an Empire Zone operate “virtually tax-free” for a period of ten years, with declining incentives for years eleven through fifteen. The tax exemptions include real property tax and sales tax exemptions, along with business taxes and discounts on utilities. The State picks up the entire tab for the Empire Zone program, reimbursing local governments for the loss in tax revenue.

#### ► *Who is eligible?*

Statewide, there are complex eligibility criteria by which a local government can apply to the State to designate a particular area as an Empire Zone.<sup>15</sup>

Sullivan County was awarded Empire Zone eligibility in 2001, and the rules regarding the zone have

constantly changed. Originally, the zone regulations mandated that Empire Zone benefits be limited to three contiguous areas which qualify for benefits based on poverty and unemployment statistics. This rule has

<sup>14</sup> US Bureau of Labor Statistics

<sup>15</sup> This is based on a variety of criteria including unemployment rate, loss of jobs by a single employer, base closings, natural disasters and population.

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changed regularly over the past three years, and the map of properties which have received or are receiving benefits shows an assortment of properties spread throughout the county. Recently, an the Empire Zone has been made to return to three contiguous areas in Liberty, Fallsburg and Thompson. Properties that received benefits before these rule changes remain eligible for the entire 10-year benefit period, provided that they continue to meet the Empire Zone criteria regarding employment.

### ► *Governance – Who controls the EZ?*

The Empire Zone is governed by the Empire Zone Board,<sup>16</sup> and is administered by George C. Bucci, Jr., who works out of the offices of DPCD. The Board is charged with overseeing applications for the Empire Zone as well as renewals of current Empire Zone properties.

### *The Sullivan County Partnership for Economic Development*

The Partnership is a membership based public-private partnership which has official status as the County's external marketing arm targeting businesses that are likely to relocate to Sullivan County. The staff and

board of the Partnership seek out companies who would potentially relocate, and work with those companies to navigate the IDA and/or Empire Zone applications, along with local planning, zoning and building regulations. The Partnership administers a small revolving loan fund, but the majority of the incentives offered to prospective businesses come from either the IDA or the Empire Zone Board.

The Partnership plays a critical role in local economic development for a variety of reasons. Its membership, and especially its board, is a who's who of Sullivan County's business community. The Partnership has a member on the Empire Zone Board and the board of the Chamber of Commerce, and its board has representation from virtually every major governmental and quasi-governmental agency in the county.

More than any other entity, the Partnership is charged with developing Sullivan County's economy.

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<sup>16</sup> As of August 20, 2005, the EZ Board consists of:

### **Case Study: Partnership for Main Street**

Over the past few years, the Partnership has used it's revolving loan fund to help out restaurants on Main Streets, including Nature and Vino on Broadway in Monticello, and the Munson Diner in Liberty (its actually just up the hill...). These are LOCALLY-run small businesses that are well-positioned to anchor revitalization efforts in the county's two largest villages. By buying from local farmers, they can be truly INTERCONNECTED with the local economy. They are also projects run by young entrepreneurs. New energy, good food, great LOCATION, small business and Main Street – a positive combination.

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### ► *Who funds the Partnership?*

In 2004, 43% of the Partnership's operating budget came from either the County or the IDA. The remainder comes from either fundraising or sponsorships, primarily generated by the 200+ member businesses.<sup>17</sup>

### ► *Who governs the Partnership?*

In accordance with its status as a public-private partnership, the organization is governed by a Board that consists both of representatives of member companies and of a number of local officials who serve by virtue of some official position. Currently there are 31 "regular" Board members, five of whom are officers, and 12 ex-officio members, including the Chair of the Legislature, the County Manager, the Commissioner of DPCD, and the heads of the Visitors' Association, the Community College, BOCES, Cornell Cooperative Extension, the Workforce Development Board, the Chamber of Commerce and the IDA.

### ► *Recent Changes at the Partnership*

There have been two significant additions to the Partnership in the past year. In May 2005, the Partnership hosted its first Main Street day, with the goal being to attract new businesses to Sullivan County Main Streets. Additionally, using a combination of public and private dollars, the Partnership hired a business expansion specialist. This is a significant departure for the organization, whose previous focus was primarily outside of the county.

### *Sullivan County Chamber Of Commerce*

Like the Partnership, the Chamber is also a membership organization whose members are local businesses. Unlike the Partnership, the Chamber's primary focus is on existing businesses and businesspeople. They offer workshops, seminars and networking opportunities, and use their group buying power to purchase lower-cost health insurance and cell phone service for members. The Chamber also works to encourage members to buy locally, and to make referrals for service jobs to other Chamber members.

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<sup>17</sup> Source: Partnership for Economic Development, 10<sup>th</sup> Anniversary Celebration Report

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### ► *Who Governs the Chamber?*

The chamber has a board that is elected by its membership. Unlike the Partnership, it does not have any ex-officio members. The Chair of the Chamber board serves on the board of the Partnership.

### *Sullivan County Agricultural Advisory Committee*

The Ag Committee provides guidance to the Agriculture Economic Development Director, who works out of DPCD. The Committee is made up of farmers and others involved in agriculture, and works closely with the newly formed Agriculture Local Development Corporation, the non-profit entity formed to develop the slaughterhouse (see Chapter Five). Most of the Ag ED projects developed over the past decade, including the farmers markets and the Cheesemobile, have their origins with the Ag Committee.

#### **“8 SIMPLE WAYS TO REFORM IDA’S”**

- 1. Ensure Broader Oversight and Coordination**  
Pay particular attention to conflicts of interest conflicts
- 2. Developing Community Impact Reports (CIRs)** Go beyond a typical Cost Benefit Analysis to understand the quality of jobs created and impacts on housing, open space, schools, water, etc.
- 3. Mandate Basic Standards** Such standards would include paying a living or prevailing wage, hiring locally when possible, protecting greenfields and community benefits standards.
- 4. Improve Reporting Requirements** to make economic development more accountable to our communities.
- 5. Require Enforceable Clawback Penalties -**  
Retract subsidies of businesses who don’t meet job retention and creation goals.
- 6. Increase the Effectiveness of IDA Public Hearings**
- 7. Ensure that IDAs are run transparently**
- 8. Establish meaningful penalties for IDAs that violate Article 18-B’s anti-piracy provisions.**

– Adapted from *Good Jobs New York* – For the full text, click [here](#)

#### **CRITICISM OF IDA’S AND EMPIRE ZONES ON A STATEWIDE LEVEL**

As both the IDA and the Empire Zone were created by the Albany, Sullivan County’s ED incentive programs are not unique – they exist throughout our diverse state. As such, they have been the source of praise, criticism, concern and scholarship by governmental and non-governmental agencies. Before moving forward and making recommendations to improve the functioning of our ED apparatus, it is important to examine this criticism in order to see whether some of it applies to Sullivan County.

#### ***IDA’s***

In 2004, the Comptroller’s Office issued a report on IDA’s based on an in-depth study of five separate IDA’s in the Albany area.<sup>18</sup> The report

<sup>18</sup> Office of the State Comptroller: Industrial Development Agencies’ Project Evaluation Criteria And Monitoring Efforts, 2004-MR-3



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found that in 4 out of 5 cases the IDA's in question did not have formal "project evaluation criteria," making it difficult to determine whether the project was in the best interest of the communities affected or taxpayers in general. There was also a lack of verification after a project was initiated, with little data to prove whether employment levels were being met or wage levels being maintained. As the report states clearly, "Inadequate project monitoring mechanisms inhibit the ability of officials and the public to evaluate the effectiveness of IDA economic development programs and services."<sup>19</sup>

Good Jobs New York, a partnership between the Fiscal Policy Institute and Good Jobs First, has developed "8 Simple Ways to Reform IDA's" (table at right). These recommendations focus on creating standards for IDA's to ensure that the companies that are being subsidized do in fact benefit the localities in question. They suggest that IDA's should have broader oversight, be more transparent, have improved reporting requirements, and should strive for more effective public hearings. One particularly interesting idea is that of a Community Impact Report, an exercise that combines elements of Cost-Benefit Analysis and an Environmental Impact Report with an eye on sustainability and quality jobs.

Many of these ideas were echoed in testimony provided to the Assembly Standing Committee on Local Government during its January 18, 2005 hearings on IDA's.<sup>20</sup> Frank Mauro of the Fiscal Policy Institute addressed issues of accountability, the usefulness of public hearings, and the importance of proper reporting. He also touched on the need for IDA projects to be better coordinated with long range planning at both the county and local level. Testimony by the Citizen's Campaign for the Environment called for a moratorium on IDA incentives for greenfield development. The non-profit advocates as well as the testifiers from local IDA's were virtually unanimous for their support of IDA bond initiatives for non-profit organizations –the type of initiative that has helped Center for Discovery (see above sidebar).

### *Empire Zones*

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<sup>19</sup> Ibid. p. 5

<sup>20</sup> Source: Assembly Standing Committee on Local Governments. A full transcript of the hearing is available from the Committee.

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The Empire Zone program has been criticized from different sides since the beginning. Many have complained about its constantly changing rules and regulations, as Albany has fiddled with the program

### Issues in the Empire Zones – Key Findings of the 2004 Comptroller’s Report

Table 3.1

- The 375 businesses in our sample had increased their full-time employees by 4,303 but had 2,380 less full-time employees (36 percent) than they had projected when they applied for the Program.
- Twenty-three percent of the sampled businesses had actually reduced staffing.
- Only 30 percent of 375 tested businesses met or exceeded their full-time job creation goals while 47 percent did not meet their goals but increased staffing.
- Thirty-two businesses reported receiving tax breaks that surpassed the benefits provided by the businesses by an aggregate of approximately \$3.6 million in 2002. The amounts per business averaged approximately \$112,500.
- Thirty-four businesses that reduced jobs also apparently improperly claimed certain tax breaks totaling approximately \$2.4 million.
- Six of the eight Empire Zones’ annual reports were either inaccurate and/or incomplete. For example, for 2002 the Broome Empire Zone only reported jobs that were created by Zone businesses but did not adjust that amount for jobs that were lost. As a result, the number of jobs that were created was overstated by 375. The Buffalo and Syracuse Zones reported the estimated number of jobs that newly certified businesses planned to create rather than actual jobs created by all Zone businesses.

*-Source: Office of the State Comptroller: Effectiveness of Empire Zones, 2004-MS-1*

three times in three years. A 2004 report<sup>21</sup> from the Comptrollers office, similar to the study done on IDA’s, also outlines a handful of significant issues, not too dissimilar from those which face IDA’s. The report studied eight different Empire Zones, both rural and urban, at different levels of maturity.

The Comptroller’s report determined that “Zone Boards have not established adequate procedures to evaluate the Program’s effectiveness.”<sup>22</sup> None of the eight zones examined could accurately state the total cost of the program to the tax payers and the total benefits to local communities. They also tended to lack clear program goals, vision and performance criteria. Table 3.1, shown below, itemizes the specific findings from the eight EZ’s examined.

The Comptroller’s report states unequivocally that “although some of these problems and deficiencies can be attributed to external limitations and/or problems, Zone Boards could and should have taken steps within their control to administer the Program in the manner for which it is intended.”<sup>23</sup> The report does recognize that many problems are due to the fact that it is a state program administered locally, so that local

<sup>21</sup> Office of the State Comptroller: Effectiveness of Empire Zones, 2004-MS-1

<sup>22</sup> Ibid. p.4

<sup>23</sup> Ibid.

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boards have little incentive to administer them strictly – after all, it is not their money. A 2003 audit by the Comptroller for the Department of Economic Development, the state agency charged with oversight of the program, found fault with the quality and quantity of oversight of the Empire Zone program coming from Albany.<sup>24</sup>

### **MOVING SULLIVAN FORWARD SUSTAINABLY – MAKING OUR ECONOMIC DEVELOPMENT TEAM WORK SMARTER**

The previous sections should make it clear not only who makes the economic development decisions at the County level, but also one fact that has become obvious – lack of communication and coordination is not a major issue. All of the major players are intertwined with each other - sitting on each other's boards, funding one another, etc. In fact, one could argue that the economic development apparatus represents a sort of “old boys club”, with a small number of people making the majority of decisions.

Taking into consideration the existing ED structure, the criticism of IDA's and EZ's, some of the specific economic development projects supported by these agencies over recent years, and the “7 Questions About Sustainability”, this report makes the following recommendations for making Sullivan County's Economic Development agencies work toward a more sustainable and equitable economy:

→ **Develop Standards.** Neither the Partnership, the IDA or the Empire Zone Boards operate under significant standards for new or expanding businesses. The IDA has moved in that direction of late, but there is much that can be done. Using the *2020 plan* and the “Six Sustainability Questions” as guidelines, a **single set of standards** regarding wages, labor practices, environmental impact, affect on Main Street, potential for multiplier effect, and other relevant factors should be developed and used by **all three agencies** when examining potential businesses.

→ **Let Some Sun(shine) In.** The IDA, the Empire Zone Board and the Partnership all operate in an insufficiently public manner. Neither the IDA nor the Empire Zone Board have a website. The Partnership website does not have current information on membership, projects at hand, or organizational structure (it is designed to entice businesses, not to educate the public) The County's

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<sup>24</sup> Office of the State Comptroller: Department Of Economic Development, Administration Of Empire Zones Program, report 2003-S-41

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website provides little or no information on economic development – DPCD does not currently have a page, although one reportedly has been created and is awaiting an overhaul of the entire county site. Utilize the democratizing power of the Internet to educate county residents as to how these agencies operate, how they can learn about projects being proposed, or propose new projects themselves. This will go a long way towards improving the accountability of the IDA, the effectiveness of its public hearings, and make strides towards a more open, democratic and therefore sustainable economic development apparatus.

→ **Follow the Plan.** The goals of the 2020 plan, which was developed by an inclusive committee with representation from the ED agencies, are sustainable. Local Towns and villages have their own Master Plans. The actions of the ED agencies now need to reflect those goals. Planning and practice must be reconciled. In conjunction with developing a joint set of standards, the ED agencies should be following the same plan. In areas where the Town Plan conflicts with the County Plan, or the zoning conflicts with the Town Plan, the ED agencies should bring this to the attention of DPCD and the Town Boards, and help them reconcile their inconsistencies.

→ **Make the Agency Boards – Including the Partnership’s - More Inclusive.**

Although it may like to see itself as an independent agency, the Partnership receives such a significant amount of public money that its policies and practices must reflect the will of the public. Currently, the Board of the Partnership is not representative of the diverse views of the County. An example: In 2004, immediately upon taking over as Chair of the Partnership, Jonathan Drapkin proposed the creation of a “Green Committee” on the Board. Not a single member volunteered. The problem in this instance is not the idea - which is sound, and consistent not only with the goals of sustainability but also to the stated desires of much of the county and the 2020 plan – but with the Board. **The Partnership must create room on its board for voices that more properly reflect the diversity of the County**, even if it means altering its membership requirements, allowing non-member Board Members, or providing scholarships so that low- and middle-income residents (who are the overwhelming majority of SC residents) can **have a voice** in this all-important organization. We recognize that once the Partnership decides to work with a company, it must dance with that partner until the end of the song. Therefore, it must choose its dance partners more judiciously. The same can be said for the IDA and Empire Zone boards, which should reflect the diversity of ideas within the Sullivan County community.

→ **Improve Accounting – and Accountability.** One difficulty with our current system is that it is very hard to judge whether incentives given to particular projects make sense in hindsight. That is a

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particular problem given that most of the tax breaks last between 10 and 20 years, and are technically revocable if companies do not meet employment goals. The amount and format of the data makes analysis difficult to impossible. Every effort should be made to standardize and improve reporting, so that the County can better understand how many jobs are being created, what they pay, and what the true difference is between PILOT payments, actual assessments, and costs to the municipalities.

### → **Make the Programs work for Small Businesses - and therefore Main Streets.**

More and more, the IDA and EZ benefits are geared towards larger and larger companies. Likewise, a significant portion of the Partnership's efforts have geared toward larger businesses, although the recent efforts on behalf of Main Street and business expansion are an excellent new direction. This is despite the fact that the 1997 ED Plan recognized this issue and recommended increasing funding and availability of the IDA's revolving loan fund. Small businesses are much more likely to locate on Main Street, a stated goal of the county. It has been proven that small businesses have a much greater multiplier effect, both by using local service providers and by reinvesting and spending their profits locally (who is more likely to use a local accountant or attorney – Kohl's or Yasgur Farms Dairy? Schmidt's Wholesale or Home Depot?). Every effort must be made to achieve the goal set out in the 1997 *Rebuilding Sullivan Plan* and **make a larger portion of funds and tax incentives available to small businesses**, especially those which are owned locally or plan to locate on Main Street.

→ **Make DPCD a Stronger Hub.** As the executive branch of government, DPCD has an oversight, planning and technical relationship with the IDA, EZ and Partnership. This should be strengthened, and DPCD should be more involved in all CBA's, CIR, EIS's etc. The Legislature should seriously consider ending the physical isolation of the IDA, and bring it back to the government center. This will allow better coordination between planning, the Empire Zone and the IDA, and allow for better oversight and more accountability, as all tax incentives will now be granted from a public building in the public eye, where it belongs. It will also allow for the IDA to take advantage of the technical skills within the planning department, especially GIS. It has long been a dream to have a one-stop shopping stop for Economic Development – the idea was proposed in the 1997 *Rebuilding Sullivan plan*. We should make it happen.

### CHAPTER FOUR: ECONOMIC DEVELOPMENT'S IMPACT ON MAIN STREET

#### *Developing a tool for analyzing the impact of economic development projects on Main Streets and local communities*

A major goal of this report is to encourage local officials and politicians, as well as the non-profit and for-profit sectors, to engage in more in depth analysis of economic development projects, using the six

#### **Six Sustainability Criteria**

**VISION**

**INTERCONNECTIVITY**

**ENVIRONMENT**

**WAGES**

**PROCESS**

**LOCAL**

sustainability criteria to think critically about proposals. This section provides an example of this type of thinking – how to use readily-available Geographic Information System (GIS) technology to perform a spatial analysis of economic development projects throughout the county, with a particular focus on developing a Main Street impact analysis – how project proposals affect our stated goal of reviving Sullivan's numerous historic Main Streets. The end of this section will include

recommendations for expanding the use of GIS technology to better map economic development in the county, and to better assess the Sustainability of proposed projects.

#### **Main Streets – Using GIS to assess impacts on Main Streets**

A key factor in sustainability is the enhancement and preservation of existing resources. The revitalization of Sullivan County's Main Streets has long been a goal of the county – they encourage **LOCAL** small business, promote **INTERCONNECTIVITY**, and are **ENVIRONMENTALLY** sound due to efficient and compact design. Better yet, they have already undergone significant façade work in recent years thanks to a concerted effort by DPCD, IDA and citizen's groups funded by Sullivan Renaissance.

Building on this energy by ensuring that our overall economic development focus pays attention to Main Streets is critical. At best, our subsidies and recruitment efforts will directly benefit Main Streets. At the very least, we must ensure that we are not robbing Peter to pay Paul – that the business we bring to the county do not have a negative impact on this fragile and recovering "ecosystem", and that they do not contradict other projects or the **VISION** we have set out in the *2020 Plan*.

What follows is an example of how to use spatial analysis as part of a Main Street impact analysis. This can be part of an overall Community Impact Report (CIR), a more in depth look at true impacts than the

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cookie-cutter Environmental Impact Reports required by law. It can also stand on its own. By using technology and technical skills readily available, especially in the offices of DPCD, both the IDA and the Partnership can quickly and easily consider the positive and negative effects projects will have on Main Street before deciding whether to go ahead with projects. This technology can also be used to analyze impacts on waterways, viewsheds, low-income communities, etc.

We have examined three pairs of current or former economic development projects that have received either IDA, Empire Zone or Partnership support. These projects were mapped in relationship to their nearest Main Street. Different types of projects were chosen – ones that should have been located on Main Streets but were not; others whose locations away from Main Street was positive. Additionally, other sustainability issues, not just location, are mentioned when applicable.

### Case Study – Restaurants - Liberty's Burger King vs. Munson Diner

In Chapter Three we highlighted an ill-conceived subsidy for a new Burger King along Ferndale Road in Liberty. This project was subsidized despite the incredibly low wages that fast food restaurants pay, and the fact that numerous other fast food restaurants appear to be doing fine without subsidy. This section focuses on the location of the project – a food service establishment located on the other side of the freeway from Liberty's Main Street. Food Service is a key Main Street business, one of the cornerstones of revitalized Main Streets. It is unlikely that people will buy tires on Main Street – on the other hand, a bite to eat is a prime reason to venture downtown.

**Figure 4.1** shows a planometric map of the area, with the Burger King and Liberty's Main Street highlighted. Also highlighted is the new Munson Diner project, which sits right on Main Street, is not a chain, and is



**Figure 4.1 – Burger King and Munson Diner**

*Click on the map to see a larger version. To get back, just click on the larger map.*



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locally-owned and operated. Additionally, it has historic value, and meshes nicely with the fabric of Liberty's historic district. This project received some funding through the Partnership's Revolving Loan Fund.

Note the location of the project on the other side of the highway from Main Street. This project will draw food customers away from Main Street, unlike the Munson Diner project, whose patron's will be able to walk across the street to the Liberty Free Theatre for a show or to McCabes's for a drink or a game of pool. Simply placing these projects on a map, especially one that has local businesses mapped (some of whom have already received financial incentives), would have enabled the IDA to recognize that this project had a potential negative effect on a stated economic development goal of the county.

Monticello's Nature and Vino, two relatively new restaurants that have opened on Broadway, are also excellent examples of food service establishments that have significant potential multiplier effects. Even though the food service industry in general pays low wages, locally-owned restaurants (especially those that buy from local farmers and food producers) have excellent multiplier effects, as they not only tend to use local service providers but they act as major draws to Main Streets, benefiting arts and cultural institutions and other small businesses that depend on foot traffic for survival. Additionally, a higher percentage of profits are likely to be invested and spent locally.

### Case Study – Health Care – Crystal Run Medical Center

Crystal Run is a prime case of excellent spatial location, one that balances positive and negative impacts on Main Streets and business areas. A health care facility must have good access, especially from the freeway in a rural area like Sullivan County. But by locating it adjacent to Rock Hill's growing business district (which most people must drive through in order to access Crystal Run), the small businesses of Rock Hill stand to benefit from patients, family members and employees alike. Ideally, this growth will lead to more pedestrian improvements in Rock Hill, making it more walking and biking friendly and allow Crystal Run (and other Emerald Corporate Park) employees and visitors to access the shops

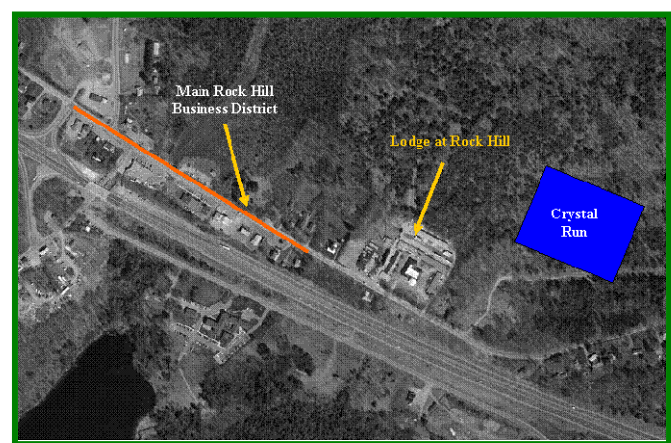


Figure 4. 2 – Crystal Run & The Lodge at Rock Hill

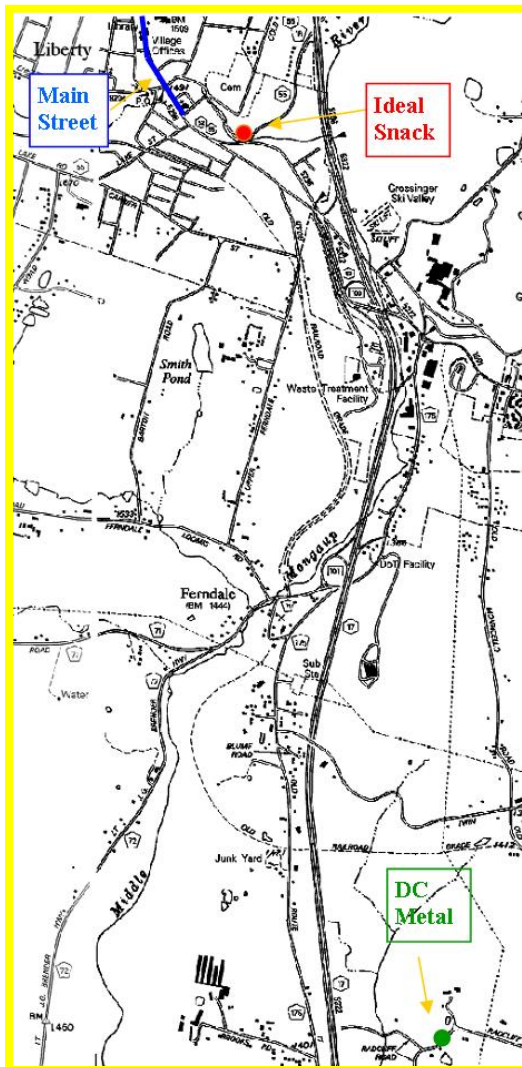


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and restaurants of Rock Hill without necessarily getting in their cars. There is also a potential cross benefit for another IDA funded project, the conversion of the old Howard Johnson's into the Lodge at Rock Hill. These two projects work well together, helping a local business area and utilizing each other's customers. Paying attention to the location of previous economic development projects is another key component of spatial analysis – if we are going to invest in a project, we should invest in other projects that help our prior investments.

### Case Study – Industrial/Manufacturing – DC Fabricating & Welding vs. Ideal Snacks

Impact on Main Street does not mean locating every business within walking distance. Some projects are noisy, dirty, or have significant truck traffic. The location of DC Fabricating & Welding and the Ideal Snacks



factory are two manufacturing projects that received IDA funds in recent years. Figure 4.3 shows their location in regards to Main Street. DC Fabricating is located quite far away from Main Street, insulating Main Street from any possible noise and pollution. Ideal Snacks, on the other hand, is located at the gateway to Main Street, and has significant truck traffic which impacts the ability of Main Street residents and customers to access local businesses.

There are also concerns about the wages of Ideal Snacks. In fact, food processing plants have been pulled off the IDA preferred list for this very reason. Metal fabrication, on the other hand, pays far better wages, 32% higher than food processors according to the Bureau of Labor Statistics. Spatial location is only one factor in the sustainability test, yet when combined with wages and other concerns, certain projects pass and certain projects don't.

### Conclusions & Recommendations

It is crucial that Sullivan County's economic development agencies use current technology to its fullest in order to make

## Renewing Sullivan: Creating Sustainable Economic Development in Sullivan County

better and more informed decisions about economic development initiatives. Main Streets are just one area that can benefit from spatial analysis – a thorough geodatabase of natural and historic resources can also illustrate important positive and negative impacts that any project may have. On that note, we make the following recommendations for implementing a more thorough and complete analysis of proposed projects.

→ **Map all projects.** Current mapping technology makes it simple for all proposed projects to be mapped, and that these maps are made public. This will allow decision makers and the general public to better assess impacts and the relation of these projects to Main Streets, prior economic development projects and historic and natural resources. This analysis will only be time consuming at the beginning – it will take time for staff and board members to get up to speed, but the learning curve is steep, and the increased role of DPCD in technical assistance (as recommended in Chapter Three) will help make this a reality. Additionally, these forms of analysis can be used for Town and Village Planning and Zoning Boards. It is high time that all areas of Sullivan County government had this affordable and easy to use technology at their fingertips.

→ **Develop a Main Street Impact Report.** This can be as easy as a simple, one-page analysis that will allow the decision-making boards to understand how these projects impact Main Streets. How close is the project to Main Street? Is that proximity positive or negative? Will it attract people to Main Street, push them away or pull them away? There may be times when the Main Street impact report informs the economic development agencies that although the proposed project is a good one (i.e. for wage, environmental, multiplier effect, or other reasons), but its spatial relationship to Main Street is not positive – therefore, a new site must be found.

### CHAPTER FIVE – BUILDING SULLIVAN’S ECONOMY SUSTAINABLY

“Communities and regions should identify specific gaps and niches their economies can fill, and promote a diversified range of specialized industry clusters drawing on local advantages to serve local and international markets.” - Ahwahnee Principles for Economic Development

In Chapter One, we outlined some of the significant challenges facing Sullivan County’s economy, challenges which necessitate innovative and creative thinking. These challenges also require that we come together more as a county, and outline economic development projects that the “environmental” and “business” communities can both support. It requires an understanding of what sustainable economic development means (Chapter Two), and simple yet effective changes to our economic development apparatus, as outlined in Chapter Three. Chapter Four gave us a sense of how we can better analyze proposed projects, using readily available technology to better understand the impact of projects on Main Streets and the physical relationship of projects to each other.

This chapter will take us to the logical next step – what exactly should we do to revitalize Sullivan County’s economy in a sustainable manner, one that lifts people out of poverty yet preserves the physical environment that we treasure so dearly?

This chapter will methodically go through key areas where we believe there is significant potential for sustainable development. It is by no means an exhaustive list, but by drawing from the recommendations of the four development plans on record - *Sullivan 2020*, *Rebuilding Sullivan*, the *REAP Plan* and the *Agricultural Development Plan* - we have identified important potential growth sectors for the county. Most importantly, growth in these sectors, should be able to pass the sustainability test that we identified in Chapter Two – maintaining **VISION** and eliminating contradictions, promoting **LOCAL** ownership, weaving **INTERCONNECTIVITY**, enhancing the **ENVIRONMENT**, and paying decent **WAGES** – provided that the development is undertaken in an open and democratic **PROCESS**. Even the greenest of projects, especially one supported by tax dollars, is not sustainable if it is not carried out in the public eye.

Included along with the sector outlines are recommendations for how our economic development team – DPCD, the Partnership, IDA, the Empire Zone Board, the Ag Committee and the Chamber – can help create positive, interconnected growth in these critical areas.

## Renewing Sullivan: Creating Sustainable Economic Development in Sullivan County

### Key Sectors for Sustainable Growth

Understanding the current employment picture, as well as Sullivan County's natural, human and historic resources, what areas are ripe for growth? Where should we put our limited incentive and investment dollars? What follows is a brief look at eleven sectors that have good potential for generating sustainable growth. Again, this is by no means a comprehensive list, but it is a solid beginning.

#### **Sustainable Agriculture**

We have placed agriculture first on this list not for alphabetical reason, nor because it needs the most work. In fact, it is precisely the opposite. Sullivan County has a lot to learn about sustainable development, closed systems, interconnectivity and outside the box thinking simply by looking at the work of its Ag sector over the past 8-10 years.

#### **ELEVEN SECTORS FOR SUSTAINABLE GROWTH**

- Sustainable Agriculture
- Green Energy
- Green Building
- Construction
- Health Care & Biotech
- Independent Media
- Small Design Firms
- Main Streets & Small Businesses
- Clean Manufacturing & Distribution
- Eco-Tourism
- Arts

Agriculture is still big business for Sullivan County. Although not what it once was fifty years ago, the number and acreage of farms in the county has held relatively steady. In 2003 the New York Agricultural Statistics Service estimated that there were 380 farms on approximately 63,500 acres of land, 10% of the county's land base. These farms sold goods with a market value \$37.8 million, an average of close to \$100,000 per farm. Poultry, eggs and dairy products, long the backbone of the county's farm economy, remain the leading crops.<sup>1</sup>

It is also good business. The majority of these farms are small and locally owned. It has also been shown that farming has an extremely good multiplier effect. For instance, dairy production is estimated to have a multiplier effect of 2.29, even better than construction (1.66), manufacturing (1.41) and retail and wholesale trade (1.40).<sup>2</sup>

<sup>1</sup> NY Agricultural Statistics Service, 2003 Farm Report, Sullivan County

<sup>2</sup> "Economic Multipliers and the New York State Economy," Policy Issues in Rural Land Use, Cornell Cooperative Extension, December 1996, as cited in the Sullivan County, New York Agricultural Development and Farmland Protection Plan, 1999

## Renewing Sullivan: Creating Sustainable Economic Development in Sullivan County

Perhaps most importantly, recent efforts to improve our Agricultural economy are an excellent example of sustainable development, where local farmers have worked together, at times overcoming significant cultural and political differences, to come up with creative projects to stimulate and grow the sector and to help it transition into the modern era.

Working through the Ag board, Sullivan County has developed, among other projects, four Farmer's Markets, a new slaughterhouse, and the Cheesemobile, a modular cheesemaking facility designed to help farmers add value to their milk – by turning it into cheese. Currently located at a farm in the Beechwoods, it will be relocated once that farm has been able to establish a more permanent cheese making operation.

The slaughterhouse is a perfect example of good planning and sustainable thinking. Noticing that some dairy farmers were beginning to transition to livestock, they asked those farmers what the county could do to help them. The farmers agreed that the single largest barrier for them was that they had to take their animals to slaughter far away in Pennsylvania, costing them either money in transportation, or forcing them to sell their animals before processing, robbing them of the value of a food product that is added between the farm and the dinner table. In May of 2005, the County announced the award of a \$175,000 Rural Business Enterprise grant, which the county is eligible for due to its location in a Rural Economic Area Partnership (REAP) zone, as part of plans to build a new \$270,000 slaughterhouse in Liberty. It will be the only USDA approved slaughterhouse in a 50- mile radius. The facility is expected to be operational in a year and, within three years, will be able to process up to 4,000 animals. Now, farmers will be able to slaughter their animals locally. The added benefit is that locally produced meat is now more likely to be available locally, especially at the farmer's markets, another Ag Committee project.

### **The Sullivan Slaughterhouse** ► **Closing the Loop**

- 1. Livestock farming increases**
- 2. Planners ask farmers how they can help**
- 3. Lack of a local option mean loss of income, loss of local consumption**
- 4. ED funds used to build slaughterhouse**
- 5. Local farmers earn more, can sell more locally**

**Next Steps: Increasing local consumption ► Making local meat available locally, tie-ins to local restaurants.**

Yet in order to be truly sustainable, the agriculture industry must pay strict attention to two sustainability criteria in particular: wages and the environment. In order for a project to fully pass the sustainability test, employees must earn enough to support their families. Many meat processing plants have come under fire,

## Renewing Sullivan: Creating Sustainable Economic Development in Sullivan County

and deservedly so, for paying poverty level wages in inhumane working conditions. Wages and employment conditions are concerns in one recent project, a cheese factory (see Chapter Two). The slaughterhouse will be owned by the Agriculture Local Development Corporation, whose membership consists of many members of the Ag Committee. There is no reason why the Committee cannot and should not ensure that the workers are treated and compensated in a sustainable manner.

We must also ensure that our slaughterhouse – and our farms - are environmental stewards. Nationally, agriculture is one of the most polluting industries overall, both in terms of air and groundwater contamination.<sup>3</sup> The county has many examples of sustainable agriculture - Gorzinski's Orner Farm near Cohecton Center, the Riverbrook Organic Farm that Neal and Alice Fitzgerald run along the Delaware River, Wes and Amy Gillingham's organic CSA, Joe and Casey D'Oria's organic farm, Trina Pilonero's organic starter plant farm, and Apple Pond Farm are all examples of good agriculture for the county. Organic farming is one of the fastest segment of agriculture in the country, and sustainable farms are positive economic actors not only because they pollute less but because they tend to sell mostly locally, rather than truck stuff across the country. Only by paying decent wages and being environmentally sound will the slaughterhouse and the agriculture sector as a whole truly live up to its billing as a model for sustainable development.

With this in mind, much more can be done to help the agriculture sector grow sustainably. Currently, there is talk about a “permanent” farmers’ market, where fresh produce, meats and cheese would be available on a more regular basis. More can be done to integrate our food production systems and our food consumption systems through better food planning. For instance, where are our local schools buying their food? What about local restaurants and catering companies? The Ag economy is the closest thing we have to a closed system in Sullivan County, but ask any farmer – it is still a struggle to get by.

→ **Recommendations:** Develop concrete links between farmers and local institutional consumers – restaurants and school districts in particular. The farmers markets have helped establish a positive link between Sullivan County's fields and its dinner tables, but many residents still lack access to the county's bounty, especially those in Fallsburg, Thompson and Mamakating. A feasibility study on putting fresh

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<sup>3</sup> *Protecting Water Quality from Agricultural Runoff*, US Environmental Protection Agency, EPA 841-F-05-001



## Renewing Sullivan: Creating Sustainable Economic Development in Sullivan County

food in local convenience stores and markets would be a great place to start – it has worked in urban areas like the Bronx, and may work in Sullivan’s urban centers.

### Green Energy

More and more, concerns about the cost of oil (both to our wallets and to the environment) have led to an increased interest in sustainable energy, or “green energy.” Whether we are talking about wind, solar, biodiesel, fuel cells, the basic concept is to find sources of energy that don’t destroy the environment and that won’t run out in the near future.

The interest and growth in this sector is also an opportunity for economic development. A March 2005 report by New York State Comptroller Alan Hevesi estimated that 43,000 new jobs in manufacturing and energy-related industries could be created in New York State by investment in green energy.<sup>4</sup> In fact, this was the first line of the press release, before information about the positive environmental affects or the potential long-term savings on energy bills as the cost of oil continues to rise.

This sentiment is echoed by an June 22, 2005 article in the New York Times which discussed how venture capitalists are now pouring money into alternative energy companies, \$520 million in 2004 alone.<sup>5</sup> Another Times article in August detailed how a Texas investment group is pouring \$120 million into a plant to turn cow manure into biofuel.<sup>6</sup> Whereas alternative energy may have been altruistic in nature 20 years ago, today it is good business.

Most importantly, it can be good business for Sullivan County. Not only do we have exploitable green energy sources here – wind, solar, and biofuels – but we are well positioned to export the knowledge and

### Building a Bioenergy Economy



**Click here for a special report, “Why Sullivan Should Pursue Bioenergy”**

<sup>4</sup> Energizing the Future: The Benefits of Renewable Energy for New York State, March 2005, Report 12-2005  
New York State Office of the State Comptroller, Alan G. Hevesi – for a copy of the report, visit:  
<http://www.osc.state.ny.us/osdc/renewableenergy.pdf>

<sup>5</sup> New York Times, June 22, 2005

<sup>6</sup> New York Times, August 22, 2005

## Renewing Sullivan: Creating Sustainable Economic Development in Sullivan County

expertise it takes to design and build small-scale energy systems. Take wind for example. Sullivan County has been thoroughly mapped for wind energy, and a handful of key sites have been identified as good potential wind energy sources.<sup>7</sup> Some are on public land, so they are a potential income producer (and tax reducer) for the municipalities in question. But what will make these ventures ultimately successful is if we invest in building local companies to take advantage of wind in the region. A wind consulting company based in Sullivan could easily export its knowledge to neighboring counties, especially the wealthy and windy eastern Catskills. Add to that a contracting company with the ability to install wind turbines and a medium-sized manufacturing operation that could build some of the components locally and you have a small-scale version of a closed system with wind energy alone.

The same can be said for Photo Voltaics (PV), otherwise known as solar. Although the overall potential for solar energy in the county is limited, and the current regulatory structure does not encourage PV use, it is clearly poised to be a growth industry throughout the nation in years to come. Research into how Sullivan County can better take advantage of PV on all sides – installation, manufacturing, consulting, etc. – could not only help the county but contribute to overall energy independence.

Biofuel is an even more suitable investment for the county, as it does not involve one of the leading obstacles to wind energy – impact on views. Biofuel, or bioenergy, is not simply ethanol or biodiesel, but also includes the use of woody crops such as willow to produce electricity.<sup>8</sup> Sullivan County's agricultural production capacity (grown crops, forestry waste and manure-producing livestock), its manufacturing base (for processing the raw materials into fuel), and proximity to major transportation routes (for filling and distribution centers and specialized mechanics able to do the minor engine modifications needed on some diesel engines) make the creation of an entire "bioenergy economy" a project worth significant investigation. (click here for more in depth look at biofuel)

Again, the key is to invest in the interlocking pieces that can combine key natural capital – wind, solar, biomass – with newly-trained human capital to produce wealth in a way that preserves and enhances that original stock of natural capital.

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<sup>7</sup> "Wind Energy Market Assessment for Sullivan County, NY," report for Sullivan County Government by SED, Inc. 2005

<sup>8</sup> Volk, et al (2004)



## Renewing Sullivan: Creating Sustainable Economic Development in Sullivan County

→ **Recommendation:** Secure funding for an in-depth feasibility study on creating a bioenergy economy. The study should look at the infrastructure needed to create and market biofuels, from farm to consumption. Investigation should also include the potential use of locally produced fuel in school buses, public transportation and other critical local functions with intensive energy needs. This should be a cooperative venture that includes representation from the Ag Committee, DPCD, the Partnership, environmental groups and key local businesses like the Center for Discovery, which already has a bio-diesel demonstration project.

→ **Recommendation:** Every effort should be made to develop not only wind and solar energy but the various components that make up the green energy economy. While there may be a finite number of good wind and solar energy sites in the county, developing the local capacity for consulting, system design, system manufacturing, installation and maintenance will enable local businesses to export goods and services to our windy and sunny neighbors.

### Green Building

As a parallel to green energy, a movement is afoot to build buildings smarter, more efficiently, with less waste and with materials produced in a more environmentally sustainable way – otherwise known as green building. The United States Green Building Council (GBC), the developer of the LEED standards (the most common guidelines for determining what is green), estimates that three to four percent of new buildings in the United States are going through the LEED process, and an even larger number are using LEED standards as a template for discussion.<sup>9</sup> The GBC also estimates that the market for green building products and services in 2005 amounts to \$7 billion – a 37% increase from 2004 alone.

Green building also has strong support from Albany. NYSERDA, the state agency charged with promoting energy conservation, offers a package of incentives to owners and builders that are amongst the most aggressive and progressive in the nation. In some instances, NYSERDA will cover up to 60% of the cost of a green energy or green building system. Special incentives exist for municipal and school buildings, recognizing the importance of green building to the health and productivity of workers and school children.

Combined with the strong local and regional housing market, the increase in second homes (as some green techniques are still more expensive, the upper end of the market is still more fertile for green building than

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<sup>9</sup> Stromberg (2005)

## Renewing Sullivan: Creating Sustainable Economic Development in Sullivan County

the lower end – for now), and the county’s proximity to fast growing counties in Pennsylvania and the Hudson River Valley, green building represents a huge opportunity for the County. Similar to biodiesel, Sullivan County is well positioned to be a soup-to-nuts green building machine – from producing innovative, sustainable wood products (which builds on one of Sullivan’s first industries, forestry, part of the [Agriculture](#) sector, and [Clean Manufacturing](#)), to consulting, system design, general contracting and labor.

→ **Recommendation:** Create a specific target in terms of accredited LEED-certified builders, engineers, architects, etc., and provide incentives and encouragement to local professionals to develop these increasingly marketable skills. According to the USGBC, there is not a single LEED accredited general contractor in the entire Mid-Hudson Valley.<sup>10</sup> A focus should be maintained on the entire green building economy, from design and construction to materials, demolition and recycling.

### Construction

Green building also makes sense because it is interconnected with another key industry, one that is critical to a strong local economy – construction. As we saw in Chapter One, there has been a troubling loss of construction jobs in Sullivan County, where despite recent job growth we have still not replaced all the construction jobs lost since 1990. Construction pays well – it has a national mean hourly wage of more than \$18/hour.<sup>11</sup> Rebuilding Sullivan’s construction sector is key to its revitalization – after all, bringing in outside contractors to build new economic development projects reduces local control and ownership of resources, automatically reduces interconnectivity, and sharply decreases the multiplier effect that a new project offers.

#### The Construction Industry – Building our way to a Sustainable Economy

Money invested in local buildings that goes to local builders comes back to local merchants and is *reinvested* in local communities.

Some barriers to ‘Sullivan building Sullivan’:

- Capacity and willingness of local builders to grow to meet the need of larger projects
- Increase in outside investors and developers who are more comfortable with “their own people”
- Workforce – Local contractors hamstrung but the lack of qualified local carpenters, electricians, plumbers. “Those that are good are working; those that aren’t working aren’t any good.”
- The union issue. Larger developers have long-standing agreements with unions, preventing them from hiring non-union workers. The majority of Sullivan County’s construction industry is non-union.

<sup>10</sup> Source: US Green Building Conference Accredited Professionals Directory

<sup>11</sup> US BLS - May 2004 National Occupational Employment and Wage Survey

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Think about it this way – over the next decade, investors are poised to spend billions of dollars in Sullivan County on a combination of residential, commercial and manufacturing projects. If that money goes to a local contractor, who hires local workers and buys from local suppliers, the money invested in housing is far more likely to be spent at local stores, restaurants, theatres – or reinvested in property, businesses or education. As we showed in chapter two, the “local effect” can produce three times the value in economic activity than if those dollars are given to outside companies.

Sullivan County can nurture some of its small contracting companies, help them grow to meet the demand of larger developers and larger projects. It can help them become experts in LEED certification and green building techniques, opening up new and potentially lucrative markets. At the same time, Sullivan’s building supply companies, who are some of our oldest (and often family-run) businesses can assist in developing green building materials locally, and help brainstorm ways to make these technologies more affordable and more accessible for Sullivan County homeowners.

→ **Recommendation:** A more in depth study of some of the barriers to an improved construction economy is sorely needed. How can we help local builders grow so that they can and will make competitive bids on larger development projects? How can we address significant workforce issues, including availability of skilled labor and the “union question”? How can we link to the growing green building economy, producing green building products *and* services? How can we ensure that we maximize the internal return of dollars invested in infrastructure? This study can be spearheaded by the Chamber, with significant help from the Partnership as part of its new business expansion efforts. Otherwise, the dollars spent rebuilding the County will revitalize Main Streets – in New Jersey.

### Health Care & Biotech

Chapter one showed how the health care sector is the largest in the county. It includes the largest and one of the most innovative private employers, SDTC The Center for Discovery (see sidebar), the longstanding Catskill Medical Center, and one of the newest large-scale projects, Crystal Run Medical Center (see sidebar in Chapter Four). It has the benefit of significant recent investment, with both the Crystal Run and the Carrus Institute, and an excellent multiplier effect (1.69 according to a Pennsylvania study<sup>12</sup>).

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<sup>12</sup> Health Care as an Industry: The Impacts on Economic Health and Physical Health, <http://www.issuespa.net/articles/10932/>

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Health care, when taken overall, also has excellent wage potential. On a national level, Registered Nurses make an average of \$54,020 annually, with doctors at the high end of the scale. The one major wage issue is amongst home health aides, whose average annual salary is still below \$20,000.<sup>13</sup> Yet, as noted in Chapter One, Health Care also has a strong career ladder, with ample opportunities for entry-level, low wage workers to advance to higher income brackets, provided the educational resources are provided.

Unfortunately, this is one area where the *Sullivan 2020 Plan* is currently lacking. Little in the plan offers specific recommendations and ideas from growing the health care economy and maximizing benefits to the local economy and to public health.

→ **Recommendation:** Make sure a whole-systems approach to the health care industry is used, to ensure the maximum economic benefit. Assign a permanent liaison from either DPCD or the Partnership to the industry in order to better understand and assess their needs. That person should also analyze supply chains, workforce needs and the potential for related small-business growth. A concerted effort should be made to physically tie-in Crystal Run Medical Center with Rock Hill's Main Street in order to allow Crystal Run's significant drawing power to better benefit local stores and service providers.

### Center for Discovery: A model of interconnection & sustainability

- Thanksgiving Farm, a sustainable farm with a Community Supported Agriculture Program.
- The largest private employer in the county.
- The Carrus Institute, a new research and training facility that promises to bring some of the finest minds in disability research to Sullivan County.
- A brand new LEED-certified building, one of the first LEED certified health care facilities in the country.
- A new biodiesel program for its buses.

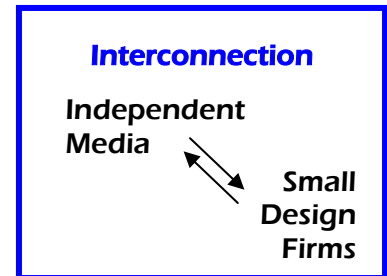
**Agriculture. Education. Research. Green Building. Health Care. Green Energy.**

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<sup>13</sup> US BLS - May 2004 National Occupational Employment and Wage Estimates

### Independent Media

For a county of less than 80,000 people, the quantity and quality of its independent media is impressive. The River Reporter. The Towne Crier. WJFF. The Sullivan County Democrat and WSUL. Most county residents get at least some of their news locally, from sources that hire locally, train locally, pay locally, report locally (on local businesses, events, organizations, and so forth.) The economic impact of a strong independent media is difficult to calculate, because of how important they are to the exchange of information, ideas, and knowledge in the region. Similar to health care and agriculture, the product that they produce is (generally) one that is positive for the consumer.

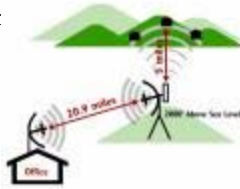


→ **Recommendation:** Hold an independent media conference in Sullivan County. Brainstorm ways to enhance the media sector, whether through the publication of additional publications, the development of related industries like design and printing which could aid the growth of the local companies, or the development of new markets inside and outside of the county.

## Renewing Sullivan: Creating Sustainable Economic Development in Sullivan County

### A Wireless County?

Umatilla County, Oregon took advantage of federal grant monies to build the largest wireless network in the country.<sup>14</sup> The grant was to enable emergency services to communicate better, a problem Sullivan County has to deal with as well. Consumers are allowed to piggyback for free, enabling farmers, residents and small businesses to (inter)CONNECT. And it was all built by a LOCAL company. The potential benefits to small businesses, agriculture, home offices, independent media – not to mention public safety and democracy – could be enormous. For more details.



→ **Recommendation:** Utilize the design talents and skills of local design companies to give all three local papers an improved web presence; making web readership pay will improve local access to media, especially for part-time residents, and is environmentally sound. The tens of thousands of Sullivan County residents who spend part of their year elsewhere will be better able to pay attention to local issues via the internet – this will increase advertising revenue for local media outlets, and provide a new and innovative way for local merchants to advertise their goods and services to a critical sector of the county's population. It will also go a long way towards improving access to information, a critical component of democracy.

### Small scale design & tech companies

What happens when you combine serious homegrown talent, creative refugees from New York, and broadband? Massive potential for small design and tech companies. Liberty's Fisher Mears, ADCstudio in

Livingston Manor, Freda + Flaherty in Kenoza Lake are growing graphic and web design companies. ADC not only employs Sullivan County Community College graduates, it works with the local chamber and local Renaissance group as part of its mission to revitalize the manor.

The potential for growth in this sector, while modest in terms of overall numbers (it will not create 200 jobs in one fell swoop), fits in perfectly with Sullivan County's new sustainable economy. We are not only talking about



## Renewing Sullivan: Creating Sustainable Economic Development in Sullivan County

graphic design, but architecture, engineering, planning, marketing and promotion, and advertising. The companies are small – often three to four employees – well suited for either home offices or preferably refurbished storefronts on Main Street. They are low impact from an environmental standpoint, add significant value to their product (they essentially make nothing into something), are part of the growing knowledge economy, pay well,<sup>15</sup> attract a creative class of people, and provide a product that is integral to the growth of other small businesses.

This last point is perhaps the most important, especially in relationship to graphic and web design. If small businesses are going to grow, they need to be able to promote their stores and their products. But as one local design firm owner put it, it is like the chicken and the egg. “Local businesses don’t have the money to spend on better websites, more professional advertising and more sophisticated marketing materials. This prevents us from being able to work locally – much of our work depends on outside clients. This in turn makes it harder for them to expand, making it harder for us to expand.<sup>16</sup>” When you add in the lost revenue for local media outlets and printers, nobody wins.

→ **Recommendation:** Assign the Partnership’s new expansion staff to solve the chicken and the egg problem. Perhaps a small loan or grant program for small businesses that is exclusively geared towards marketing and promotion. The program would enable small businesses to spend on new websites, new ads, new marketing materials. A requirement of the program would be that those dollars be spent locally – local designers, printers and media outlets (some exceptions in the latter category could be made for businesses that need to target outside markets).

### Main Streets & Small Business

Although this subject has been discussed previously, it is important to view Main Streets and Small Businesses as an “industry” unto themselves. In many ways, Main Streets are fragile ecosystems, with small businesses as the primary inhabitant of that ecosystem (along with residents and visitors). They are an important historic resource, with strong existing infrastructure (sewer & water, transportation, denser development, public facilities), a center of community involvement and interaction, and a hub of small business.

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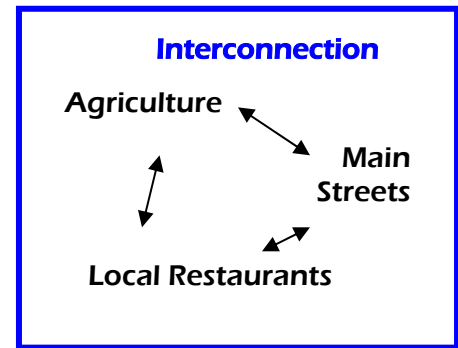
<sup>15</sup> BLS statistics indicate the statewide, average Graphic Design services paid more than \$61,000 annually. Statistics for Sullivan County were not available.

<sup>16</sup> Interview with Sullivan County-based graphic designer.



All three major plans written in Sullivan County in the past decade – *Sullivan 2020*, *REAP* and *Rebuilding Sullivan* - have talked up the importance of Main Streets and Small Businesses.<sup>17</sup>

The Partnership recently held a Main Street Day in the hopes of attracting new businesses to Main Street. In the wake of the controversy and infighting regarding specific economic development ideas, Main Streets and small business also represent a potential common ground for different “sides” in the debates. They represent a perfect opportunity for people to put down their bullhorns and come together; after all, if we are truly serious about Main Streets and small businesses, we must take the work that has been done over the past decade to the next level.



→ **Recommendation:** The legislature should appoint a Main Streets Task Force, with participation from the Partnership, the IDA, Empire Zone Board, Sullivan Renaissance, the Visitor’s Association and Main Street CDC’s and/or Renaissance groups. The Task Force should be charged with the following:

- **Examining all current sources of Main Street and Small Business funding available,** identifying gaps, needed revisions, etc. We must make the ED system work for Main Street. The recent decision to make full Empire Zone benefits available only to businesses with 100+ employees does just the opposite, and flies in the face of the *Rebuilding Sullivan* plan which shows clearly that businesses with between 4 and 99 employees represent the best area for growth potential.
- **Developing a Sullivan County Community Foundation.** This is a logical next step for Sullivan Renaissance, whose new “C” category this year encouraged the formation of formal CDC’s, like the Liberty Community Development Corporation. Fully functioning not-for-profit community organizations are critical to the revitalization of Main Streets, much as they were and are responsible for much of the revitalization in New York City and other Main Streets throughout the country.<sup>18</sup> Let’s face it – there is little room for profit in Main Street

<sup>17</sup> See Sullivan 2020 Plan

<sup>18</sup> There is a great deal written about the importance of civic groups and community-based organizations in the revitalization of Main Streets. In particular, see the National Trust for Historic Preservation’s Main Street Center [www.mainstreet.org](http://www.mainstreet.org), or see Shields & Farrigan (2001), or Leinberger (2005). A good resource for rural main street information is the USDA’s Rural Information Center, <http://www.nal.usda.gov/ric/ricpubs/downtown.html>



## Renewing Sullivan: Creating Sustainable Economic Development in Sullivan County

buildings right now. Let's use our collective resources to fix up buildings and commercial corridors, sowing the seeds for merchants and downtown residents. This will also allow us to better leverage public and private funding, develop senior housing downtown, and maintain the fantastic work that Renaissance groups have done over the past five years.

- **Help local restaurants grow** – and use local products. Restaurants are key Main Street anchors. For a place like Sullivan County, they can also be a key link between our agricultural and tourism economy and a healthy food system, and provide important informal spaces for community interaction. From a farm in Delaware to a slaughterhouse in Liberty to a restaurant in Thompson. The Task Force should work with current restaurant owners and outside experts to help develop a stronger food service sectors that buys locally. The Visitor Center can help connect these restaurants to our growing Agri-Tourism sector.

### Clean Manufacturing & Distribution

Despite predictions of its demise, the manufacturing sector is still functioning in Sullivan County. Chapter One showed decent growth in manufacturing jobs over the past 15 years, with over 45% more manufacturing jobs in 2004 than 1990. Unfortunately, a good deal of this growth has been in the low wage food manufacturing business.

## Renewing Sullivan: Creating Sustainable Economic Development in Sullivan County

But this does not necessarily have to be the case. Using our location on a major highway with easy access to the largest metropolitan area in the country, as well as many major trucking routes for the eastern seaboard, clean manufacturing and distribution is a sector that could see positive sustainable growth – especially if linked to other sectors like green energy, green building and agriculture. Any push for increased green energy should include a push to make those products here. The slaughterhouse is actually a manufacturing plant, one that uses local raw materials.

One particularly interesting sector is light metal manufacturing. In the past few years, at least two companies have opened up or expanded their operations – DC Fabricating & Welding (see chapter three) and Innovative Metal Products. Metal fabrication has numerous applications in farming (equipment and repair) and green energy (wind turbines, towers, solar power installation kits), providing excellent integration and interconnectivity. Metal is also highly recyclable, and the industry as a whole pays good wages – around \$15/hour national average for structural metal fabricators and welders, more for machinists and other metal related occupations<sup>19</sup>.

### Innovative Metal Products and Green Energy



This Monticello-based company is working hard to provide good jobs. Wind energy can potential provide tax relief for Towns and clean energy. Linking them together, by ensuring that the wind energy economy produces towers locally, helps both sides.

**INTERCONNECTIVITY +  
LOCAL Ownership = High  
Wages + Shared Prosperity**

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<sup>19</sup> US BLS - May 2004 National Occupational Employment and Wage Estimates

## Renewing Sullivan: Creating Sustainable Economic Development in Sullivan County



→ **Recommendation:** Aggressively pursue clean manufacturing operations with strong ties to sustainable sectors like green building and green energy, for instance major wind turbine makers who will need towers manufactured somewhere in the region.

→ **Recommendation:** Improve our communication infrastructure within the county -- high speed digital phone lines, more wireless and cellular access, and more reliable service period. Until we get the infrastructure better, no telephone and computer-based business will find this area very attractive, and it will hinder the growth of telecommuting (see sidebar below).

### Eco-Tourism

Sullivan County's natural beauty, rugged landscape and legendary streams have long been an attraction for outdoors enthusiasts. Fly-fishing, hunting and boating are well established, as are the campgrounds throughout Fallsburg and Neversink.

Eco-tourism is also good business. The Adventure Travel association estimates that about half of the \$400 billion US Tourism

market is "adventure-based." A 1997 survey estimated that 48.1% of Americans visit some sort of natural place on every vacation. A poll conducted by the Travel Industry Association of America indicated that 83%

## Renewing Sullivan: Creating Sustainable Economic Development in Sullivan County

of Americans would be inclined to support “green” tourism operations, and would be willing to pay 6.2% more for those services.<sup>20</sup>

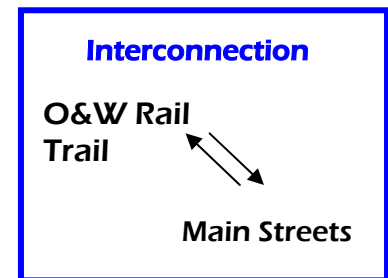
Eco-tourism also makes sense for Sullivan County, for it combines two resources we have had for a long time – the aforementioned natural beauty, and an aging (and at times abandoned) tourist infrastructure. Eco-tourism is in many ways a form of adaptive reuse, another key component of sustainability. It also has potential positive impact on another critical resource: Main Streets. In the above satellite photo, one can clearly see how a multi-purpose trail on the old O&W right-of-way could deposit hikers and bikers in downtown Liberty – just in time for lunch.

While certain sectors like fishing have a solid infrastructure, others, like hiking, biking, cross-country skiing and snowshoeing are sorely lacking. With the exception of the Town of Neversink, Sullivan County has very little publicly accessible land. Yet there are underutilized public lands, miles of abandoned rail right-of-way and numerous inaccessible lakes, streams and rivers.

→ **Recommendation:** Develop a Trails & Greenway Master plan.

This plan, housed at DPCD with representation from the Towns, local experts, and eco-tourism businesses can identify means to develop the O&W rail trail, other hiking and biking routes, trail maps for both dirt and road rides, potential promotional events and

linkages with local businesses and Main Streets (the O&W right-of-way runs right through **eight Main Streets**). This plan should be proactive, and move quickly towards raising funds and obtaining approvals for trail development.



→ **Recommendation:** Follow through with a recommendation from the 1997 Plan to assist long-time tourism operators to become more green - and to take advantage of this growing market. Specific funding sources should be developed by the IDA and the Partnership to assist operators.

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<sup>20</sup> USA Ecotourism Statistical Factsheet, Ecotourism Society, 1999

## Renewing Sullivan: Creating Sustainable Economic Development in Sullivan County

### Arts (and artists)

Discussing artists is almost a cliché when dealing with urban revitalization. People have long recognized that artists are willing to move into distressed neighborhoods, bringing energy and investment when nobody is willing to pay them much attention. Yet there has also been a fair amount of work done to document the importance that the arts can have in rural communities. A National Governors Association report documented two excellent examples of what could be called “arts economic development plans,” comprehensive efforts in North Carolina and Kentucky to grow the arts and arts related enterprises.<sup>21</sup> The North Carolina plan, which worked both with artisans and local officials to promote local craftspeople, increased revenues for artists by 10-15% and generated more than \$11 million in investment in six of the

region’s smallest towns. The crafts industry in that section of North Carolina now produces \$122 million in economic activity annually.

The size of the arts economy should not be underestimated. Nationally, the non-profit arts industry alone is worth \$36.8 billion, and accounts for 1.3 million jobs. In the six states of New England, the 245,000 arts-related jobs represent 3.5% of the total job base, more than the software or medical industries. It also showed growth (14%) that was almost twice the regional rate over the past four years (8%).<sup>22</sup>

So what does this mean for Sullivan County? The county has an excellent artistic base, both in terms of working artists and established arts organizations. Led by the Delaware Valley Arts Alliance, which provides leadership and a collaborative structure for the arts community and administers annual grant monies funded by the state and the county, there is a wide

variety of museums, art galleries, theatres, music festivals and cultural events. Callicoon now has two for-profit art galleries, and Jeffersonville has one, a critical next step for the arts economy (not to mention non-

### NACL Makes the Big Leap

A constant challenge for economic development in Sullivan County is convincing entrepreneurs, including our numerous talented summer residents, to commit to running a full-time business.

NACL, a theatre company whose summer Catskills Festival of New Theatre has been drawing critical and popular praise for the past five years, has recently taken the big leap and gone year round.

Director Tannis Kowalchuk says that the local response has been overwhelming, and that support from within has “grown tenfold.” They have even formed a **LOCAL** board, part of their mission to **INTERCONNECT** with the community.

How can we help them succeed?

<sup>21</sup> NGA Center for Best Practices Report (2001)

<sup>22</sup> Ibid.



## Renewing Sullivan: Creating Sustainable Economic Development in Sullivan County

profit galleries on Main Street in Mountaindale, Hurleyville, Livingston Manor, Liberty and more). And then there is Bethel Woods.

Bethel Woods is one of the most anticipated economic development projects in the region's history. The Gerry Foundation is currently constructing a \$63 million performing arts center on Max Yasgur's old farm, the site of the famed 1969 Woodstock concert. Plans for Bethel Woods include a 4,800-seat covered pavilion, an interpretive center/museum and events gallery, permanent outdoor event sheds, and a 650-seat community theater.



This combination of an established and diverse base of arts organizations, a growing number of working artists who are living in the county, a burgeoning gallery scene and a world-class anchor in Bethel Woods makes the arts industry another sector for potential growth. A key factor in this growth will be building interconnections between the arts and other key industries – Main Streets, Restaurants, artisans/crafts/light industry, tourism.

→ **Recommendation:** Plan for Bethel Woods. Bethel Woods can become not only a world-class institution, but also a model for sustainable, integrated development. The ED agencies, working together with the Visitor's Bureau and the Gerry Foundation, should develop concrete plans to ensure that Bethel Woods generates the maximum internal economic activity, and enhances Main Streets, small businesses and local arts organizations. Bethel Woods is a once in a lifetime opportunity for the county – lets grab it.

→ **Recommendation:** Work to link the arts and Main Streets in an official sense. Main Street funding sources should be used to bring art galleries, art studios and arts education – and artists - to empty storefronts.

→ **Recommendation:** Develop a world class, year round arts residency. While summer may be a great time to see art, winter is a great time to make it. Right now artists must buy a home, or rent a studio on a year round basis in order to enjoy the creative energy of the county. A residency, ideally utilizing vacant commercial and industrial space on a Main Street, could bring dozens of artists to Sullivan County for one and two-month stretches throughout the year. If properly located near a

## Renewing Sullivan: Creating Sustainable Economic Development in Sullivan County

Main Street, the residency could have a significant positive impact on local small businesses. Sullivan County's proximity to New York City make it a natural location for this type of venture.

### Looking Beyond Sectors – Towards an Interconnected Economy

These ten sectors are just a beginning. There are certainly other industries which are key parts of our economy, or show significant potential for sustainable growth. Yet these ten have something in common other than growth potential – they fit together. As has been emphasized throughout this report, ensuring that the pieces of the puzzle fit together is critical to building an economy that will last, one that will weather the storms and instability of the future.

These ten sectors are not only **INTERCONNECTED**, but they have strong established **LOCAL** bases, a place from which to begin. We do not have to reinvent the wheel when it comes to health care, independent

#### **Telecommuters: Truly Inter-Connected**

The *2020 Plan* acknowledges the importance of second home owners as potential entrepreneurs. Anecdotal evidence tells us that many of those second homeowners take advantage of **telecommuting** to spend more of their time in Sullivan County – in effect, making it their first home.

More and more, key factors that kept Sullivan County isolated, like distance and communication, can be overcome with technology. By making telecommuting more feasible, through zoning changes to allow home offices or more importantly technological upgrades to our telecommunication system, we enable people to work from home, bringing in dollars from outside the county. Dollars that can be spent locally, by people who want to make Sullivan County their home.

media, agriculture or eco-tourism - we already have strong leaders and existing businesses. All ten of these industries can be not only compatible with the **ENVIRONMENT**, they can work to improve it. They fit well within our **VISION**, as established by all four active local plans. Most pay **WAGES** that will allow local workers to support their families and reinvest in their own homes, businesses and futures, or provide good starting points for young and entry-level workers. With care, and with an open and participatory **PROCESS**, there is no reason for projects in any of these industries to be contradictory.

What remains is to pull together the pieces of a strong and sustainable economy – solid sustainability criteria, open and democratic institutions, sectors with positive

potential for growth – and slowly but surely forge a renewed economy in the Catskills. In Chapter Six, we will draw some overall conclusions from this report, and discuss one key factor that we have thus far largely ignored, one which was of tantamount importance to most of the local leaders interviewed for this study: **workforce development**.

## Renewing Sullivan: Creating Sustainable Economic Development in Sullivan County

### CONCLUSION

“Sullivan County is a place where we achieve a diversified and sustainable economy, which maintains and enhances the natural beauty and rural characteristics of the County.” *Sullivan 2020: The Vision for Sullivan County in the 21<sup>st</sup> Century*

“Economic development is only valuable to a community if it helps produces the particular living environment its residents desire.” *Rebuilding Sullivan: An Economic Development Strategy, 1997*

Throughout this report, we have attempted to make a relatively simple case, one which can be broken down in to the following three-part argument:

**ONE: Sustainable economic development** – development which includes shared prosperity, local ownership, community economic development, and the principles of “natural capitalism,” – is needed in order to alleviate poverty and stimulate positive economic growth in Sullivan County.

**TWO:** Sullivan County has **already established a sustainable vision** in the Sullivan 2020 plan, and has been building toward that vision with previous plans like Rebuilding Sullivan and the REAP plan.

**THREE:** In order to **realize that sustainable vision**:

→ Sullivan County’s economic development agencies must ask tougher questions about **WAGES**, the **ENVIRONMENT**, and **LOCAL** ownership, and must exert leadership in an open and democratic **PROCESS** to ensure that all projects follow our sustainable **VISION**, do not contradict each other, and are **INTERCONNECTED** in a way that maximizes efficiency, productivity and benefits to the local economy.

→ Eleven key **sectors** – Agriculture, Green Energy, Green Building, Construction, Health Care & Biotech, Independent Media, Small Design & Tech Firms, Main Streets & Small Businesses, Clean Manufacturing & Distribution, Eco-tourism, and the Arts – represent excellent possibilities for sustainable development, interconnection, local ownership and economic growth.

### CONCLUSION



## Renewing Sullivan: Creating Sustainable Economic Development in Sullivan County

We have also tried hard to maintain a positive outlook, and to avoid mud-slinging and muck-raking. All organizations and agencies can improve, and acceptance of critical discourse is crucial to the development of a strong civil society and a healthy community.

Yet for Sullivan County to truly be able to realize this vision of a sustainable economy, there must be a concerted effort to bring people together. The Partnership must become more inclusive, making a conscious effort to bring diverse opinions to the table, so that projects can be more thoroughly vetted during the initial planning stages. The County Legislature must enforce a single set of standard on all agencies, and must raise money so that all agencies can use the democratizing power of the internet to better inform its constituents about economic development projects. Exploring the possibility of a county-wide wireless network can help in this regard while simultaneously addressing a critical public safety issue. Simply knowing more about what is going on will help calm concerns about back-room deals and conflicts-of-interest. Local organizations must recognize that the economic development agencies are staffed by hard-working people who have dedicated their careers to making Sullivan County a better place. Only by engaging them in this discussion of sustainability, and helping to ensure support for these ideas from the highest level, can we create the cultural change throughout the county that will be needed for the ideas of sustainability to take root.

Everywhere you look in Sullivan County you can see pieces of the great sustainability puzzle. Rather than trying to lure a savior from the outside, we must focus on nurturing the strong entrepreneurial spirit and creativity that has long been the hallmark of many local businesses. We must also address a critical factor in economic development that we have largely ignored in this report: workforce development.

In the course of doing research for this report, we spoke with dozens of business owners, agency directors, elected officials, and development experts. *Every single one of them* mentioned the importance of building a stronger and more capable workforce. After all, as many of them pointed out, you can not develop high wage jobs if there are no qualified workers to fill them. As we move forward in our efforts to implement our sustainable vision, a particular focus must be paid to our education and workforce development system. It is subject worthy of a report unto itself.

This report also ignored the issue of residential development, which is setting up to be the new flashpoint in Sullivan County politics. It is a difficult issue, one that is tied closely with sustainable development, but is again another issue unto itself, and we look forward to being part of this discussion.

## **Renewing Sullivan: Creating Sustainable Economic Development in Sullivan County**

Sullivan County is truly a unique place. It would be a challenge to find a more religiously and ethnically diverse rural county anywhere in the United States. Although it is always important to learn from examples of projects that have worked elsewhere, and to seek new ideas, new investment and new people to help make our economy work, the true answer to Sullivan's economic woes lies right here – with local leaders, local businesses, local farms, and local consumers. We either possess or are capable of making most of the missing pieces of the puzzle – now the citizens of the county must come together and make it happen.

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### **Web-Based Resources**

#### *Data*

United States Census Bureau, [www.census.gov](http://www.census.gov)

United States Bureau of Labor Statistics, [www.bls.gov](http://www.bls.gov)

University of Georgia (shift share analysis) - <http://www.georgiastats.uga.edu/sshare1.html>

#### *Organizations*

Universal Living Wage Campaign, [www.universallivingwage.org](http://www.universallivingwage.org)

United for a Fair Economy, [www.responsiblewealth.org/living\\_wage](http://www.responsiblewealth.org/living_wage)

International Institute for Sustainable Development, [www.iisd.org](http://www.iisd.org)

Rocky Mountain Institute, [www.rmi.org](http://www.rmi.org)

National Biodiesel Board, [www.biodiesel.org](http://www.biodiesel.org)

United States Green Building Council, [www.usgbc.org](http://www.usgbc.org)

Centre for Community Enterprise, [www.cedworks.com](http://www.cedworks.com)

Center for an Urban Future, [www.nycfuture.org](http://www.nycfuture.org)

Fiscal Policy Institute, [www.fiscalpolicy.org](http://www.fiscalpolicy.org)

Good Jobs First, [www.goodjobsfirst.org](http://www.goodjobsfirst.org)

CARDI Toolbox (Cornell & Penn State joint community development project), [www.cdtoolbox.org/](http://www.cdtoolbox.org/)

#### *Government*

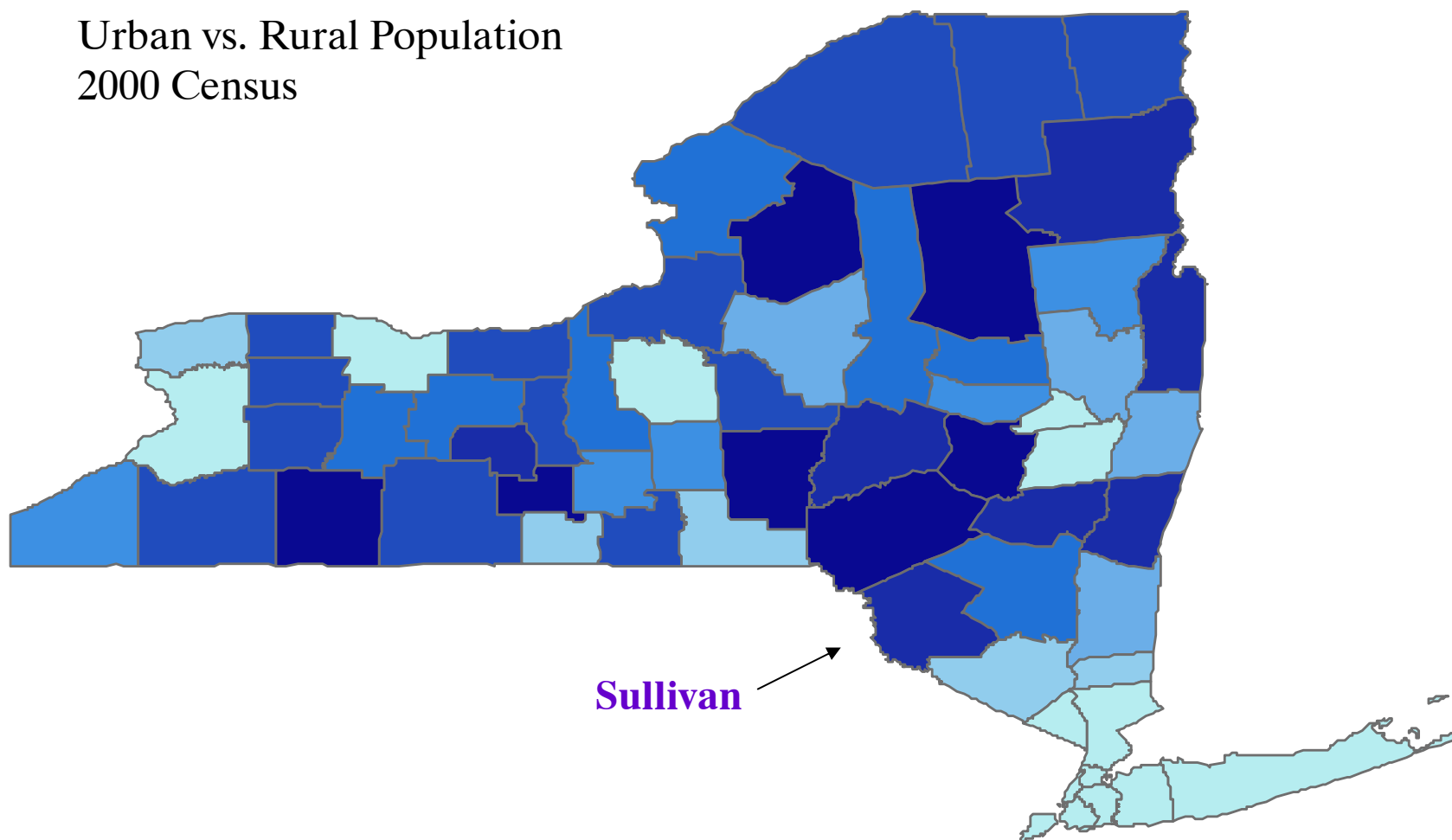
Empire State Development Corporation - [www.nylovesbiz.com](http://www.nylovesbiz.com)

#### *Main Streets*

National Trust for Historic Preservation Main Street Center, [www.mainstreet.org](http://www.mainstreet.org)

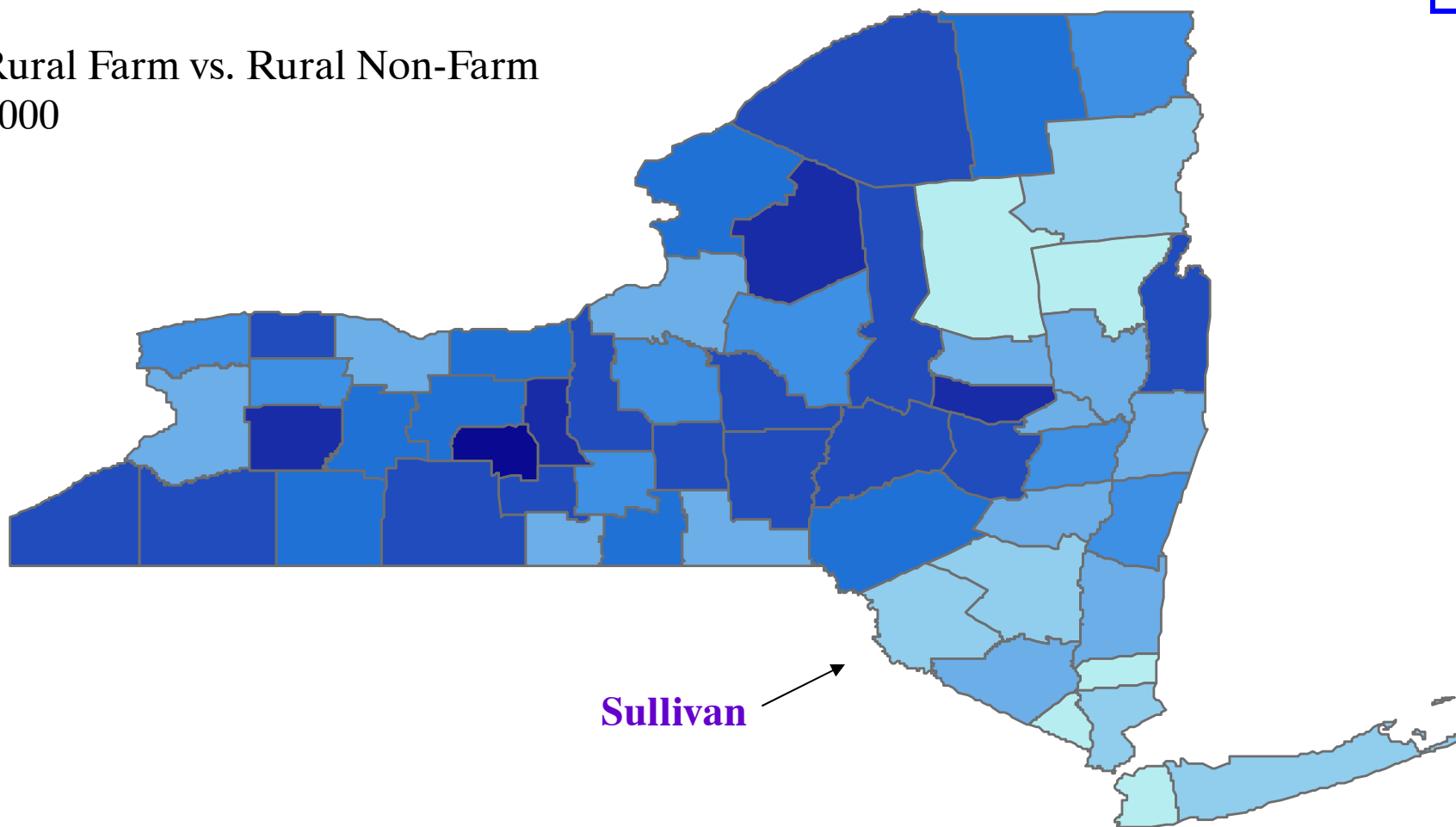
USDA Rural Information Center, [www.nal.usda.gov/ric/ricpubs/downtown.html](http://www.nal.usda.gov/ric/ricpubs/downtown.html)

## Urban vs. Rural Population 2000 Census



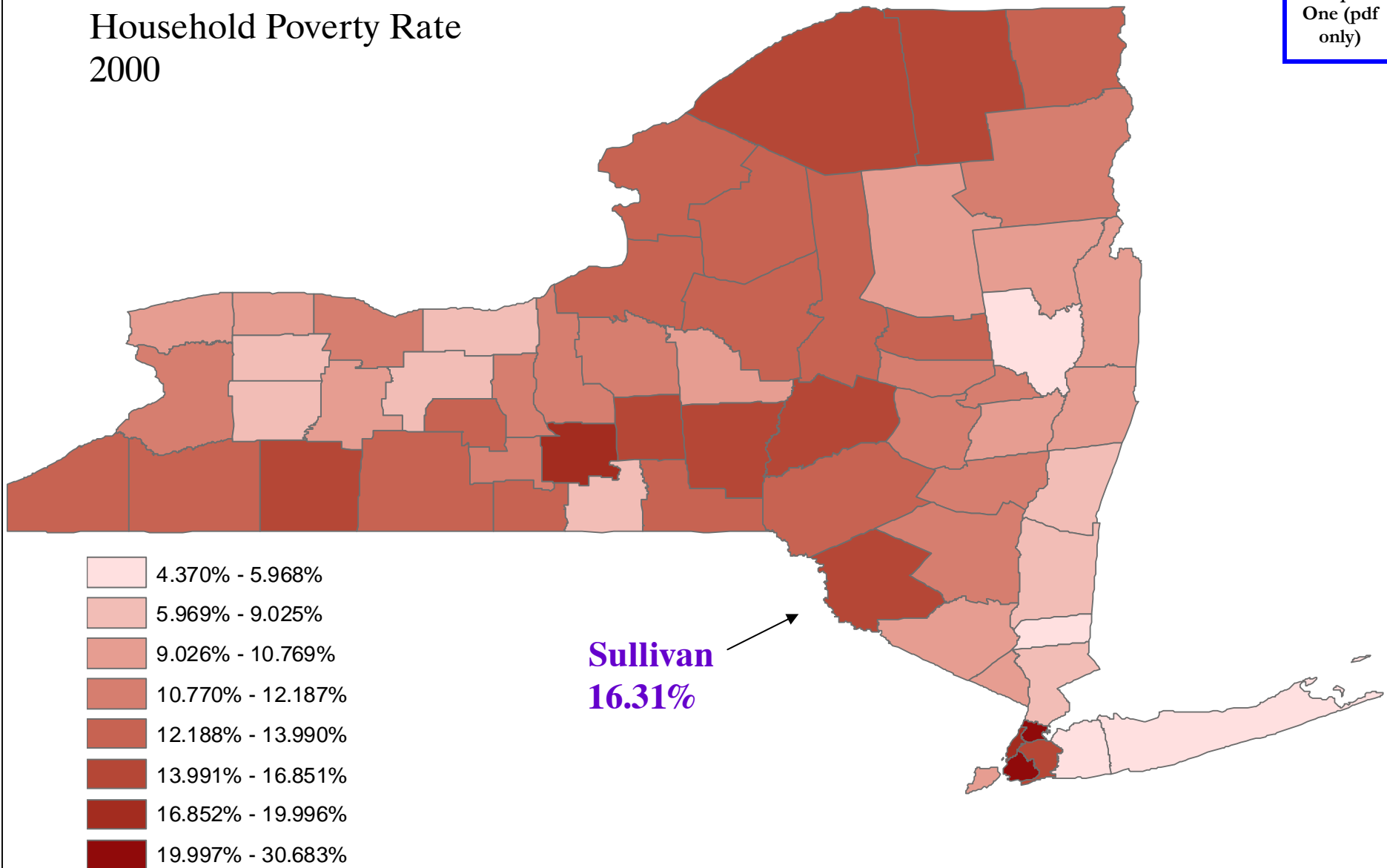


## Rural Farm vs. Rural Non-Farm 2000

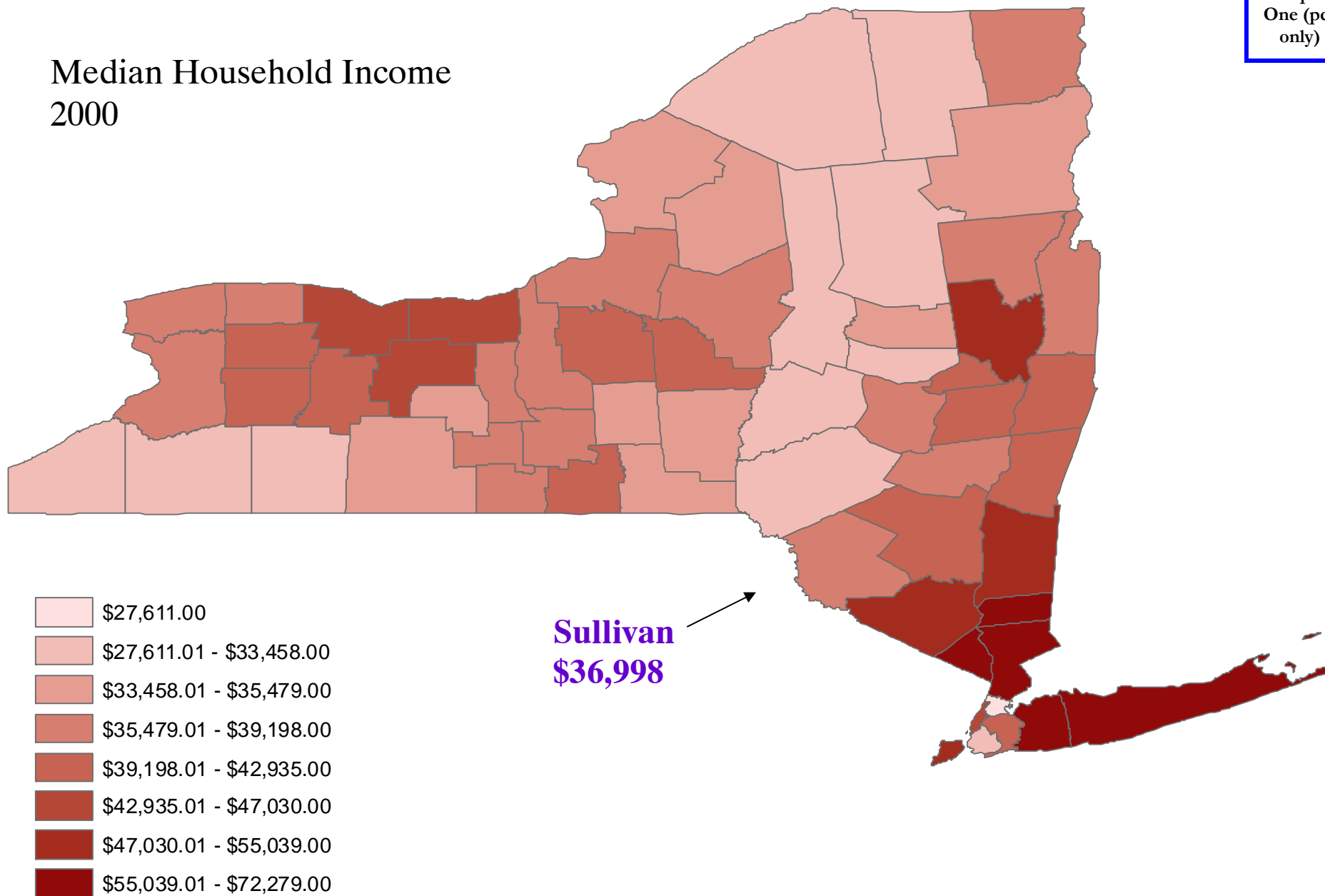


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## Household Poverty Rate 2000



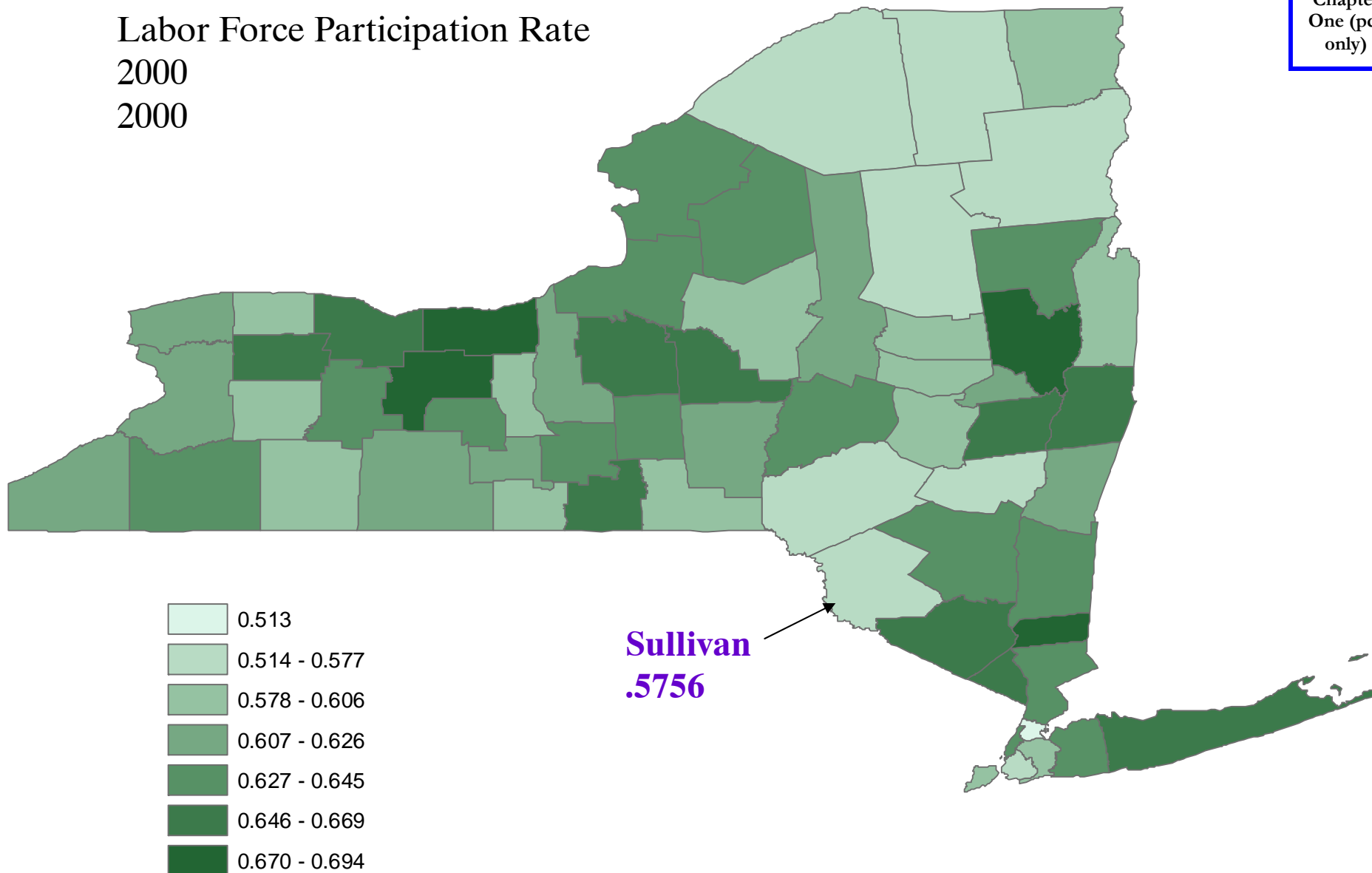
## Median Household Income 2000



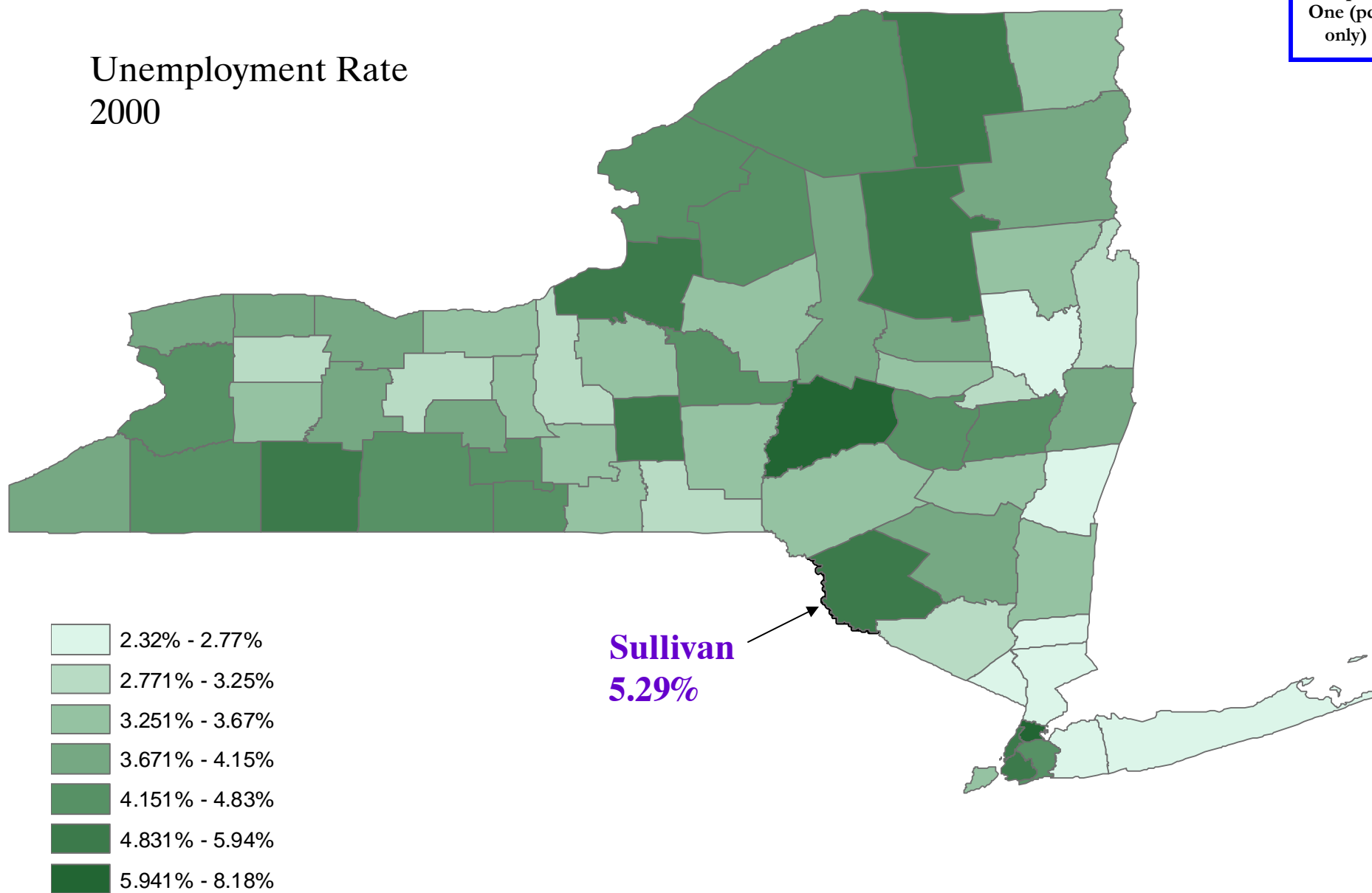
## Labor Force Participation Rate

2000

2000

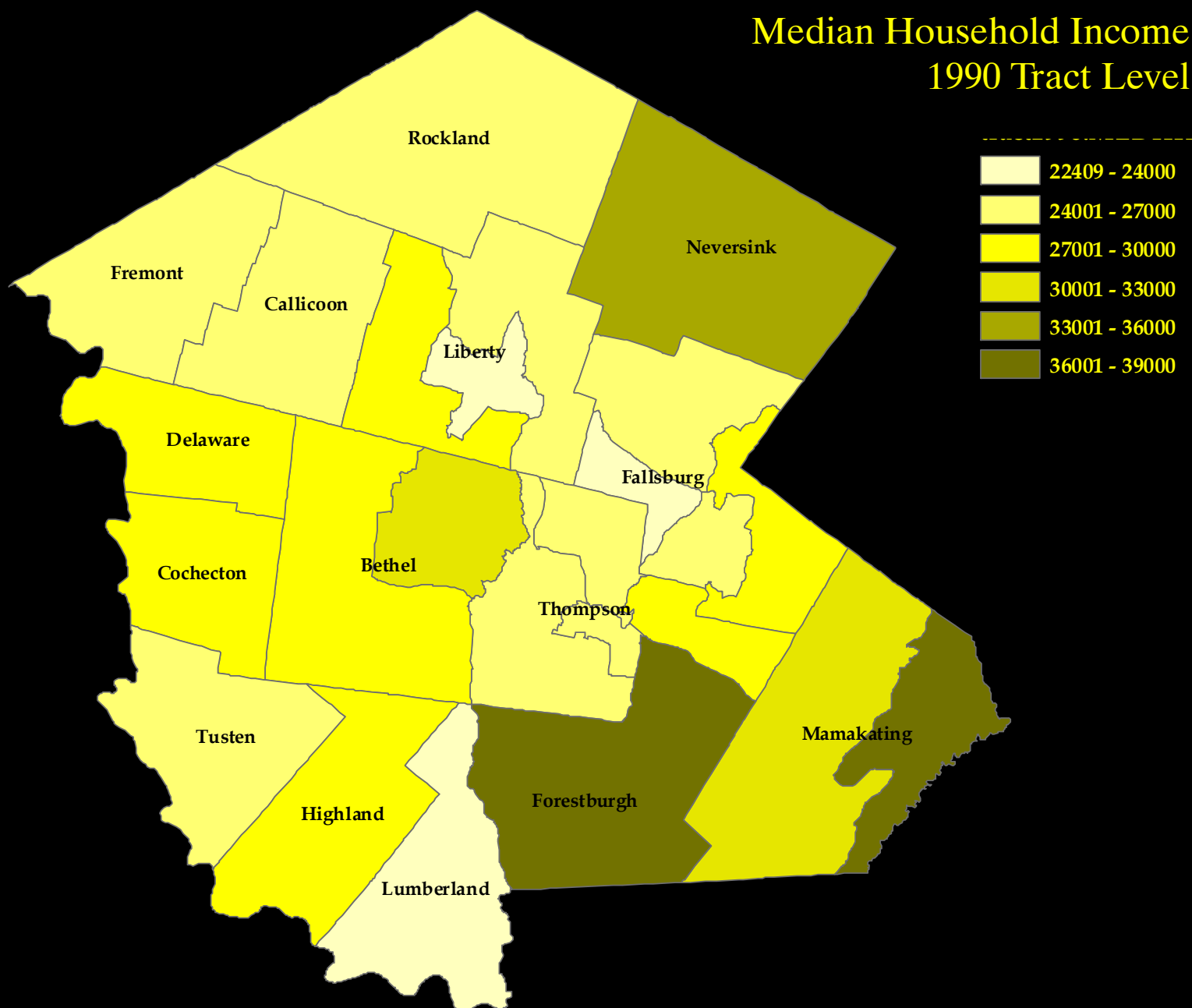


## Unemployment Rate 2000



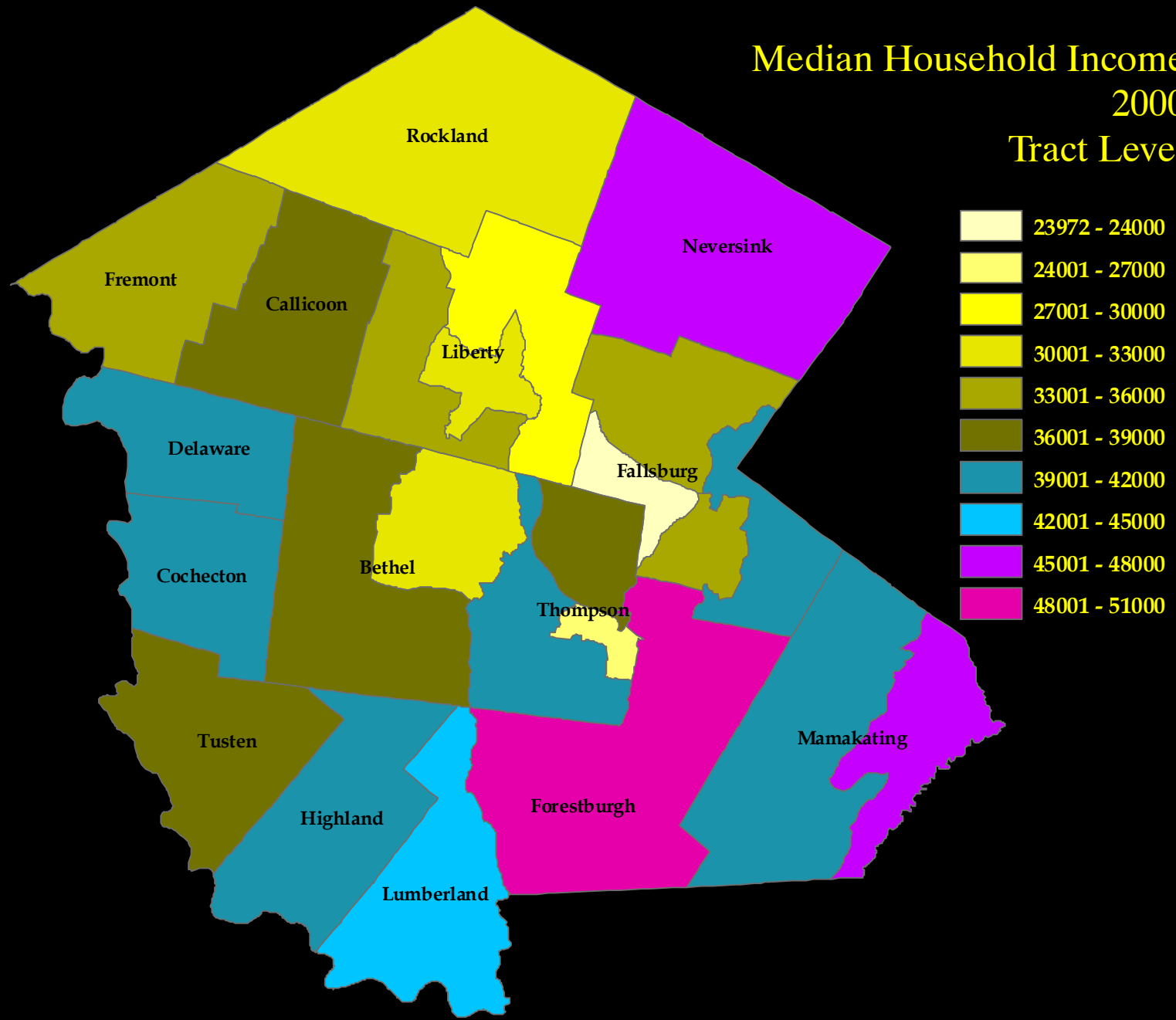
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## Median Household Income 1990 Tract Level



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## Median Household Income 2000 Tract Level



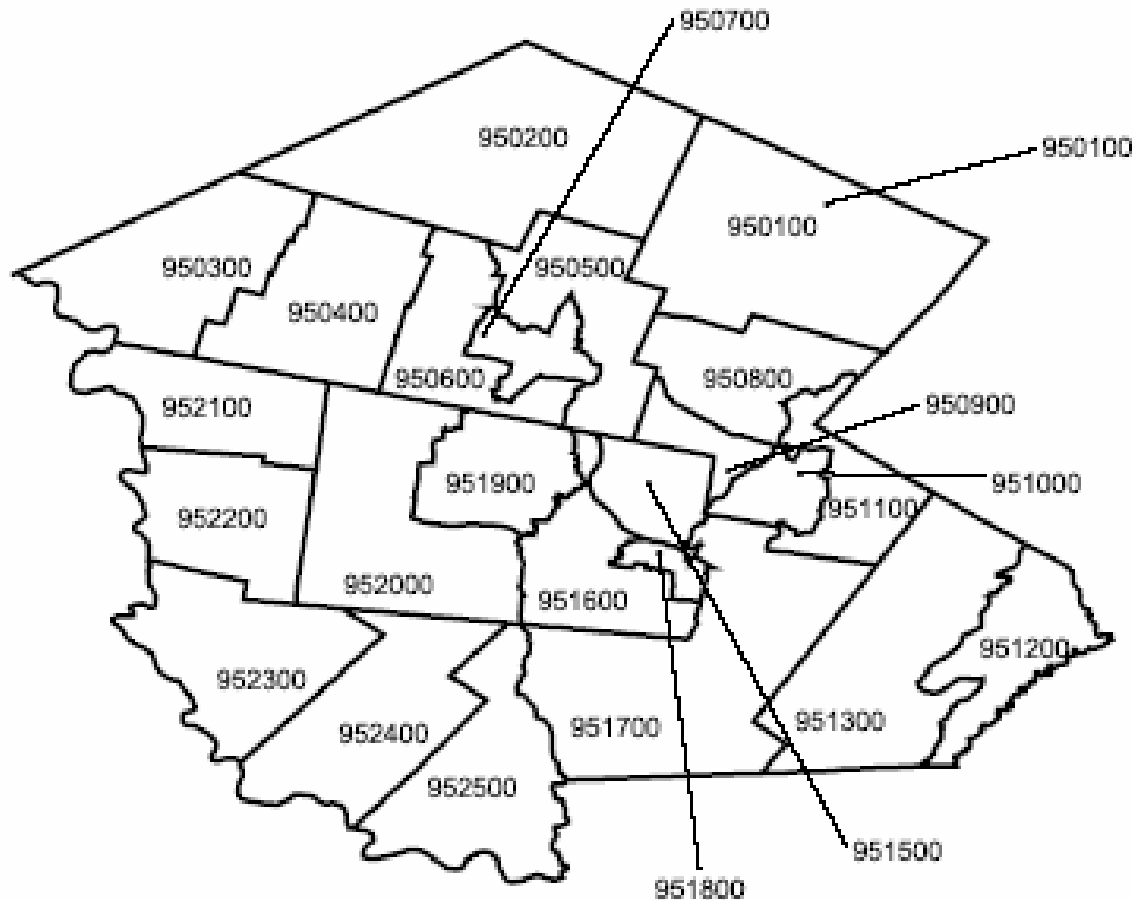


## Sullivan County Census Tracts, 2000

Source: US Census Bureau

NOTE: Sullivan County lost one census tract, 951400, between 1990 and 2000.

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### % Increase in Median Household Income 1990-2000

Source: US Census Bureau

United States	39.7%
New York	31.6%
Sullivan County	34.1%
Census Tract 9501	26.1%
Census Tract 9502	29.5%
Census Tract 9503	37.0%
Census Tract 9504	53.1%
Census Tract 9505	18.8%
Census Tract 9506	13.9%
Census Tract 9507	30.6%
Census Tract 9508	38.7%
Census Tract 9509	7.0%
Census Tract 9510	34.0%
Census Tract 9511	41.9%
Census Tract 9512	24.2%
Census Tract 9513	22.9%
Census Tract 9515	47.8%
Census Tract 9516	49.4%
Census Tract 9517	26.5%
Census Tract 9518	0.3%
Census Tract 9519	1.1%
Census Tract 9520	35.7%
Census Tract 9521	34.1%
Census Tract 9522	44.7%
Census Tract 9523	51.2%
Census Tract 9524	46.3%
Census Tract 9525	80.4%

## United States Bureau of Labor Statistics

### *High Level Aggregates*

The chart at right breaks down the high-level aggregates used in the shift-share analysis into NAICS codes.

More information on NAICS can be found at <http://www.bls.gov/sae/saewhatis.htm>

More information on the aggregates can be found at <http://data.bls.gov/cgi-bin/surveymost?en>

Special Thanks to Dr. Warren Kriesel, Assoc Professor, Ag & Applied Econ Dept. University of Georgia, for developing the shift share analysis program.

[www.georgiastats.uga.edu](http://www.georgiastats.uga.edu)

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#### Natural Resources and Mining

NAICS 11 Agriculture, forestry, fishing and hunting

NAICS 21 Mining

#### Construction

NAICS 23 Construction

#### Manufacturing

NAICS 31-33 Manufacturing

#### Trade, Transportation, and Utilities

NAICS 42 Wholesale trade

NAICS 44-45 Retail trade

NAICS 48-49 Transportation and warehousing

NAICS 22 Utilities

#### Information

NAICS 51 Information

#### Financial Activities

NAICS 52 Finance and insurance

NAICS 53 Real estate and rental and leasing

#### Professional and Business Services

NAICS 54 Professional and technical services

NAICS 55 Management of companies and enterprises

NAICS 56 Administrative and waste services

#### Education and Health Services

NAICS 61 Educational services

NAICS 62 Health care and social assistance

#### Leisure and Hospitality

NAICS 71 Arts, entertainment, and recreation

NAICS 72 Accommodation and food services

#### Other Services

NAICS 81 Other services, except public administration

#### Public Administration

NAICS 92 Public Administration

#### Unclassified

NAICS 99 Unclassified

## COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY

One Cablevision Center  
Ferndale, New York 12734  
845-295-2603 – voice  
845-295-2604 – fax

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### IDA ACTIVITY REPORT

(As of April 1, 2005)

#### TAX ABATEMENT PROJECTS CURRENTLY BEING ADMINISTERED

1. **CENTRAL NEW YORK RAILROAD CORP., February 28, 2005 (Towns of Tusten, Cohecton, Delaware, and Fremont)** Application proposes the preservation of the rail line along the Delaware River corridor to support existing rail dependent businesses, retain and create jobs. Project requested only real property tax abatement. The abatement will end in 2009 when taxes will be set by the Railroad Ceiling Law. Project will retain 8 railroad employees and 70 rail-reliant jobs in Sullivan County.
2. **SDTC – CENTER FOR DISCOVERY, February 3, 2005 (Town of Thompson and Town of Fallsburg)** Up to \$18 million 2005 Civic Facility Revenue Bond Rochester Fund Issue project for the purpose of renovating existing facility buildings and the construction of five new buildings. Proposes 160 new employees.
3. **SDTC – CENTER FOR DISCOVERY, December 23, 2004 (Town of Thompson and Village of Liberty)** \$10 million 2004 Civic Facility Revenue Bond Key Bank project for the purpose of renovating existing facility buildings and the construction of two new buildings. Proposes 70 new employees.
4. **MAMMA SAYS, INC. / KINNELON PROPERTIES, LLC., October 25, 2004 (Town of Thompson)** Project will renovate a 53,000 square foot building located on Old Route 17 involving the reconstruction and equipping of the building as a food manufacturing facility. Company will invest approximately \$5,500,000 in purchasing and improving the property. Proposes 14 new employees initially and 60 employees within three years.
5. **S.A.T. CATSKILL, INC., June 15, 2004, (Town of Liberty)** New owners of the Paramount/Best Western project. Renovation, construction, and equipping of the Best Western Paramount Hotel that was destroyed by fire in October of 2000. This will include the demolition of approximately 40,000 square feet of space and the replacement of more than 70,000 square feet. When in full operation the hotel proposes 50 full time employees. The project requested a mortgage recording tax exemption, sales tax elimination on materials, and a reduction in property taxes. Company expenditure is expected to exceed \$8 million.
6. **CATSKILL DEVELOPMENT, LLC, March 19, 2004, (Village of Monticello).** Entered into an Agent Agreement for the purpose of extending Sales tax exemption and mortgage recording tax exemption for the renovation and equipping of the Monticello Raceway and the installation of Video Terminal Machines. IDA involvement will only be for the construction phase of the project. Project proposes to invest \$15 million. Proposed jobs created – 387, jobs retained – 97 (not including horsemen). (Approval for six month Extension of Sales Tax Exemption for renovations of raceway

paddock – Nov. 9, 2004.)

- 7. MOUNTAIN PACIFIC REALTY, LLC, December 18, 2003, (Village of Monticello)** Project proposes to build out the tenant facilities in the vacant former Shoprite Plaza with new façade and an additional footage of 15,500 square feet to be added. Total project expenditure is estimated at \$1 million with 20 new employees and 20 retained employees.
- 8. CANNIE D’S CORNER CORP., December 3, 2003, (Town of Neversink)** Project proposes the construction of a gas station and associated convenience/retail stores and office space. This involves the construction of a single-story wood-frame building totaling 5,000 square feet and gas station pump island. Total project expenditure is estimated at approximately \$1.5 million and will create 15 new jobs.
- 9. A.K.L. REALTY, LLC., October 15, 2003 (Town of Bethel)**  
Neversink Construction Corp purchased the 12,000 sq ft industrial park building located at 46 Industrial Park Road , White Lake, owned by the IDA. The project will relocate its existing Poughkeepsie business there and renovate and modernize the building. Estimated cost of improvements exceed \$120,000. Neversink Construction manufactures nonstructural glass and metal facades. Project proposes to move 25 jobs to their new building and hire 3 new employees.
- 10. IDEAL SNACKS, INC., August 1, 2003 & Dec 30, 2003 & December 14, 2004 (Village of Liberty)**  
Expansion of an existing manufacturing facility, project cost - \$1,200,000. The expansion will be for the storage of the finished product (snack foods) prior to distribution. An additional 10 jobs will be created. Two expansions to the original project have been approved.
- 11. CRYSTAL RUN HEALTHCARE, LLP, June 27, 2003 (Town of Thompson)** Construction of an approximately 81,000 square feet Class A medical office facility located in the Emerald Corporate Center in Rock Hill. Project expense is estimated at \$19,000,000 with 200 permanent employees in phase 1 and a total of 400 after phases 2 – 3. Crystal Run is also in the Empire Zone.
- 12. LIBERTY STORAGE, L.L.C., June 16, 2003 (Town of Liberty)**  
Sales, mortgage, and real property tax abatement to assist in developing a 34,000 square foot storage facility and accompanying 2,000 square foot office and retail packaging facility located on a 9.36 acre parcel of land located on Route 55. Project proposes to create 15 jobs during construction and 4 permanent jobs. Total project expense: \$1.5 million. (Phase II Expansion for second 34,000 square foot storage facility building approved on September 8, 2004.)
- 13. SULLIVAN COUNTY COMMUNITY COLLEGE DORMITORY CORP, June 2002, (Town of Fallsburg)** Tax-exempt financing through the IDA for Civic Facility Bonds in the amount of \$8,725,000, project type – Dormitory. Bonds issued to construct a student residence/dormitory on the former lands of the Sullivan County Community. The facility will support the continued existence of the College through the enrollment of a substantial number of out-of-county students. Applicant proposes hiring 3 regular full time persons and 5- 7 college year persons.
- 14. HEBREW ACADEMY FOR SPECIAL CHILDREN, June 2002, (Town of Liberty)** Tax-exempt financing through the IDA for Civic Facility Revenue Bonds in the amount of \$4,750,000 to provide residential and day programming for handicapped children and adults. An estimated 40 new jobs will be created because of this project.

## **Renewing Sullivan: Creating Sustainable Economic Development in Sullivan County**

- 15. SDTC – THE CENTER FOR DISCOVERY, February 2002, (Town of Thompson)** Tax-exempt financing through the IDA for Civic Facility Revenue Bonds in the amount of \$15,000,000 to aid in the further development of new program facilities, including residential facilities, administrative building, and educational classrooms. An estimated 50 new jobs will be created because of the new expenditures.
- 16. KOHL'S NEW YORK DC, INC., February 2002, (Town of Mamakating)** Construction and equipping of a regional distribution center for Kohl's Department Stores. Proposed development consists of the construction of a 500,000 square foot distribution center with the expenditure of \$45,000,000. Eventual employment is projected to be 900. The project requested sales tax abatement and a real property tax break. Project is also in the Empire Zone.
- 17. ADDENBROOKE LLC, August 2001, (Village of Liberty)** Acquisition and repair of existing office building. Total cost of repairs and renovations is proposed to be \$500,000. Project expects to retain 14 full time employees and create an additional 8 full time employees.
- 18. HOLIDAY MOUNTAIN FUN PARK, INC., (formerly Holiday Mountain Corp), February 2001, (Town of Thompson)**  
Created by Villa Roma Country Club, Holiday Mountain Corporation requested assistance to develop the Holiday Mountain Ski Area in the Town of Thompson on a parcel of land consisting of 144.56 acres. The proposal is to operate and rehabilitate the existing ski area and to build a new water park. Estimated project expenditure is \$7.0 million. Permanent, full-time jobs upon completion of this project will be approximately thirty with an additional seasonal workforce of forty people.
- 19. TURTLEHEAD ENTERPRISES LLC, January 2001, (Town of Thompson)** Project to construct a new medical facility to be located on 2.9 acres across from the Harris Post Office on County Road 75. Two 5,000 square feet buildings are proposed for the site. Total project expense will be approximately \$1.0 million. The project requested a break in mortgage recording taxes, sales taxes, and property taxes from the IDA.
- 20. R.H. LODGING, LLC, January 2001, (Town of Thompson)**  
Project involves the rehabilitation of the former Howard Johnson's Motor Lodge in Rock Hill. Applicant requested sales tax and real property tax breaks from the IDA. The rehabilitated motel will have 70 lodging rooms plus amenities including indoor pool and business center. Total project expense is estimated at \$2.0 million. Six new full time jobs are anticipated.
- 21. DC FABRICATING & WELDING, November 2000, (Town of Liberty)** Manufacturing company relocating from Connecticut. Purchased 5.6-acre parcel on the corner of Queen Mountain and Radcliffe Roads next to the UPS facility. An 8,000 square foot pre-fab building will be constructed. Total project cost is expected to be \$300,000 with three to four new employees. Project requested sales tax and real property tax breaks from the IDA.
- 22. SUTPHEN EAST, April 2000, (Town of Bethel)**  
Expansion of an existing manufacturing business in Sullivan County. Project currently leases the facility from the IDA at the Airport Industrial Park. Company expenditure for the expansion - \$225,000. The facility is used for the repair and rehabilitation of fire engines and equipment. The expansion will

## **Renewing Sullivan: Creating Sustainable Economic Development in Sullivan County**

employ at least six new employees.

- 23. BLOOMINGBURG HOUSING ASSOCIATES, Feb. 2000, (Village of Bloomingburg)** The construction of 24 Senior Housing Units on property annexed into the Village of Bloomingburg. The approximate project cost was \$2.3 million. The construction phase will employ 20 people, and the rental income will retain three full-time jobs at Rural Sullivan County Housing Opportunities.
- 24. SWAN LAKE REALTY HOLDING CORP., Feb. 2000, (Town of Liberty)** This transaction facilitated the refinance of premises owned by the Swan Lake Holding Corp. to provide security to a bank for the posting of a letter of credit in connection with an existing IDA agreement with the Swan Lake Resort Hotel. The letter of credit gave the Swan Lake Resort Hotel the ability to continue the extensive renovations, create jobs, and collect sales tax from guests.
- 25. SDTC – THE CENTER FOR DISCOVERY, Dec. 1999, (Town of Thompson)** Tax-exempt financing through the IDA for Civic Facility Revenue Bonds in the amount of \$10,000,000 to aid in the further development of new program facilities, including residential facilities, administrative building, educational classrooms, and program equipment. An estimated 105 new jobs will be created because of the new facilities. (Amendment of Agreement December 2000.)
- 26. RMG LAND HOLDINGS, INC. (Sullivan Auto Supply, Inc.), Oct. 1999 (Village of Bloomingburg)** Acquisition, relocation, renovation of a vacant commercial building in the Village of Bloomingburg. The new location was necessary to keep enough inventory on hand to meet the increasing sales volume. Total cost of the project -- \$285,000. Retention of five employees with four additional to be added within one year after relocation.
- 27. WURTSBORO CENTER, LLC, Nov. 1999 (Town of Mamakating)** New 45,000 square feet construction project that will develop property on Route 209 and will include a supermarket, bank, and other retail stores. New employment opportunities for at least 50 full time employees is anticipated. Total project cost will be approximately \$1.5 million, split in two phases.
- 28. MAJESTIC DRUG CO., INC, Oct. 1999 (Town of Fallsburg)** Project involves the relocation of an existing business from the Bronx to South Fallsburg. The new business would put the parcel back on the Town's tax rolls and employ at least six people. The facility would manufacture, warehouse, and distribute health and beauty aids.
- 29. KAUFMAN PROJECT, Aug. 1999 (Village of Monticello)** New construction project to add approximately 2,750 square feet of office space and another 1,134 square feet of commercial storage space to an existing office building located on North Street in the Village. Project cost will be over \$380,000 and new employment generated will be 6 – 7 persons.
- 30. PARADISE II RESORTS, INC., Sept. 1999 (Town of Mamakating)** A construction project to renovate the Paradise Resort property on South Road in the Town of Mamakating. The project will spend over \$1 million on rehabilitation and \$300,000 on furnishings and equipment. The property has 86 guestrooms and will employ 40 persons.
- 31. NANA'S HOUSE PROJECT, Sept. 1999 (Town of Thompson)** A \$2 million construction and equipping project to develop a 9,700 square feet day care center and related maintenance facilities located on the property of Frontier Insurance in Rock Hill. The facility

## **Renewing Sullivan: Creating Sustainable Economic Development in Sullivan County**

will be able to accommodate approximately 100 children of employees and the public.

### **32. FOSTERDALE EQUIPMENT, Jan. 1999 (Town of Cochection)**

An agricultural project that will construct and equip a steel machinery building to be used for shop, storage, and office space. Company expenditure on the project is approximately \$150,000.

### **33. SWAN LAKE RESORT HOTEL, Dec. 1998 (Towns of Liberty and Bethel)**

A \$3 million resort renovation project to rehabilitate the Stevensville Hotel on Swan Lake. Financial assistance included a fifteen-year real estate tax PILOT and sales tax exemption on the materials needed to renovate and equip the hotel.

### **34. COCHECTION MILLS, INC., Dec. 1998 (Town of Cochection)**

A \$1 million expansion project to construct and equip a 12,000 square foot agricultural building. Financial assistance included sales tax exemption and a fifteen-year real estate tax PILOT.

### **35. ARTHUR GLICK TRUCK SALES, INC., Nov. 1998 (Town of Thompson)**

A \$1.23 million reconstruction and expansion project to construct and equip a 25,500 square foot truck leasing and sales building. Financial assistance for this disaster-impacted business includes sales tax exemption and a fifteen-year real estate tax PILOT.

### **36. SULLIVAN DIAGNOSTIC TREATMENT CENTER, Nov. 1998 (Town of Thompson)**

a) A refinancing and expansion \$10 million not-for-profit bonding project. Bonding capability was the only assistance requested.

b) The recasting of an existing bond in the amount of approximately \$6 million. The bond was originally issued in 1993 to finance a project for a 16,000 square foot expansion and for refinancing the principal balance of mortgage debt.

**37. MOUNTAIN CANDY & CIGAR CO, INC., May 1998 (Town of Fallsburg)** A \$1.9 million expansion project by a successful local wholesale business in South Fallsburg. Financial assistance included sales tax exemption and a twenty-year real estate tax PILOT.

**38. CABLEVISION INDUSTRIES CORPORATION, 1991, 1995, and 1998 (Town of Liberty)** A \$16 million bonding project for financing and construction of a 100,000 square foot building. After the merger of CVI with Time Warner and the creation of Granite Associates in 1995, the premises was transferred from CVI to Granite and the original PILOT was modified to reflect the change in employment conditions. In 1998, Granite Associates sold the premises to KS Realty Associates. With the sale, the bonds were transferred.

**39. FRONTIER INSURANCE COMPANY, 1993, 1996, and 1997 (Town of Thompson)** The 1993 bonding project was for \$26 million in financing and construction of a 120,000 square foot building that provided short-term construction employment and approximately 350 jobs within the County. With the 50,000 square foot expansion project and corporate jet in 1996, another 300 jobs were proposed. The IDA approved an upgrading of the jet in 1997.

### **40. WEST DELAWARE HYDRO, 1987 (Town of Neversink)**

Constructions worth \$9,600,000 for a hydroelectric plant in the West Delaware Tunnel of the New York City water supply system. The Agency receives rent based upon a schedule of payments resulting from electric generated in the prior year.

## **APPENDIX B - SUPPLEMENT TO CHAPTER THREE**



## **Renewing Sullivan: Creating Sustainable Economic Development in Sullivan County**

### **41. SHORTLINE BUS TERMINAL, 1985 (Village of Monticello)**

Taxable bonding project worth \$500,000 to construct the Monticello Bus Terminal. Bonds are still active. As per the Agreement, no revenue is received from this project.

### **APPLICATIONS PENDING IDA FINAL CLOSING**

- 1. Woodridge Family Restaurant, Village of Woodridge.** Proposal to rebuild a Main Street restaurant that was destroyed by fire in 2004. Total project cost: \$315,000. Project will retain 11 employees. Application received on April 6, 2005.
- 2. A.T. Reynolds & Sons, Inc. Town of Thompson.** Proposal to retrofit, reconstruct, install and equip the company's existing facility to install a high speed production and packaging line for PET water bottles. Application received January 7, 2005. Final approval given by Board on January 11, 2005. Project withdrawn by applicant on March 29, 2005.
- 3. REGENCY MANOR SENIOR HOUSING, Village of Monticello.** Proposal to build affordable senior housing complex consisting of approximately 75 units on 12.8 acres of land. Project will create 73 new jobs and retain 3. Total project cost: \$7,250,000. Project requesting real property tax, mortgage recording tax, and sales tax abatements. Application received on December 10, 2004. Final approval given by Board on January 26, 2005.
- 4. Neversink Steel Corp/Liberty Iron Works. Town of Liberty.** Proposal to construct a 30' by 80' steel building and purchase a crane to be used in connection with existing iron works business. Application received December 13, 2004. Final approval given by Board on January 11, 2005.
- 5. MBM ENTERPRISES, LLC / M & M AUTOMOTIVE CENTER, INC., Village of Liberty.** Renovation of existing retail space on Mill Street in Liberty, and construction of 4800 square foot expansion. Sales Tax Exemption requested only, PILOT uses 485b over 20 year period. Total project cost: \$1,650,000. Application received October 20, 2004. Final approval given by Board on January 11, 2005.
- 6. ABCXYZ, LLC, Town of Thompson.** Proposal to construct a 28,000 square foot office building at the Emerald Corporate Center. Expected cost: \$5 million. Application received on December 3, 2004.
- 7. SULLIVAN EQUITIES, INC., Village of Monticello.** Conversion of three existing one- to two-story buildings into one single two-story building for multi-tenant commercial retail/office use on Broadway in Monticello. Approximate building size is 23,000 square feet. Project proposes to increase employment from 4 to 30. Project cost: over \$900,000. Final project approval given by Board on October 19, 2004.
- 8. RSS REALTY LLC, (Sullivan's/Great American), Village of Liberty.** Renovation of an existing shopping mall. Application received June 2004. Inducement Resolution approved on July 13, 2004.
- 9. GLOBAL AQUAPRODUCTIONS SYSTEMS, Town of Liberty.** For the production and processing of high quality fish. Received March 2004.
- 10. ABC PACIFIC REALTY, Village of Monticello.** Renovation and equipping of the Apollo Plaza. Received Oct 2003.

### **APPENDIX B - SUPPLEMENT TO CHAPTER THREE**

**11. D & N MANAGEMENT, Town of Fallsburg, cost - \$8,000,000, project type – Senior Housing.  
CURRENT AIRPORT INDUSTRIAL PARK TENANTS**

**1. A.K.L. REALTY, NEVERSINK CONSTRUCTION CORP, October 2003, (Town of Bethel)**

A lease agreement with tax exemptions to occupy the Kingston Industries Building at the Airport Industrial Park that was vacated by DeBruce Millworks. Twenty-eight employees anticipated.

**2. SUTPHEN EAST, 1988 (Town of Bethel)**

A building at the Sullivan County Airport Industrial Park used for the repair and rehabilitation of fire engines and equipment. PILOT lease agreement. Twenty-one employees anticipated.

**REVOLVING LOAN FUND PROJECTS**

1. MAMMA SAYS, Ferndale, March 2005, \$50,000.
2. ROCK HILL PHARMACY, Rock Hill, June 2004, \$40,000.
3. LISA D'ALESSANDRO, Rock Hill, June 2004, \$9,200.
4. TFC FLOORING, Village of Woodridge, January 2004, \$40,000.
5. HECHT MFE, (Liberty Dunkin Donuts), Village of Liberty, June 2000.
6. MOUNTAIN MOTORS, Town of Neversink, 1999.
7. N.V. Inc, (Noel Vincente Salon), Village of Monticello, 1999.
8. STICK BY STAN, Town of Liberty, 1999. Project defunct 2004.
9. RMG LAND HOLDINGS, INC., Village of Bloomingburg, 1999.
10. WOODBOURNE TANK, Town of Fallsburg, 1998. Status: Final payment made Oct. 2001.
11. JEFFERSONVILLE ADULT HOME, Town of Delaware, 1997.
12. KOSSAR INDUSTRIES, Woodridge, Town of Fallsburg, 1997. Project closed out in 2003.
13. CATSKILL IDEA, Town of Thompson, 1996. Final payment made in June 2000.
14. WOOD4PLAY, Town of Liberty, \$23,500, 5/1995. Final payment made in April, 2005.
15. ROSS ELECTRIC, Town of Liberty, \$50,000, 10/1992. Final payment made in Feb. 2000.
16. HECHT MANUFACTURING, (Dunkin Donuts) Town of Thompson, \$20,000, March 1992. Final payment made in 1997.
17. WASH-N-GLOW, Final payment made in 1994.
18. DR. CLEAN, Status: Project closed out.
19. DEAD END CAFÉ, Final payment made in 1994.
20. JUST FOR YOU, Project closed out.
21. APOLLO PLAZA, Village of Monticello, 1985 (\$150,000). Final payment made in 1990.

**MAIN STREET FAÇADE LOAN FUND PROJECTS**

1. FAT LADY CAFÉ, Kauneonga Lake, April 2004.
2. SHELBURNE PLAYHOUSE, Ferndale, March 2004.
3. LYNN CHERNOW, South Fallsburg, November 2003.
3. VINO WINE BAR & CAFÉ, Broadway, Monticello, August 2003.
4. 6 MAIN STREET MOUNTAINDALE, November 2002.
5. SEANACHIE PUB, North Main Street, Liberty, October 2002.
6. NELA VRANCICH, 250 Broadway, Monticello, August 2002.
7. ELDRED INN, Route 55, Eldred, April 2002.
8. BROTHERS PROPERTY MANAGEMENT, Main Street, South Fallsburg, March 2002. (Closing

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currently on hold.)

9. **KING REALTY CO**, South Main Street, Liberty, March 2002.
10. **CASA DE GIOVANNI**, Broadway, Monticello, December 2001. Project closed out.
11. **35 MAIN STREET MOUNTAINDALE**, December 2001.
12. **18 POST HILL ROAD MOUNTAINDALE**, November 2001.
13. **LAKE VIEW LUNCHEONETTE**, Route 52, Lake Huntington, October 2001.
14. **DAVID APPEL**, 247 Rock Hill Drive, Rock Hill, September 2001. Made final payment on December 14, 2004.
15. **DAVID APPEL**, 249 Rock Hill Drive, Rock Hill, September 2001. Made final payment on December 14, 2004.
16. **STUART COMMUNICATIONS**, Erie Avenue, Narrowsburg, August 2001.
17. **WHITE SULPHUR SPRINGS INN**, Main Street, Town of Liberty, July 2001.
18. **PRASAD CHILDREN'S DENTAL HEALTH**, Hurleyville, Town of Fallsburg, June 2001
19. **DUTCH'S TAVERN**, Main Street, Rock Hill, Town of Thompson, June 2001. Paid in full June 2003.
20. **DELAWARE VALLEY ARTS ALLIANCE**, Narrowsburg, Town of Tusten, June 2001.
21. **FARKAS, BIG DADDY'S**, Woodbourne, Town of Fallsburg, June 2001. Final payment made in February 2004.
22. **NTCIP JEFFERSONVILLE PROPERTIES**, Jeffersonville, Town of Callicoon, June 2001. Paid in full September 2003.
23. **THE NEW BREED FOUNDATION**, Broadway, Village of Monticello, March 2001.
24. **BARBARA RESTAINO**, Main Street, Grahamsville, March 2001. (Closing on hold.)
25. **ISABELLE RAWICH**, Main Street, South Fallsburg, February 2001.
26. **CROISSANT**, Trotter's Bar, Village of Monticello, November 2000.
27. **BARNICLE**, The Keeping Room Gift Shop, Village of Monticello, November 2000.
28. **SEDLACK BUILDING**, Village of Monticello, January 2000. Final payment Dec 2001.
29. **BAIMS GARAGE**, Route 52, Youngsville, 1999. Final payment made in Sept 2002.
30. **TIME FOR A CHANGE**, Village of Monticello, 1998. Final payment Dec 2001.
31. **G-MEN**, Village of Monticello, 1998. Final payment made in March 2001.

### **CLOSED OUT PROJECTS**

#### **1. CWD II MANAGEMENT, May 2000, (Village of Liberty)**

Relocation and expansion of an existing Burger King Restaurant facility into the Village of Liberty. CWD II spent over \$1,300,000 on the new restaurant and increased its employment from 18 to 38. Property title was transferred and returned to the project February 28, 2005, thus closing out the project.

**2. ANTHONY INCANNO / MILLPOND ENTERPRISES, 1995 (Town of Bethel)** A lease agreement with tax exemptions to renovate the vacant Zitone Construction Building at the Airport Industrial Park using the facility for light industrial manufacturing. Three employees anticipated. Anthony Incanno bought the building and the land from the IDA on February 25, 2004 and the lease agreement ended at that time.

#### **3. YUKIGUNI MAITAKE MANUFACTURING CORP, April 9, 2003 (Town of Mamakating)**

Phase 1 – Conveyance of property into the IDA name. Project will eventually include the construction of a growing plant complex of mushrooms including manufacturing facilities and its derivative products. Final estimated cost - \$50 million and employment of 240. Because of no further

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approval and construction activity, the land was reconveyed to Maitake in January 2004.

### **4. BEST WESTERN / PARAMOUNT, March 2002, (Town of Liberty)**

Project bought by S.A.T. Catskill, Inc. in June 2004. Renovation, construction, and equipping of the Best Western Paramount Hotel that was destroyed by fire in October of 2000. This will include the demolition of approximately 40,000 square feet of space and the replacement of more than 70,000 square feet. The project requested a mortgage recording tax exemption, sales tax elimination on materials, and a reduction in property taxes. Project cost is expected to exceed \$5 million.

**5. HORIZONS AT MONTICELLO, LLC.,** Village of Monticello, cost - \$8,500,000 for a commercial project to construct affordable housing consisting of 64 living units. Fifty construction jobs and 3 permanent jobs will be created. Application withdrawn by request of applicant.

**6. UKRAINIAN – AMERICAN CULTURAL FOUNDATION, June 2001, (Town of Lumberland)** The acquisition and re-opening of a resort facility in Glen Spey. The project is expected to cost approximately \$900,000 and the practical effect of the IDA PILOT agreement will be to reestablish an equitable level of assessment. The re-opened facility will offer some 70-guest rooms and hire 12 new employees.

**7. DeBRUCE MILLWORKS, May 2000, (Town of Bethel)** Leasing from the IDA, with PILOT, the former Gisser Building at the Airport Industrial Park. Tenant produces high-end molding, cabinets, furniture, and custom wood products. DeBruce Millworks outgrew an existing facility and because of this move will be able to increase its workforce from 3 to 14. Tenant vacated the building in June of 2003. Building was then bought by A.K.L. Realty dba Neversink Construction.

### **8. FRONTIER HOTEL, Feb. 1999 (Town of Thompson)**

A \$2.5 million hotel renovation project to rehabilitate the former Howard Johnson's Motor Lodge in Rock Hill. Financial assistance included a fifteen-year real estate tax PILOT and sales tax exemption on the materials needed to renovate and equip the hotel. Project withdrawn by applicant.

**9. VALUE HOTEL & RESORT (CONCORD),** Town of Thompson, cost \$250,000,000 for renovation and new construction, project type – Tourist Destination. Project withdrawn – lack of activity.

### **10. APOLLO PLAZA, 1983 (Town of Thompson)**

Renovation and construction of 175,000 square feet of rentable space used for a manufacturer's outlet mall and office building complex. Rent received is shared with the Village of Monticello. At the request of A.P. Equity, property was transferred and returned on May 3, 2002, thus closing out project.

### **11. GISSER AUTOMOTIVE CONCEPTS, INC., 1997 (Town of Bethel)**

Design, manufacture, and marketing of specialty sport cars. Moved into the PM Mechanical building at the Airport Industrial Park. Leased expired on June 30, 1999. Building was then leased to DeBruce Millworks.

### **12. COLUMBIA ACQUISITION GROUP, LLC, 1997 (Town of Liberty)**

A sales tax and mortgage tax abatement retail project located on Route 52 East in Liberty. The abatement period was only for the construction phase of the project. The building was leased to Rite Aid Corporation.

**13. FIRST EQUITABLE REALTY CORP., 1995 (Town of Fallsburg)**

Sales tax abatement on \$3 million to reconstruct the Brown's Hotel in Loch Sheldrake into a multiple use facility called the Grandview Palace. The project created jobs and restored the property to the tax rolls. Abatement was only active for the construction phase of the project.

**14. PM MECHANICAL, 1995 (Town of Bethel)**

A straight lease agreement with tax exemption to renew the original MSG Forest Development Corp using the facility at the Airport Industrial Park for light industrial manufacturing. Building was transferred to Gisser Automotive Concepts in June of 1997.

**15. MSG FOREST DEVELOPMENT CORP., 1981 (Town of Bethel)**

A straight lease agreement with tax exemption to provide employment at the Airport Industrial Park used for light industrial manufacturing. (Kingston Industries)

**16. SULLIVAN HIGHWAY PRODUCTS, 1977 (Towns of Cohecton, Delaware, Liberty, Mamakating, Thompson, and Village of Liberty)**

A \$4 million taxable project to keep the business operating and preserve approximately 250 jobs. The company is still operating in Sullivan County. The bonds issued under the project have been paid and the project is in private ownership.

**17. ZITONE CONSTRUCTION CO., 1975 (Town of Bethel)**

A straight lease agreement with tax exemption to provide employment at the Sullivan County Airport Industrial Park used for light industrial manufacturing. Building was transferred to Millpond Enterprises in 1995.

For further information about the projects of the IDA, please contact Jennifer C.S. Brylinski, AICP, IDA Executive Director, at 845-295-2603.

### **8 Simple Ways to Reform IDA's**

*From Good Jobs New York, [www.goodjobsny.org](http://www.goodjobsny.org)*

Portions of the law (Article 18-A of the General Municipal Law) that establishes the state's 100+ Industrial Development Agencies (IDAs) and governs their operations are scheduled to sunset on July 1 and July 2, 2005. The need to deal with these expiring provisions provides the Legislature with the opportunity to strengthen the accountability of the IDAs to the state's taxpayers for carrying out the important powers and duties with which they are entrusted by Article 18-A.

Many of the purposes of the state's 100+ IDAs, such as advancing job opportunities for New Yorkers, advancing their health, general prosperity and economic welfare, and improving their prosperity and standard of living are clearly very important objectives. To the extent that IDAs can operate in ways that help to secure these objectives, the people of the state will clearly be better off. In practice, however, many questions have been raised about the IDAs' operations and activities.

Given the findings of a May 2004 report by Comptroller Alan Hevesi and an earlier audit of Erie County IDAs by former Comptroller H. Carl McCall, and the experiences of our various organizations in monitoring the activities of IDAs in different parts of the state, we believe that any reauthorization of the expiring provisions of Article 18-A should adhere to the following principles. Doing so would give communities the power to ensure that state and local tax dollars are not given to favored businesses at the expense of other businesses with which they compete, working families, and the environment.

#### **1. Ensuring Broader Oversight and Coordination**

The first critical policy change for Industrial Development Agencies is enforcement of new and more stringent guidelines on board membership. In many cases, there are serious conflicts of interest arising from the affiliations of local IDA board members and the IDA staff. These members' decisions have raised concerns about how, and to whom, subsidies are granted and have generally tainted the agency and its programs. By establishing mechanisms to eliminate conflicts-of-interest and ensure cooperation among local IDAs and by setting broad board membership guidelines to require a blend of business, organized labor, educational, environmental and community representatives, we will gain better coordination and oversight and thus improved performance of our IDAs.

There are also many instances of different IDAs operating in the same geographic area (i.e., a city IDA and a county IDA or county IDAs in consecutive counties) with competing agendas that do more harm than good to the local communities. We need to ensure approval by all local governments whose tax revenues, long range plans and/or service requirements are affected by agency projects.

We must also close loopholes that let companies to get subsidies by exploiting loopholes that allow funding for training facilities, tourism and corporate headquarters.

#### **2. Developing Community Impact Reports (CIRs)**

A CIR can be an essential tool in assessing the potential positive and negative impacts a proposed project will have for the communities where the project will be located. The CIR would study, among other things, the quality of the jobs created or retained, the effect on housing in the area, the effect on other businesses, the effect on open space and the effect on infrastructure, such as transportation, schools and water and sewers. An independently conducted CIR should be required of all subsidy applicants and should be conducted during the application process over a significant period of time from initial public disclosure of the project application to completion of the CIR. Subsidy approval should be conditional on the completion of a satisfactory CIR and on an agreement within the subsidy contract to address recommendations made in the CIR.

#### **3. Mandating Basic Standards**

The standards applied to businesses applying for IDA assistance should be strengthened. Mandating basic em-

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ployment, community, civil rights and environmental benefits standards on subsidy deals will ensure that subsidy recipients create quality jobs, meet community needs, and have a positive environmental impact in our neighborhoods. Such standards would include paying a living or prevailing wage, hiring locally when possible, protecting greenfields and community benefits standards.

**We should further ensure that IDA benefits are not given to firms that violate state laws including those dealing with environmental quality, worker safety, and fraud.** The law governing the Empire Zones program includes a provision that makes compliance with environmental, worker safety and certain other laws a condition for receiving and maintaining certification as a business eligible for zone benefits. IDAs have no comparable requirement.

### **4. Improving Reporting Requirements**

Improved reporting on subsidy contracts is necessary to make economic development more accountable to our communities. Statewide reporting standards would make certain that companies report progress on their commitments in a uniform and timely way and that local agencies use this information in making further subsidy decisions and also provide it to the public in a useful form.

This should include annually-updated information on job creation and retention, information on Payments in Lieu of Taxes (PILOTs) and information on all government assistance provided to a project (not just assistance provided by the IDA).

### **5. Requiring Enforceable Clawback Penalties**

The subsidies afforded to IDA recipients should be retracted if a given establishment fails to meet the agreed-to contractual obligations. When entering into a contract with the IDA, the business should have to agree to job retention and creation goals and an enforceable clawback procedure. Clawbacks are a type of penalty through which a city or county cancels, reduces, or recovers a subsidy when the recipient fails to deliver on its contract obligations. In other words, if a company does not uphold provisions of the subsidy contract, the City can recapture its subsidy based on provisions established in the original agreement. Assuming stronger reporting requirements are in place, the locality will have adequate information to determine if subsidy recipients are meeting contractual obligations as established in the subsidy agreement.

### **6. Increasing the Effectiveness of IDA Public Hearings**

Under current law, public hearings come at the end of the IDA review process and right before the IDA board is about to vote on a proposal. At the time these hearings are held, the IDA, its staff, its attorneys, and sometimes other consultants, as well as the project applicant, its staff, attorneys and consultants have frequently spent months if not years developing and refining a proposal. It is not surprising that by the time the public hearing is held, both sides in these negotiations are fully committed to the project to be voted upon.

Public hearings at this point in the process are necessary, but the public must be given earlier notice of applications that have been filed with the IDA and some idea as to when those projects are likely to come up for a vote. A possible model for this is the scoping session requirement under the State Environmental Quality Review Act. Another shortcoming of IDA public hearings is that they are frequently devoid of the IDA board members who will vote on a project. The IDA law should be amended to require that a board member who has not participated in a required public hearing on a proposed project should not be allowed to vote on that project. Under such an approach, we would be ensured that at least a majority of IDA board members would attend the required public hearings.

### **7. Ensuring that IDAs are run transparently**

The IDA law should be amended to require that IDAs' standard tax exemption policies, hearings on deviations from these policies and copies of approved deviations are sent at least annually to the state and the chief executives and all members of governing boards of all affected local governments, that any changes to those standard tax exemption policies be transmitted promptly to those same officials, and that these policies and any changes be made available to the public and be posted on the IDA's website.

Each IDA should be required to maintain, and make readily available to the state and all local elected officials and the public, a current schedule of all PILOT payments due each year and the amount of each such payment allocable to each taxing jurisdiction on whose behalf the PILOT is being collected and a list of project owners



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who are late making required PILOT payments, how much they owe and how long they have owed it.

IDA boards should be required to respect local plans (such as smart growth plans), to consider impact of proposed projects on local service delivery requirements, and to ensure that all PILOT payments received are promptly and fully transmitted to the treasuries of the local governments on whose behalf those PILOT payments were collected.

### **8. Establishing meaningful penalties for IDAs that violate Article 18-B's anti-piracy provisions.**

In its decision *In the Matter of Main Seneca Corporation v. Town of Amherst Industrial Development Agency; BDO Seidman, LLP*, the New York State Court of Appeals held that the anti-piracy provisions of Article 18-B had been violated by the Town of Amherst IDA and upheld the penalty imposed by the lower court, that Uniland Partners repay the portion of the taxes that it had avoided in regard to the facilities occupied by the firm (BDO Seidman) that the Amherst IDA had illegally pirated from the City of Buffalo. It seems perverse that the Town of Amherst, on whose behalf the Amherst IDA was established and on whose behalf it operates should get a bonanza (the back tax payments) rather than a penalty. Amherst got the business which Buffalo lost and it, after the fact, got back the taxes that it had offered as an inducement to attract the business.

**For the law's anti-piracy provision to be meaningful, a penalty should be assessed on the IDA not the business, or at least on the IDA in addition to the business.** For example, the first time that an IDA violates the law's anti-piracy provision, it could be suspended from doing any deals for six months, the second time a year, and the third time two years, etc. On the firm's side, if a payment of the type imposed in this case is required, the payment could be to the "pirated" municipality (in this case Buffalo) rather than to the "pirating" municipality (in this case Amherst).

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“Rural benefits [of bioenergy] feature new sources of income for farmers, more jobs, and economic development—all achieved while preserving the high quality of life, local control, and clean environment that help make rural America a good place to live.” – *Biomass Power for Rural Development*, National Renewable Energy Laboratory, US Department of Energy<sup>1</sup>

# Building a Bioenergy Economy: Why Sullivan County Should Investigate Biofuel



A simplified version of sustainable economics talks of the importance of the three E's – economy, environment and equity. Perhaps in this modern age, we should add a fourth – **energy**.

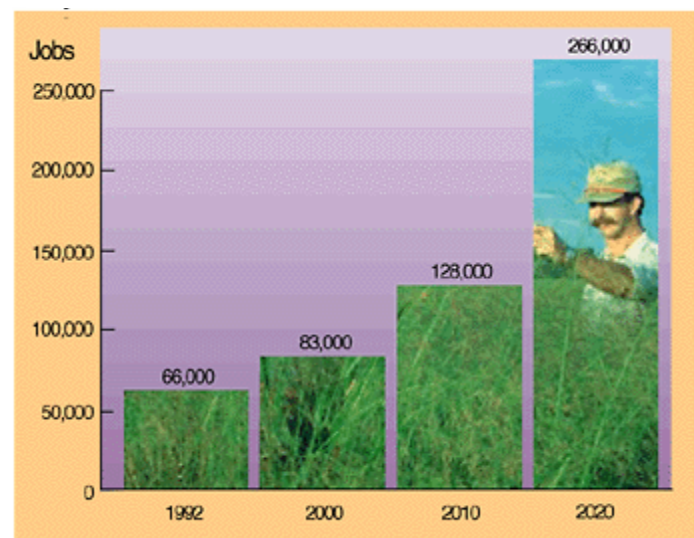
We all know how energy costs have impacted the County, whether through skyrocketing home heating oil prices, increases at the gas pump, or school district and local government budgets crippled by rising fuel costs. Yet the enormous impact of energy on our local economy represents not only a threat but potentially a lucrative opportunity for Sullivan County's economy – but only if we take advantage of a growing force in the energy economy of the United States: **bioenergy**.

### What is “bioenergy?”

Biomass energy, or bioenergy, is the use of any and all plant- and animal-derived materials for energy. This includes agricultural residue (corn husks, manure, etc.), wood construction debris, recycled vegetable oil, surplus food and oil crops, and forest products. The biomass is then either converted into electricity or liquid fuel.

For Sullivan County, the potential for bioenergy is enormous. A strong agriculture and forestry industry, proximity to a major metropolitan area and interstate transportation corridors, and the high demand for energy could potentially make us a regional leader in bioenergy, a position that would have a positive impact on the bottom lines of local companies, governments and residents, not to mention the environment.

**Figure 1: Projected Annual U.S. Employment Impacts from Biomass Power**



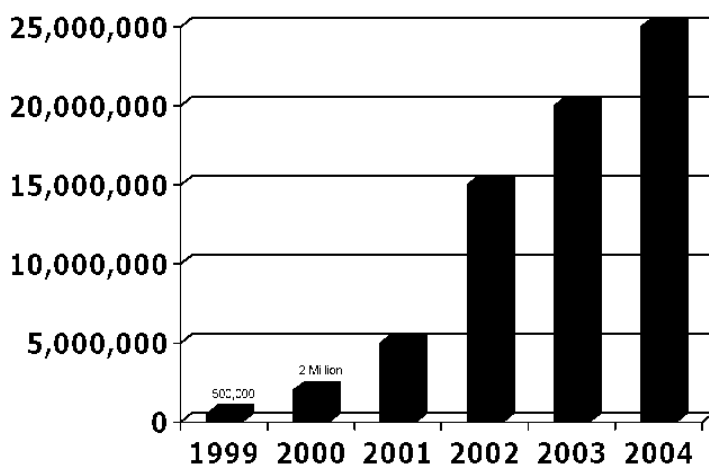
Source: REPP, <http://www.repp.org/bioenergy/link8.htm>

<sup>1</sup> *Biomass Power for Rural Development*, National Renewable Energy Laboratory, US Department of Energy, June 2000

### Why bioenergy is good for business

In Governor Pataki's recent "State of the State" address, he made a strong and unequivocal call for investment in bioenergy in New York State.<sup>2</sup> His speech follows a report from the New York State Comptroller's Office detailing the positive impact that alternative energy can have on the state's economy.<sup>3</sup> Investing in alternative energy can help stimulate venture capital investment, stabilize and expand the tax base, create good paying jobs, reduce energy dependence and keep more energy dollars in the local economy. Bioenergy in particular can help local farmers and local businesses, helping them turn waste products into income and turning them from pure consumers of energy into energy producers.

**Figure 2: US Biodiesel Production (in Gallons)**



Source: National Biodiesel Board, [www.biodiesel.org](http://www.biodiesel.org)

The Renewable Energy Policy Project, which is funded by the United States Department of Energy (DOE), estimates that more than 280,000 jobs will be directly or indirectly related to the biomass energy industry by 2020 (figure 1). According to the DOE, biomass energy has already replaced hydropower as the single largest renewable energy source in the nation, responsible for over 3% of the nation's total energy consumption.<sup>4</sup> Figure 2 shows the dramatic increase in biodiesel production between 1999 and 2004 – a fifty-fold increase.

The State is also putting its money where its mouth is. Currently, incentives exist through

the New York State Energy Research & Development Authority (NYSERDA) for the development of biofuel technology, and past incentives for fuel production will likely be revived given the Governor's speech. All this adds up to excellent business potential for Sullivan County, especially given the opportunity to offset some risk through state incentives.

### Why Sullivan County is good for bioenergy

For Sullivan County, the potential for high-wage job growth is enormous, especially if an aggressive and interconnected strategy is pursued, focusing on all aspects of a bioenergy economy, from crop production and waste collection to fuel refining, engine modification (for biodiesel), and consulting services.

Much of the necessary infrastructure for creating this bioenergy economy already exists. We have a well-established agriculture and forest economy, and the agriculture sector is well organized and well integrated into the local economy. Our proximity to major transportation networks the largest metropolitan region in the country provide both an external market for energy products and a rich source of waste biomass, a resource that is often underutilized. Additionally, as one can see from the map of current and proposed biodiesel production facilities (figure 3), there is not a lot of competition in the immediate vicinity, making

<sup>2</sup> Hakim, Danny, "Pataki Wants Drivers to Fill Up With Ethanol or Biodiesel," *New York Times*, January 7, 2006

<sup>3</sup> *Energizing the Future: The Benefits of Renewable Energy for New York State (2005)*, Report 12-2005, Office of the New York State Comptroller, March 2005. [www.osc.state.ny.us/osdc/renewableenergy.pdf](http://www.osc.state.ny.us/osdc/renewableenergy.pdf)

<sup>4</sup> *Biomass as Feedstock for a Bioenergy and Bioproducts Industry: The Technical Feasibility of a Billion Ton Annual Supply*, US Dept. of Energy, US Dept. of Agriculture, April 2004



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Sullivan County a logical choice for bioenergy production not only using local products but the biomass of our upstate neighbors.

Biodiesel in particular presents an interesting option for the county, as it would not only provide an economic boost and a source of jobs, but would potentially help alleviate the chronic budget woes inflicted on local governments by erratic (and now astronomical) fuel costs. Biodiesel can not only bring fiscal sanity to our fuel planning, but the cleaner burning biodiesel (vs. petro-diesel) can reduce the negative impact on our environment and the health of our communities.<sup>5</sup>

Sullivan County would not be the first place to pursue biodiesel as an local economic development strategy – merely the first in the immediate vicinity. The City of Denton, Texas partnered with a biodiesel producer to build a biodiesel plant. The plant is powered by biogas from the city's landfill; it utilizes waste oil from local restaurants, up to 12 million gallons per year; it employs local workers, and provides cleaner fuel to the city's vehicle fleet.<sup>6</sup>

### *Isn't Bioenergy Controversial?*

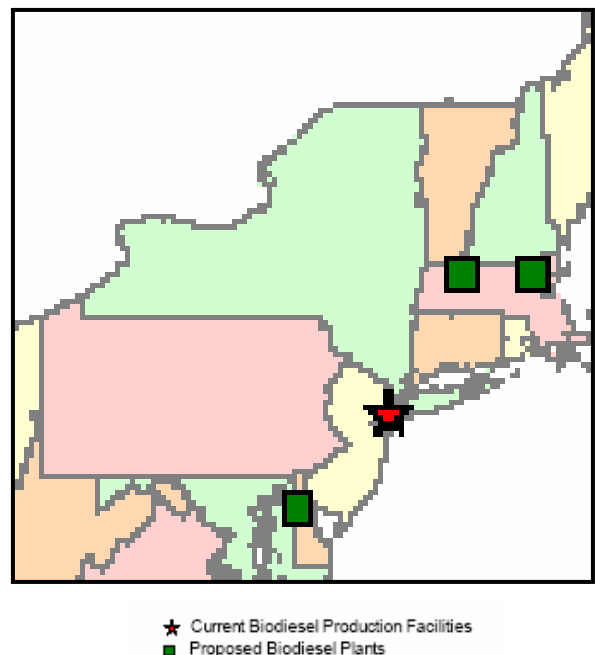
The recent coverage of bioenergy, especially in the New York Times, points to the fact that not everyone is sold on bioenergy. There are concerns about the energy balance – the idea that it takes more energy to produce bioenergy than is reaped from burning it – and about the increases in certain types of emissions – in the case of biodiesel, nitrogen oxide (NOx).

There is good science that discounts the energy balance argument, especially a 1998 USDA and USDOE report that demonstrates that biodiesel produces 3.2 units of energy for every unit of energy it consumes in production.<sup>7</sup> This balance can be increased significantly by utilizing efficient, sustainable farming techniques and by taking advantage of low-cost waste fat and oil.

Biodiesel proponents acknowledge the increase in NOx emissions, but point to the significant reduction in sulphur and carbon dioxide as a worthwhile tradeoff.<sup>8</sup> There is also anticipation that continued investment in biofuel technologies will reduce the NOx emission.

Yet the question for Sullivan County is not whether bioenergy is a panacea that will solve the country's or the world's energy crisis. It is clearly only part of our renewable energy future, one that includes wind (another area that the County is already pursuing), solar, and hydrogen. Sullivan County must ask the question whether or not it makes sense for the county, and whether the combination of economics, energy

**Figure 3: Current Biodiesel Production Facilities**



Source: National Biodiesel Board, [www.biodiesel.org](http://www.biodiesel.org)

<sup>5</sup> <http://www.repp.org/bioenergy/link3.htm>

<sup>6</sup> <http://www.cityofdenton.com/pages/mygovenvironmentalairbiodieselfac.cfm>

<sup>7</sup> "Life Cycle Inventory of Biodiesel and Petroleum Diesel for Use in an Urban Bus," United States Department of Energy, United States Department of Agriculture, 1998, source: <http://www.mda.state.mn.us/ethanol/balance.html>

<sup>8</sup> Hakim, Danny, "His Car Smelling Like French Fries, Willie Nelson Sells Biodiesel," *New York Times*, December 30, 2005

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and the environment make it a good investment for our local governments, businesses and residents. Based on the existing evidence, it makes sense for the county to invest the time and money required to thoroughly investigate the possibility of building a bioenergy economy.

### *Next Steps*

**Secure funding for an in-depth feasibility study on creating a bioenergy economy.** The study should look at the infrastructure needed to create and market biofuels, from farm to consumption. Investigation should also include the potential use of locally produced fuel in school buses, public transportation and other critical local functions with intensive energy needs. This should be a cooperative venture that includes representation from the Ag Committee, DPCD, the Partnership, environmental groups and key local businesses like the Center for Discovery, which already has a bio-diesel demonstration project.

The study must include an investigation into the forestry related biofuel projects, especially the work coming out of the Department of Environmental Science and Forestry at Syracuse. Bioenergy is not just about biodiesel and ethanol.

Finally, assessing the regional market for bioenergy is critical. The counties proximity to major trucking lines and the largest metropolitan area in the country are a source of significant potential.

### *More Information on Bioenergy*

- ▶ Center For Renewable Energy and Sustainable Technology (CREST) and the Renewable Energy Policy Project, [www.repp.org](http://www.repp.org)
- ▶ US Department of Energy, Office of Energy Efficiency and Renewable Energy, [http://www.eere.energy.gov/biomass/biomass\\_basics\\_faqs.html#biomass](http://www.eere.energy.gov/biomass/biomass_basics_faqs.html#biomass)
- ▶ National Renewable Energy Laboratory. [www.nrel.gov](http://www.nrel.gov)
- ▶ National Biodiesel Board, [www.biodiesel.org](http://www.biodiesel.org)
- ▶ New York State Energy Research & Development Authority, [www.nyserda.org](http://www.nyserda.org)
- ▶ Minnesota Department of Agriculture, <http://www.mda.state.mn.us/biodiesel/default.htm>
- ▶ City of Denton, Texas, <sup>1</sup> <http://www.cityofdenton.com/pages/mygovenvironmentalairbiodieselfac.cfm>

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- ▶ "What is Biomass?" American Bioenergy Association. [http://www.biomass.org/index\\_files/page0001.htm](http://www.biomass.org/index_files/page0001.htm) May 12, 2005