

Town of Bethlehem Economic Development Strategy 2011-2012
20/20 Economic Development Sub-Committee
December 1, 2011

1. INTRODUCTION:

As part of the 20/20 work plan, the 20/20 Advisory Committee (20/20) agreed to prepare an updated economic development strategy. A sub-committee of 20/20 was established for this purpose and the sub-committee collaborated with staff and members of the Bethlehem Industrial Development Agency (BIDA) to develop the strategy. This strategy has been compiled by current and former members of the 20/20 Economic Development Sub-Committee working in concert with Town and Bethlehem IDA staff and officials. The 20/20 Advisory Committee thanks the following individuals who participated in the development of this Strategy document: Keith Bennett, Co-Chair; Joe Richardson, Co-Chair; Steve Baboulis; Tom Connolly; Diane Barber-Kansas; John Guastella; Kyle Kotary; George Leveille; Sam Messina; Mike Morelli; Robin Nagengast; Terry Ritz; Brian Stenson; and, Christo Zemerling.

In recent years the Town of Bethlehem has made a strong commitment to fostering economic development and diversification of the Town's tax base. The policy basis for this commitment is clear in the Town's Comprehensive Plan adopted in 2005. Despite the current economic downturn that has affected regional development, there are still tremendous opportunities for new business development and expansion as the Global Foundries chip manufacturing facility in Malta nears completion. In fact, the Capital Region was recently recognized by the Wall Street Journal as the third leading technology market in the United States. Bethlehem has great potential for capturing some of this business growth due to, among other things, its accessibility to the interstate system, proximity to the Hudson River, regional higher educational institutions, quality of life, and proximity to Albany International Airport.

Unfortunately, the Town is competing against much more sophisticated and resource rich organizations representing other communities in the region. The four counties surrounding Albany County (Saratoga, Schenectady, Greene and Rensselaer) all have strong county-level economic development organizations. There is no comparable entity in Albany County for the Town to rely upon for economic development purposes. In the absence of a strong County program, the Town must provide for its own economic development capabilities. As currently staffed, the Town will be at a distinct competitive disadvantage to compete for new business development in the Region.

Groundbreaking is near for the much heralded Vista Tech Campus project on Rt. 85. It is expected that new development in the New Scotland Road Hamlet District will follow thereafter. While Town residents understand the value of economic development, the availability of jobs, and having a balanced tax base, they are also keenly sensitive to the rural character and nature of our suburban town. Consequently, to best achieve its economic development goals and objectives, the Town must first and foremost build its capacity to compete intra-regionally for new business investment. In this manner, the Town can more effectively manage growth to ensure that it is consistent with the community's future vision as articulated in the Comprehensive Plan. While the various strategy elements outlined below are each tremendously important in their own right, their success depends largely upon the ability of the Town's taxing jurisdictions to have appropriate professional capacity to shepherd each and all of these elements to the desired conclusion. The burdens and benefits of economic development should be shared by the Town's principal taxing jurisdictions.

2. STRATEGY ELEMENTS:

The list which follows represents the principal economic development strategy elements. The elements are not presented in order of priority.

- a. **Build the capacity of the Bethlehem IDA (BIDA) to lead economic development:** The BIDA has been the Town's primary economic development organization for many years but has

experienced a lack of applications and completed projects in recent years. Earlier this year the BIDA successfully managed the complex financing for the Vista Tech Campus but the effort illustrated the BIDA's need for greater professional staff capacity. With the assistance of BIDA counsel and Board members, the Vista project was completed due to the contributions of a variety of Town staff members all of whom have broader responsibilities than just economic development.

At present, there is one Town employee who is paid nominally to act as Executive Director of the BIDA. That individual is also a land use engineer with full time responsibilities for non-economic development functions. Additional economic development capacity is provided by other Town staff, primarily from the Supervisor's Office, the Department of Economic Development and Planning (DEDP) and the Department of Public Works (DPW). Both DEDP and DPW help to facilitate economic development by processing land use approvals associated with new development projects.

To achieve its economic development goals, the Town's taxing jurisdictions must find ways to redeploy existing and find new resources to support at least a half-time professional economic development staff person immediately, with efforts continuing to grow this responsibility over time to a full time equivalent position. Unlike existing Town staff that contribute to economic development by managing the project implementation process, this individual would be dedicated to identifying and cultivating multiple new economic development projects and by being an active participant in regional economic development affairs. With new proceeds flowing to the BIDA as a result of the Vista development commencing, there would appear to be sufficient resources to expand the BIDA's staff capacity in the near term. As described below, efforts should be continued to develop a new Town-wide economic development partnership that can provide a supplemental, long-term funding stream to the BIDA to build and maintain the Town's professional staff capabilities and resulting competitiveness.

- b. Participate in the Capital Region Economic Development Council:** As New York State proceeds with its Regional Council approach to setting regional priorities, every effort must be made to get Town economic development priorities in front of regional policy makers. Town and or BIDA staff should participate in the regional council process and should volunteer to populate working groups established by the Council to undertake its mission.
- c. Overcome perceptions that the Town is not business friendly:** One of the key issues addressed in the Town's Comprehensive Plan was the need to make Bethlehem a more business friendly community. This was especially focused on the land use approval process. Clear improvements have been made in this area and great care has been taken to make this a cooperative process. It is important for the Town to fulfill its regulatory functions while also advocating for the advancement of important economic development proposals. A balanced and cooperative approach to the advancement of important economic development proposals will assist in continuing to dispel perceptions that the Town is not business friendly.
- d. Organize a Town based economic development partnership:** In the absence of a County based economic development program for the Town to participate in, it is critical that the Town's taxing jurisdictions build their own capacity to compete for desired investment. Since 2009, 20/20 has endorsed the notion of the Town's principal taxing jurisdictions joining forces in this regard. The underlying principle is that each of the major taxing jurisdictions should share in the burdens and benefits of strengthening the Town's tax base and reducing the burden of residential property owners. While there might be different iterations of how the partnership would work as determined appropriately by the partners, the funding stream would be provided by a reallocation of an agreed upon portion of new Payment in lieu of Taxes (PILOT) collected by BIDA on behalf of the taxing jurisdictions. Preliminary meetings have commenced with the Ravena Coeymans

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Selkirk School District (RCS) and meetings should be scheduled with Albany County and the Bethlehem Central School District during the 4th quarter of 2011.

- e. **Continue to implement a business retention and attraction program:** The committee views these functions as core to the staff responsible for economic development. Until such time as the Town's economic development staff capacity is increased, this function can be shared in the short-term by other Town employees (Supervisor, Planning Director, DPW management etc.) to ensure that there is strong communication with the Town's business community.
- f. **Re-vitalize an economic development communications program:** In order to support the Town's efforts to encourage responsible economic growth, the Town must be more consistent in communicating positive messages about ongoing development in the Town. Several years ago the BIDA began publication of a periodic e-newsletter to key "multipliers" in the greater Capital Region. The newsletter experienced good acceptance and the subscription list grew. Publication of the e-newsletter should continue and its content should be broadened to include all development occurring in the Town, not just BIDA supported development. With the absence of resources required to undertake a meaningful advertising and marketing campaign, a focused communications program like the periodic e-newsletter can be an effective means of keeping Bethlehem on the radar screen of area investors, banks, real estate professionals and the media.
- g. **Support of Short-Term Initiatives:** From a programmatic standpoint, the following is a list of the key economic development initiatives that require Town support and leadership in the short term:
 - **Vista Tech Campus:** break ground and advance the first 280,000 ± square feet of mixed use development in the 4th quarter of 2011; assist Vista in marketing and attraction of new business to the Campus; explore partnership opportunities with the Bethlehem Central School District (BCSD) tied to new PILOT payments.
 - **New Scotland Road Hamlet Master Plan implementation (NSRH):** the beginning of construction at the Vista will no doubt influence additional development in the NSRH district; a focal point for implementation is the Picotte owned building at the intersection of New Scotland and Maher Roads; focus should also be made on implementing the hamlet design features as outlined in the master plan.
 - **Re-constitute the Selkirk Yards Industrial District Focus Group (SYID):** Many of the Town's largest employers and tax payers are located in the industrial districts surrounding the CSX Rail Yards. There have been some leadership changes within some of the larger businesses in the district and the new leadership has expressed interest in re-igniting the focus group. SYID represents a fabulous opportunity for the Town to partner with some of the Town's largest businesses to help to ensure the long-term viability and competitiveness of the district.
 - **Assist in planning and implementing the appropriate build-out of the remaining sites in the General Commercial District on Rt. 9W:** The General Commercial zoning district at the north end of Rt. 9W is the only location in the entire Town where big box retail can be developed. Encouraging build out of the lands on the east side of 9W north of Magee Drive can greatly expand real property tax revenues while providing a broader base of financial support for improvements in the corridor as outlined in the 9W corridor study. Continued effort should be made by the Town to advance commercial development and desired public improvements in this district.
 - **Development of the MED lands at Thruway Exit 22:** The owner of lands zoned MED (Mixed Economic Development) surrounding Exit 22 on the west side of Rt. 144, has

appeared before the Town's Development Planning Committee (DPC) with plans to develop a travel center. The owner is very experienced with this development type and is interested in applying to the Town for a rezoning of the land to accommodate the travel center.

Recognizing the realities of the real estate market today, the prospects of a MED development at this location is highly unlikely. Given the level of investment and new employment that the travel center would generate as well as the qualifications of the owner, the Town should work very closely with the property owner and nearby residents to craft a mutually agreeable economic development project at this location. In addition to the obvious benefits of the project, improved viability of Exit 22 might contribute to increased potential for the development of a new I-87 interchange in the vicinity of Clapper Road or for further improvements to Exit 22 that can improve access to central Bethlehem in the 9W and Creble Road corridors.

- **Continue to aggressively pursue adaptive reuse:** In recent years, the Town has achieved several important adaptive re-use projects, which are important for preserving community character and inducing new economic activity. Among the current adaptive re-use priorities are the Picotte Building on New Scotland Road and infill of vacant sites and buildings along the Delaware Ave. corridor. Per the adaptive reuse best practices memo previously submitted by 20/20 to the Town, the Town should consider adding additional incentives to the Town's land use laws and regulations to encourage adaptive reuse of existing sites rather than development of greenfield sites.
 - **Aggressively pursue grants and intergovernmental financial support:** The Town should be poised to pursue grants and intergovernmental funding to support its economic development strategy. Recognizing that current State governmental fiscal conditions have deteriorated significantly, the availability of grants and financial support might be limited and extremely competitive. However, leveraging Town resources with intergovernmental funds is still a highly desirable objective. As indicated above in paragraph 2, b, participation in the Capital Region Economic Development Council will be critical for the Town in creating opportunities for State grants and other intergovernmental financial support.
- h. Support of Long-Term Initiatives:** the following is a list of the key economic development initiatives that are much longer term in nature, but should continue to be discussed and considered especially if the Town is successful in building economic development capacity.
- **Hudson River Corridor:** The committee sees the River as a wonderful natural area but also as an underutilized economic asset that required further consideration. Opportunities in the northern part of the river corridor include the sub-Port district and the "Beacon Harbor" site. Farther south, the commercial area in the vicinity of Thruway Exit 22 should be a priority for development, and the Town should continue to monitor the Job Corps site as a prospective new area for public access and appropriate redevelopment.
 - **Enhance Access to the Interstate System:** The economic well-being of the Selkirk Yards District is hampered by a lack of direct access to the interstate system. The long-planned Selkirk By-Pass remains an important cog in the Town's economic future. Recognizing the existing resource limitations for developing new infrastructure, there is most likely no short term solution to complete this improvement. Nonetheless, this improvement should remain a long term objective to ensure that as the Town continues to grow along the 9W corridor, there is a balanced approach to development in the corridor. Clearly, improved access to the interstate system is required for non-residential development to thrive in this area. In the absence of these improvements, the Town should take steps to manage residential growth in this area to preserve future opportunities for tax base expanding non-residential development in the future.

- **Hamlet Revitalization:** Thriving hamlet districts can help to sustain the Town's economy and to keep more disposable income circulating within the Town. The potential for a campaign such as "Destination Delmar" in cooperation with area businesses has been identified as an example of advancing hamlet revitalization. Hamlets are also community focal points where residents can gather, shop, recreate and interact with other community. With appropriate capacity, the Town should continue to develop hamlet specific master plans to guide redevelopment of key hamlet areas.

3. SUGGESTED NEXT STEPS: IMPLEMENTING THE STRATEGY:

The sub-committee was asked by the BIDA to suggest both short and long term implementation approaches. The key element that will affect implementation is the availability of resources to build the professional staff capacity of the BIDA. Short term implementation will be most dependent upon the availability of BIDA fee income being produced by the build out of the Vista Tech Campus. Long term sustainable capacity will most likely require the implementation of a Town wide economic development partnership, as recommended in this strategy. The following are suggestions regarding the short-term implementation of the strategy:

- a. Consider filling professional vacancies in Town government with a candidate who has either full or part-time economic development responsibilities; this has particular relevance to the Department of Public Works which has one or more senior vacancies as of the date of this report;
- b. Based on the project status, it is anticipated that new fee income from the Vista Tech Campus project in the next several months that will provide more than sufficient resources to add significant staff capacity; in planning for increased staff capacity, the IDA should anticipate a three to five year return on its investment, which means that a multi-year investment must be considered when identifying available resources;
- c. The BIDA might reconsider amending its operating reserve policy to unencumber IDA cash reserves for redeployment to staff expense;
- d. To assist the BIDA in building staff capacity in a timely manner, the Town could subordinate or amend its claim for administrative reimbursement from the IDA until such time as the IDA has sufficient capital on hand to sustain appropriate staffing levels;
- e. Establish and train an interdepartmental team of staff professionals to implement the Town's business visitation program;
- f. Enhance interaction and cooperative initiatives with the Bethlehem Chamber of Commerce, Albany County, the Center for Economic Growth, NYS Economic Development Corporation, and the Capital Region Economic Development Council;
- g. Consider funding the Deputy Town Supervisor position and recruiting a candidate with economic development capabilities; and,
- h. Consider adding staff capacity by the use of independent contractor's rather than employees.