RIVER VALLEY REDEVELOPMENT AGENCY

Initial Strategic Plan

11/30/2010

1. Context, Terminology, and Methodology

a. **Context.** Two agreements – both dated June 2, 2010 – structure the strategic thinking that is outlined below. They are (1) an "Agreement Regarding Funding of the St. Lawrence River Valley Redevelopment Agency" (the "Tripartite Agreement") between the Power Authority of the State of New York (NYPA), the St. Lawrence River Valley Redevelopment Agency, and the St. Lawrence County Industrial Development Agency Local Development Corporation and (2) an agreement between the St. Lawrence River Valley Redevelopment Agency and the St. Lawrence County Industrial Development Agency Local Development Corporation ("Agency/Corporation Agreement"). Between them these two agreements allocate NYPA resources to economic development activities in St. Lawrence County and institute the basic mechanisms through which these resources will be deployed.

On August 1, 2010 the St. Lawrence River Valley Redevelopment Agency entered into a third agreement with the Massena Electric Department. Such an agreement was clearly anticipated in the June 2 Funding Agreement and established some of the ground rules whereby the "Power Agreement" described in the Funding Agreement will be implemented. The Power Agreement has not yet been executed by the Governor and is not yet in effect.

b. **Terminology.** Throughout this document the "Agency" is the St. Lawrence River Valley Redevelopment Agency; the "Corporation" is the St. Lawrence County Industrial Development Agency Local Development Corporation. "Staff" is the Corporation's staff, provided to the Agency by the Corporation under the June 2 agreements. The "Consultant" is Tom Plastino, a CITEC Business Advisor, retained by the Agency to help prepare this plan.

c. **Methodology.** After reviewing relevant documents and making preliminary personal inquiries, the Consultant drafted a uniform checklist of questions that was designed to identify the strategic and operational expectations of the Agency Board and staff regarding how the Agency would operate, what criteria it would use to prioritize its efforts, and what projects/programs it would begin implementing. Starting during the week of September 20, 2010, the Consultant interviewed each of the Agency members and staff on a confidential basis one-on-one, using the checklist as a guide to organizing the viewpoints and data collected.

The Consultant summarized his findings in a first draft plan that focused largely on the broad consensus items that emerged during the interviews (expanded by subsequent phone and personal conversations) among both Agency members and staff regarding (1) the criteria that the Agency should propose to use when allocating the NYPA resources entrusted to its care and (2) the immediate actions it should initiate in order to begin deploying those resources. After the Agency members had an opportunity to comment on the draft, the Consultant amended the draft and forwarded it to Agency staff for the next stage in the process.

Based on the revised draft, the Agency's staff conducted a public comment period on the draft plan on November 4, 2010 in Louisville. The consultant reviewed the input from the November 4 meeting, combined it with further consultations he had with Agency members and staff, Town supervisors, and Corporation members, and produced this -- the third -- draft of the plan.

This document is not the complete, final plan. Over the next two weeks, the Agency expects the Consultant and the Agency's staff to continue to review this initial strategic plan and finalize the 2011 operational plan that will become part of the final plan when adopted. The Agency expects to adopt the final version of this document as its complete strategic plan at its regular December 14 meeting. The operational plan that the Agency will finalize on December 14 will describe to the two partners and staff their measureable 2011 actions and a timeline for accomplishing them.

2. <u>Basic Operational Criteria</u>

a. Consensus Items. What follows represents the criteria and immediate strategic objectives that the Consultant developed as a result of extensive interviews and follow-up conversations with the Agency members and staff. He has tried to play the role of the "honest broker". The Consultant has done his best to keep his own preconceptions and preferences out of the plan.

   With that said, it is accurate to say that the operational criteria and preliminary strategic objectives that follow are points on which almost all of the interviewees share a broad consensus. Though the Agency members and staff disagree on several issues, almost all the informants agreed that this strategic plan should focus on creating consensus among the participants.

b. Role of This Plan. The final plan that the Agency expects to adopt in December is a first effort. The needs of the County are so pressing that Agency must get away from the dock and out of port, even though it realizes that the chart of its final course will have to be completed and changed while under way.

   In other words, because the time is of the essence, the Agency, its staff, and the Corporation expect to "learn by doing." They expect that this first effort at a strategic plan will regularly require amendment and revision. The rules of engagement summarized here and the initial project/program directions almost inevitably will require re-examination as the Agency engages in systematic economic research and program development.

   In spite of its tentativeness, the Agency will not make significant commitments to allocate resources to specific project recipients either from its $16 million, its 20 megawatts, or any revenue from monetized power before it has adopted this strategic plan – which it intends to do well before the end of the year.

c. Long Haul Responsibilities. The Agency should not plan intentionally to allocate all its resources as soon as possible and then fade away. The Agency and the Corporation should take a long-term perspective on how best to apply their mutual resources so that they can play a key role in re-invigorating the County's economy.

   A corollary to this criterion is that the Agency should look upon the allocations of its resources as investments and try to emphasize, where appropriate, getting a revenue return on its assets so that it will have "recycled" resources to provide future seed and fertilizer to grow the County's economy.

d. Resource Maximization. As permitted by the agreements, the Agency should prioritize monetizing the portion of the power that the agreements allow to be monetized and should preferentially, at least in the early years, try to spend this money before it taps into the $16 million and the interest that will accrue on it.

e. Making the Partnership Work. The Agency recognizes that it cannot manage and deploy NYPA's resources without active collaboration with the Corporation and its staff. The Agency will do its part to make this partnership work.

   The partnership between the Agency and the Corporation set up by the June 2 agreements marries the two organizations in a way that has little precedent. Aside from the fact that the Corporation staff handles the Agency's affairs and finances, neither the Agency nor the Corporation can by themselves use the resources allocated to the Agency under the Tripartite Agreement. The Agency recognizes that there has been a long negotiation over who would "control" the NYPA resources allocated under the agreements. The time for arguing over control is past. The time is now for recognizing that neither organization can do without the other in order to serve the interests of the County's communities.

   To take this one step further, the Agency hopes that the Corporation and its staff will actively bring their professional development experience to bear on the best uses of the resources jointly entrusted to them and not be reticent in proposing investments to explore and consider (see section 3.d below).

f. Concentration of Resources. The Agency realizes that the resources allocated to it and to the Corporation by NYPA present a once-in-a-lifetime opportunity to jump-start a transformation of the County's economy. It is important, therefore, for the Agency to carefully concentrate its resources so as to have maximum sustained impact and not to scatter its resources all over the development spectrum.

g. Damn the Torpedoes, Full Speed Ahead. The Agency will be active, as well as reactive. Though the Agency must deliberately over time identify a manageable number of strategic objectives and create programs directed towards achieving measureable results in pursuing them, it cannot study options to death.

The Agency will not only wait for others to bring proposals to it. It will of course encourage such proposals, but it must be diligent and prompt in doing the economic and program research required to identify and promote development initiatives that promise to create significant positive impacts.

h. Flexibility. Nonetheless, the Agency will always retain the discretion to adapt to unexpected opportunities and incorporate these into its strategic plan as occasions warrant.

No matter how good the Agency might be in mapping out its strategic criteria and objectives, the essence of the attitude it expects to adopt is that it cannot be deaf to new developments.

i. New Jobs. With the partial exception of the community development/environmental improvement program (see 3.a below), the Agency will put an overriding emphasis on new jobs, both direct and indirect, created by its investments. The Agency realizes that job retention is critical but, in the interest of concentrating resources, the projects in which it invests will predominantly focus on new employment. No specific minimum wage/benefit threshold will be identified now, but (obviously) the higher the wages/benefits the better.

j. New Revenues. The Agency will make investments in projects that expand locally-based employers or bring in new employers. The Agency will assume that others are investing in the effort to maintain existing employers through existing initiatives.

k. Duplication of Resources. The Agency hopes not to duplicate development resources and mechanisms already available through other local, State, or national programs.

l. Investment Location. The quality of the proposed investments should be the determining factor in securing the Agency's approval and their locations in the County are secondary (but not necessarily irrelevant).

m. Delivery mechanisms. The mechanisms through which the Agency makes its investments -- e.g., through equity purchases, loans, property acquisition, etc – are less important than the quality of the investment opportunities themselves. The Agency will remain open to adapting the investment vehicles it uses to the requirements of the investments, especially relying on the Corporation's expertise in these matters.

n. Regional Infrastructure. The Agency expects to be asked to play a role in the development of critical general infrastructure (e.g., fiber optic telecomm lines) in the region. All it can say right now is that it will consider making such investments but that the rules guiding its investments will first require significant research and consideration.

o. Initial Investment Objectives. The Agency will engage in research into a series of targeted investment sectors and mount major marketing and sales programs designed to achieve economic growth through attracting and growing such sectors in the County. The actual sectors are yet to be defined (see 3.c below) but many have already been proposed to the Agency both by Agency and Corporation Board members, by staff, and by outside advisors.

3. Initial Strategic Objectives
    a. The "5%" Program – Community Development/Environmental Improvement. As soon as possible, the Agency will decide what amount of funding to allocate to the program of community development and environmental improvement projects specified in the Funding Agreement. Also as soon as possible, the Agency will authorize the staff to implement a competitive community development/environmental improvement program based on at least the following guidelines:
        i. An annual competition window (starting early in 2011) with all projects being due by a certain date and to be judged according to set standards.
        ii. More points to be given to proposals that include a new job creation component.
        iii. More points to be given to proposals that will bring new revenues into the County from outside.
        iv. Extra (bonus) points to be awarded to proposals located in any of the four river towns.
        v. The Agency prefers to support capital projects. No points will be given to proposals that ask for money to pay the operating and maintenance expenses of facilities, programs, or organizations that would routinely be paid out of municipal or organizational budgets.
        vi. More points given to proposals that use the Agency's resources to leverage and match other funds from State, federal, or other outside sources.
        vii. The Agency will not be obligated to expend the full amount of the allocated annual funding if in its judgment there are not enough quality proposals to justify the expenditures.

    b. Expanding/Growing Existing Employers. As soon as possible, the Agency will authorize the staff to implement an expansion assistance program under which the Agency and the Corporation could invest either money and/or power based on the following guidelines:
        i. Agency staff identifies possible County employers with whom to explore expansion possibilities that would be made possible (in part) by Agency investments of funds and/or electric power.
        ii. Such organizations should give evidence of being financially sound from a cash flow perspective and should be well managed.
        iii. Such organizations do not have to demonstrate that they are in any sector targeted by the Agency – simply that they are prepared to expand their employment, preferably by selling products and/or services that predominantly bring new revenues into the County, and provided that they are not excluded from investment by the Agency/Corporation agreement (see the last paragraph of 3.c below).
        iv. The Agency may provide matching funds to such organizations that will help them pay the costs of developing a strategic expansion plan that could be a foundation document in accessing financing for such expansions.

v. Agency staff will confer with the management of such organizations to identify the package of incentives and other services that could help them expand their operations.

c. Targeted Economic Research Sectors. As soon as possible, the Agency will authorize the staff to implement an economic development research program in at least the following enterprise sectors:
   i. The potential for establishing data centers in the local communities.
   ii. The potential for attracting large Ontario Hydro customers to the local communities.
   iii. The potential for establishing an ultra-high temperature milk processing plant to the local communities.
   iv. The possibility of acquiring and constructing a modern industrial park in one of the local communities.

   The purpose of such research is to develop the information that will permit the Agency to make informed decisions about whether to mount a major marketing and/or development program in any or all of the sectors and whether to invest in enterprises associated with them. The Agency does not automatically assume that any or all of these investigations will result in future investments in enterprises associated with the sectors. The Agency and its staff will continue to explore other sectors to target so that it will have a pipeline of investment options moving forward.

   Ultimately the Agency expects its staff to be actively and aggressively doing the economic research that will enable the Agency and the Corporation to invest in a series of major business attraction efforts that would target new employment sectors to the County and/or would coordinate with (but not duplicate) and expand on existing attraction programs managed by County development agencies.

   Such research will not be in the following enterprise categories, which the Agency/Corporation agreement explicitly excludes from the Agency's purview: religious and governmental facilities (other than projects in the community development competition); lodging facilities (except as part of a tourism destination project); legal medical, or nursing facilities; retail and farm-based businesses; residential establishments; and casinos and other gaming establishments.

d. IDA/LDC Proposal. Aside from the actions included in sections 3.b and 3.c above, the Agency will authorize the staff to prepare and present a detailed and comprehensive proposal that will outline how the resources available through the RVRDA could be used to expand the IDA/LDC's current successful economic development programs and/or to engage in initiatives that they have not had the resources to do before (but that they think make sense to do). These might include economic research into activities beyond the four listed in 3.c above and might also include some of the mechanisms whereby economic growth may be fostered (e.g., equity investment arrangements, tax abatements, loan guarantees, etc).