

FRANKLIN COUNTY EMPIRE ZONE DEVELOPMENT POLICY



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Section I. Introduction

This development policy is designed to provide Franklin County's Empire Zone administrators and Zone Administrative Board (ZAB) members with guidance when revising Empire Zone boundaries and certifying businesses. Franklin County's original application for Empire Zone designation included only the County's four industrial/business parks. Subsequently the County has amended the zone boundaries to include other developable properties. This policy addresses those areas as well as any future revisions.

The Empire Zone is a critical component of Franklin County's economic development strategy. This Empire Zone development policy seeks to facilitate locally determined development. Zone administration works with local economic developers such as Saranac Lake's Office of Community Development, the Malone Economic Development Corporation, the Franklin County Industrial Development Agency and the Adirondack North Country Association to provide assistance to businesses seeking to expand or locate in Franklin County.

Recognizing that zone acreage is limited and that zone incentive can be significant, the ZAB seeks to prioritize requests from businesses seeking to participate in the program.

Section II. Economic Community Development Planning

In preparing this document the following community business/economic development plans were reviewed:

- *Franklin County Comprehensive Economic Development Policy, 2000*
- *Planning The Future of Malone, New York, 2002*
- *Saranac Lake Master Plan, 2002*
- *Saranac Lake Local Waterfront Revitalization Plan, 2003*
- *APA Land Use & Development Plan*
- *Tupper Lake Five Year Strategic Revitalization Plan, 2000*

These business/economic development plans reflect the various communities' visions and strategies for economic development. Some common threads are identified county wide, such as the increasing dependence on tourism related businesses. Each community has individual strengths and weaknesses that are taken into account in drafting this Franklin County Empire Zone Development Policy.

In addition to the above listed plans recent business location inquiries and information from development group meetings such as Saranac Lake's Red carpet team have been considered. Also reviewed were the *Economic & Demographic Characteristics of Franklin County, 2003 Edition*, prepared by the Technical Assistance Center of Plattsburgh State University, and the *2003 Economic Impact of Expenditures by Tourists on Northern New York State* and the *2004 Statistical County Tourism Profile for Franklin Count* both prepared for the Northern New York Travel & Tourism Research Center.

The population of Franklin County in 2003 was 51,134¹. The major population centers are Malone, Tupper Lake and Saranac Lake, with additional smaller center scattered throughout the County. Two-thirds of the County lies within the Adirondack Park boundary; within which development is limited only to certain specific areas as determined by the Department of

¹ Source: US census data which includes prison inmates.

Environmental Conservation (DEC) and the Adirondack Park Agency (APA). 283,889.91 acres or about 26% of the land in Franklin Co is owned by New York State. In the north, the County shares a border with Canada. Montreal and Ottawa are within less than a two-hour drive of locations in the northern part of the County.

Goals

Attraction of new businesses is a primary goal. Business retention is an issue for several communities, as are efforts to revitalize neighborhood commercial corridors and encourage entrepreneurial endeavors. Increasing employment and economic opportunities so that youth can remain in the area is an important goal. Particular emphasis will be given to new businesses that retain or expand the County's current business clusters.

- Enhance quality of life by pursuing job development that offsets high seasonal unemployment.
- Reclamation of blighted Main Street corridors: Increase the economic vitality of established commercial and residential centers; reduce blight and disinvestment.
- Restoration of the Salmon River area for recreation and as a tourist attraction.
- Business retention as a key to economic prosperity
- Maintain and increase the appeal of the County's villages and hamlets as places to live, shop and visit.
- Reduce sprawl and its associated costs.
- Develop and enhance cultural centers/community centers such as Malone's Community Center and Tupper Lake's Natural History Museum of the Adirondacks.
- Promote development of the County's major business clusters.
- Provide tourism infrastructure, including improved lodging and additional retail businesses targeted to the tourist trade to attract weekend visitors to the Adirondacks into village cores.
- Use incentives to address dilapidated buildings as part of the revitalization of commercial districts
- Development of tourist attractions such as the Natural History Museum of the Adirondacks, the Big Tupper Ski Area and extension of the scenic railroad line.

Section III. Targeted Areas

Currently 250 acres in the County's four business/industrial parks — in Chateaugay, Lake Clear, Malone and Tupper Lake — are within the zone. Another 750 acres of the Franklin County Empire Zone are designated in areas of the County where potential for business development has been identified. These include parts of the central business corridors of Brushton (including unused school building), Chateaugay, Fort Covington, Malone (including underutilized or abandoned industrial properties and unused school building), Moira, St. Regis Falls (including unused school building), Saranac Lake, and Tupper Lake. Nearby areas with tourism or industrial development potential are also included in this acreage; examples include the Big Tupper ski area in the town of Tupper Lake, property along the CSX rail spur in Fort Covington and Asplin Tree Farm near Saranac Lake.

Areas targeted in future zone boundary revisions:

- Industrial areas in Chateaugay along route 374 corridor; Tupper Lake along Demars Boulevard; and Malone along Mill St., Route 11 corridor and Railroad St.
- The County's four industrial/business parks in Chateaugay, Lake Clear, Malone and Tupper Lake.
- Distressed and blighted areas in the County's distressed census tracts, including older commercial districts: the Route 11 corridor in the village of Brushton; the small commercial district in the community of Fort Covington; the route 11 corridor in the community of Moira; and the small commercial corridor in St. Regis Falls.
- Areas targeted for hospitality and tourism related businesses include the commercial areas of Chateaugay, Harrietstown/Saranac Lake, Tupper Lake and Main Street and the Salmon River corridor in Malone.
- Abandoned and underutilized commercial buildings. While most of these properties were identified during the last boundary revision, they will be inventoried as part of the zone's next boundary revision.

Section IV. Targeted Businesses and Industry Clusters

As with most rural counties Franklin County has few large employers. Small businesses are the source of most new jobs in the private sector. The County has several businesses sectors that it is seeking to develop. Businesses in these clusters are targeted for inclusion in the Franklin County Empire Zone:

- **Agriculture:** Dairy and cheese production are major parts of the Franklin County economy in a region steeped in agricultural tradition and history. Expansion of this cluster includes the production and marketing of farm-fresh produce and specialty products as well as encouraging expansion of the dairy industry. Potential for agri-tourism exists.
- **Cultural Businesses:** Local artisans, craftspeople and designers who reside in the Adirondacks seek to take advantage of the growing popularity of the rustic Adirondack style. Along with cultural establishments such as the Natural History Museum of the Adirondacks these artisans contribute to the character of Franklin County's Adirondack communities and their works are actively sought by regional visitors. Tourism attractions include, culture and heritage, and special events.
- **Health and Education:** As with many rural areas, local health care providers have trouble providing for all local needs. Both hospitals in the County welcome use of zone capital credits to assist in fundraising for expensive equipment.

Local colleges are looking to partner in economic development projects. Paul Smith's College in particular plays a vital role in the County's economy.

- **Hospitality and Tourism:** From 1982 to 2000 Franklin County's tourism income growth was the fifth largest in New York State. This percentage increase in tourism spending reflects the economic reality of a shift from extraction and manufacturing to an exploitation of the Adirondack's natural resources for recreation. While the area has significant recreational resources, support structures for capturing the tourist dollar (Franklin ranked 32nd in actual dollar amount of sales) are lacking. The County tourism

agency has identified the lack of rooms as a major missing piece. Without adequate lodging facilities out-of-state and international visitors do not stay to spend.

Developing destination experiences such as the Big Tupper development, which will include year round tourist facilities, conference facilities and shopping districts will provide infrastructure to capture tourist dollars. Zone capital credits for museums, railroads and other tourist amenities will also assist the expansion of the tourist sector. Lodging, restaurants, service stations, and other retail businesses that are not in competition with already established businesses are needed to satisfy tourists' basic needs and consumer wishes.

- Information- and bio-technology: Franklin County is part of Tech Valley and has a nascent biotechnology cluster centered in the Saranac Lake area. Attracted by the quality of life afforded by the Adirondack Park a number of small software companies are making the County their base of operations.
- Manufacturing: Historically a part of the County's economy, diverse manufacturing businesses provide employment for workers with varied educational skills — an example being plastics manufacturing in Tupper Lake. Attracting and retaining skilled and educated workers requires revitalization of the County's manufacturing base.
- Retail: Distressed areas of the County are striving to recover their "main street" retail. In the more distressed areas such as Brushton, Fort Covington and St. Regis Falls almost any business that makes an investment (See certification requirements) and fills a storefront is important.

Malone, Chateaugay and other northern areas of the County seek to draw shoppers from Canada. The current strengthening of the Canadian dollar against the US dollar creates an opportunity that can only be exploited if retail establishments are already in place.

Communities with a tourism-based economy, most notably Saranac Lake and Tupper Lake, seek to maximize spending from tourists. In Malone, Saranac Lake and Tupper Lake specialty retail that will attract visitors for a number of hours of shopping and dining are desirable. As the single greatest activity participated in by domestic and international travelers, shopping has a significant impact on the travel and tourism industry. (See appendix B for additional background information)

- Textiles: Several Canadian companies have established their US operations in the northern part of Franklin County. These include both fabric and clothing manufacturing.
- Timber and Wood Processing: The Adirondacks have a long history of timber extraction and the industry continues today with an emphasis on developing secondary wood products. All areas of the County are developing specialty wood processing businesses, producing a wide variety of handcrafted products, including furniture, boats, cabinetry and crafts that are marketed in shops, nationally on the internet and directly from the producers. Businesses with potential for growth include sawmills, furniture manufactures and specialty wood crafters.

Section V. Boundary Management

Properties meeting the following criteria will be considered for addition to the Empire Zone:

- Revitalization of neighborhood commercial corridors in the towns and villages within the County. (MRM Aquaphonics, LLC in the St. Regis Falls School building, for instance) where businesses are committed to investing a minimum investment of \$20,000 or that will result in the creation of a minimum of 3 FTE.
- Redevelopment of abandoned or underutilized commercial and industrial sites throughout the County such as the old Flanagan Hotel and Tru-Stich buildings.
- Expansion of tourism related businesses with a significant impact on the County's tourism cluster such as the Big Tupper ski area.
- Location and expansion of businesses in the industrial/business parks within Franklin County.
- Location and expansion of business connections with Canada.
- Retention of all significant employers within Franklin County such as Altrista Plastics — formerly OWD — in Tupper Lake.

The Franklin County Empire Zone will continue to advance the above goals whenever designation of new zone acreage is deemed necessary, either using the currently available 325 acres or acreage that is withdrawn from the existing Empire Zone. Properties will be considered for inclusion in the zone where businesses are committed to investing a minimum of \$20,000 and/or the creation of 3 FTE. Individual cases will be considered where it can be shown that businesses would significantly contribute to the expansion of key industries or where certification would have secondary economic impacts, such as zone benefits necessary to obtain financing.

Zone administration and ZAB will also insure that all areas included within the Empire Zone boundaries meet the requirements of local and State zoning, including the requirements of the DEC and the APA. Individual areas may be added to the zone and businesses certified as needed during the application process with these agencies.

All requests for boundary amendments either to add or delete land, either from local governments or directly from land owners, must be received by the Zone Administrative Board not later than January first of each year, and shall contain information justifying the boundary amendment. The ZAB may initiate a boundary revision on its own initiative when it determines that land should be included within the zone due to its immediate development potential.

The ZAB will take as guidance the criteria for targeted areas and targeted businesses when determining the three core areas to which 75% of available acreage must be located. Individual parcels outside the primary targeted areas will be considered on a case-by-case basis, with consideration given to their level of job creation and investment, as well as their contribution to the overall economic.

Take Back Provision

Lands that have not within a three year period from their inclusion within the zone shown substantial development activity will be considered by the ZAB for removal from the zone. In reviewing these properties the ZAB will take into consideration the fact that unforeseen impediments may arise such as changes in market conditions on which a project was based, or the delay or loss of a specific contract which may affect the nature, scope and timing of a given project. The ZAB may elect to keep the property in the zone if there is a reasonable likelihood that future development is probably or if it determines that development is advantageous to the community. An example would be a vacant industrial building for which finding a buyer or tenant can take an extended amount of time and for which inclusion in the zone enhances the likelihood of development.

Section VI. Business Certification

Certification is dependent on a business meeting the criteria as a targeted business or on location in a targeted area. To be considered for certification businesses must in most cases create 3 FTE and/or investment of a minimum of \$20,000. The zone may make an exception for a business that does not meet these criteria and thresholds, but can demonstrate significant positive impact on the County's economic development in form of jobs and investments in other businesses, and that certification will contribute to the success of the business.

Businesses at risk of leaving the area will be identified on a case-by-case basis for inclusion in the zone, as well as for certification. Identification will be based on specific circumstances such as announced closures/layoffs, declining market share, and generally recognized business indicators.

Businesses seeking certification must demonstrate that zone benefits will assist the company in its proposed expansion and improve the overall health of the organization. The ZAB recommends the Zone Certification Officer evaluate each application to make an overall assessment of the business' capacity and likelihood to enhance the economic climate of the County based on the following criteria:

- Jobs
- Pay rate and employee benefits
- Investments
- Consistency with economic development strategies of the local community
- Consistency with the stated policies in this document
- Businesses that are in direct competition with existing businesses must show that certification will result in a net gain in employment.

Decertification

Businesses will be evaluated yearly to determine that they are meeting their stated development goals. Failure to meet the requirements of section 11.9 of the Empire Zone enabling legislation may lead to revocation of certification.

Appendix A. Business Establishments by Payroll and Industry (2002)

Industry	Annual Payroll (\$1,000)	
Total Establishments		
Forestry, Fishing, Hunting & Agricultural Support	1,762	11
Mining	N/A	3
Utilities	N/A	4
Construction	12,231	114
Manufacturing	15,673	28
Wholesale Trade	8,572	30
Retail Trade	33,447	217
Transportation & Warehousing	5,072	39
Information	7,626	21
Finance & Insurance	8,175	57
Real Estate & Rental Leasing	1,762	33
Professional, Scientific & Technical Services	11,863	75
Management of Companies & Enterprises	N/A	1
Admin, Support, Waste Mgt, Remediation Services	N/A	22
Educational Services	16,268	8
Health Care and Social Assistance	80,040	171
Arts, Entertainment & Recreation	13,242	26
Accommodation & Food Services	9,687	123
Other Services (except Public Administration)	5,597	121
Unclassified Establishments	N/A	...3

Source: US Census Bureau

Leading non-government employers in Franklin County:

- Agrimart (McCadam Cheese), Chateaugay
- Akwesasne Mohawk Casino, Akwesasne
- Altrista Plastics, Tupper Lake
- Adirondack Medical Center, Saranac Lake
- Alice Hyde Medical Center, Malone
- Gilden Activewear, Bombay
- Mercy Healthcare, Tupper Lake
- Paul Smith's College, Paul Smiths
- Trudeau Institute, Saranac Lake

Appendix B. Capturing Tourism Dollars

The Arizona Council for Enhancing Recreation and Tourism – ACERT, has a number of tools for using tourism as an economic development strategy. In their analysis of travelers by segment they have, among others, identified:

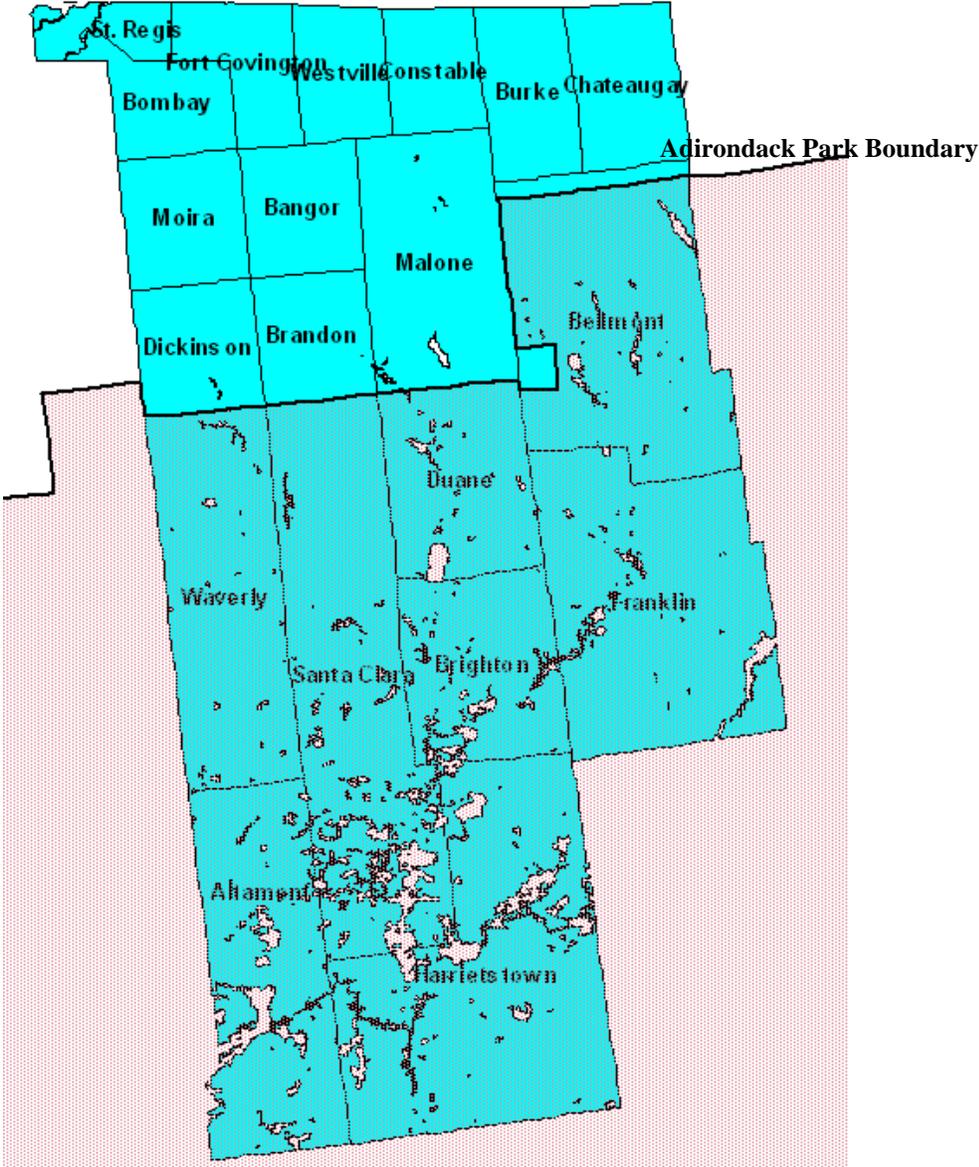
- The Baby Boomer and Post Boomer market segment who comprise the largest population segment. This group use weekends as a get-away, seeks active outdoor recreation and “desires upscale shopping opportunities.”
- Empty Nesters who are interested in cultural and historical attractions, outdoor activities, shopping and dining, adventure and new places.
- Mature/Seniors, who recent statistics show have an increasing share of American wealth, like new places, travel that facilitates social interaction, culture and history. They golf, hike, walk, shop, and dine when traveling.

Canadian domestic travel behaviour: a market segmentation study of rural shoppers by B. A. Carmichael and W. W. Smith in the *Journal of Vacation Marketing*, 2004, Vol. 10, No. 4 found that rural shopping is emerging as a tourism market that offers potential for the economic development of rural regions. They state that “...secondary data analysis of the domestic Canadian Travel Survey (1998-2001) reveals that there are many rural visitors who also participate in shopping, and that rural shoppers display different characteristics from average Canadian domestic travelers.”

The same issue of the *Journal of Vacation Marketing* is devoted to the topic of tourist shopping, including an analysis of shopping as a destination attraction, in which the author examines the role of shopping in tourists' destination choice and experience.

According to the *2003 Economic Impact of Expenditures by Tourists on Northern New York State* prepared for the Northern New York Travel and Tourism Research Center, SUNY Potsdam by consultant, Davidson-Peterson Associates, Kennebunk, ME, 17% of visitors staying in a hotel, motel or resort in Franklin County are from Canada compared to 8% for all of Northern New York.

Appendix C. Franklin County Towns and Adirondack Park Boundary



Appendix D. Adirondack Park Land Classification
Acreage Statistics

Total county acreage: approximately: 1, 024,000 acres
Acreage within the Adirondack Park: 736,654 acres

Franklin County Adirondack Park Acreage				
Land Classification	Acreage	Percent	Avg. # Principal Blds. Per Sq. Mi.	Avg. Lot Size in Acres
Hamlet	7,071	0.96%	No limit	none
Moderate Intensity	9,250	1.26%	500	1.3
Low Intensity	21,236	2.88%	200	3.2
Rural Use	133,084	18.07%	75	8.5
Resource Management	271,764	36.89%	15	42.7
Industrial Use	628	0.09%	No limit	none
Wilderness	57,100	7.75%		
Canoe Area	17,634	2.39%		
Primitive	420	0.06%		
Wild Forest	155,825	21.15%		
Intensive Use	1,774	0.24%		
State Administrative	360	0.05%		
Pending Classification	19,276	2.62%		
Open Water	41,235	5.60%		
Total County	736,654			

Private Land Classification Definitions

Hamlet

These are the growth and service centers of the Park where the Agency encourages development. Intentionally, the Agency has very limited permit requirements in hamlet areas. Activities there requiring an Agency permit are erecting buildings or structures over 40 feet in height, projects involving more than 100 lots, sites or units, projects involving wetlands, airports, watershed management projects, and certain expansions of buildings and uses. Hamlet boundaries usually go well beyond established settlements to provide room for future expansion.

Moderate Intensity Use

Most uses are permitted; relatively concentrated residential development is most appropriate.

Low Intensity Use

Most uses are permitted; residential development at a lower intensity than hamlet or moderate intensity is appropriate.

Rural Use

Most uses are permitted; residential uses and reduced intensity development that preserves rural character is most suitable.

Resource Management

Most development activities in resource management areas will require an Agency permit; compatible uses include residential uses, agriculture, and forestry. Special care is taken to protect the natural open space character of these lands.

Industrial Use

This is where industrial uses exist or have existed, and areas which may be suitable for future industrial development. Industrial and commercial uses are also allowed in other land use area classifications.

Appendix E. Distressed Census Tracts by Town
(Based on 2000 Census)

COUNTY	% Below Poverty	% Unemployment
Franklin	14.56	10.59

Census Tract	% Below Poverty	% Unemployment	Acreage and % Allotted
9501 – Constable, Burke, Chateaugay	16.41	5.94	190 – 14.8%
9502 - Bombay, Ft. Covington, Westville	20.88	10.54	103 – 8%
9503 – Moira, Bangor, Brandon	22.68	15.56	28.6 – 2.2%
9504 – Malone East	12.91	7.46	209 – 16%
9505 – Malone West	12.44	6.69	
9506 – Belmont, Duane	9.76	8.58	2.8 – less than 1%
9507 – Dickinson, Waverly, Santa Clara	16.49	10.92	7.7 – less than 1%
9508 - Brighton, Franklin	7.28	4.72	3.3 – less than 1%
9509 – Harrietstown/N & S Saranac Lake	13.88	3.3	253 – 19.7%
9510 - Harrietstown/Central Saranac Lake	10.26	3.4	
9511 – Tupper Lake North	16.43	6.06	Aprox 138 – 10.8%
9512 – Tupper Lake South	7.46	7.2	Aprox 20 – 1.5%
9913 - Akwesasne	22.45	7.45	