

Economic Development Committee Minutes
July 6, 2011 – 4:00 p.m.

Present: Chairman Daly; Supervisors Barrett, A. Johnson, Kinowski, Lawler, Richardson Sausville, Collyer, Thompson and Wood; Spencer Hellwig, Administrator; Ryan Moore, Mgmt. Analyst; Dennis Brobston, SEDC; Michael Russo, Global Foundries; Todd Shimkus, Chamber of Commerce; Press.

Chairman Daly called the meeting to order and welcomed all in attendance.

On a motion made by Mr. Kinowski, seconded by Mr. Johnson the minutes of the May 11, 2011 meeting were approved unanimously.

Mr. Russo said there was an earlier report done that was used by the State and others to decide whether or not to make an investment in the site in Malta. Since the initial study the economy has gone through an economic downturn and it isn't really known what impact Global Foundries has had in the region. A reach out to Mr. Ehrlich, who was formerly a top economic advisor to former President Clinton was done, asking him to update the study. It was found that in virtually every category that was studied that we are actually ahead of the curve or producing more. Initially, while there was an incentive that New York State provided to level the playing field to then attract AMD, it was very important that the original investment produce a clustering effect for other ancillary jobs. The numbers that have come back from that are very good, and all indications are that they are going to continue to be good. This makes the investment, from a county perspective, when you do water lines, that you make sure that there is going to be growth. From a company perspective, there has been additional investments made above and beyond what was initially planned, without requesting any additional incentives. For example, the Integrated Technology Center, which brought in other tool makers to use that facility to develop technologies that will then be produced on the fab floor and reduce the risk and time associated with production. There has been an increase in the fab size by 40%, which was done with a very small incentive. After researching for a location for a second Administration building to house the additional growth and personnel, it was decided that it made more sense to build on the site. The building was approximately a \$35 million project, consisting of 221,000 sq. ft. with no request for additional money. There continues to be ongoing discussions with the State to address some of the issues and puts together a package that makes sense to further build out the site.

Ms. Daly said at the conclusion of the report it makes a statement that the success of New York's investment has definitely established our area to be able to compete with this industry on a worldwide basis. Where we have taken Saratoga County from a few years ago to where it is today has been a phenomenal task for all the partners involved.

Mr. Sausville said the consultant actually took a look at the Chip fab industry from a national perspective and pointed out that this was good not only for our economy in Malta, Saratoga County, and New York State, but it had benefits nationwide to establish

that kind of technology in our country. Mr. Sausville asked if there had been any incentive by the National Government to nurture this industry that is so important to all of us? Mr. Russo said discussions with the Federal Government include dollars for research and development, which is very important to the semi conductor industry in general. There is also continued dialogue involving the EPA, so that we can compete here. The semi-conductor industry over the last five years is actually the nations leading export industry. When the industries top lawmakers talk about the importance of the export industry, and selling abroad to the economy, and the goal has been set to double exports by 2014, this industry plays a leading role in that. To now be building a fab of this size, nature and scope, producing advanced technologies and the potential of further growth at the site; this is really a crown jewel, not only in New York, but also in the nation and potentially the world. If we were to build the site out and realize it's full potential, we would really be the technology development and semiconductor production capital of the world. If you look at how that would transform the New York economy and position the US to be a leader in the future focused tech based economy, it is mind boggling.

Mr. Brobston from SEDC gave a brief update on what companies have actually come to the area, stating that there are eight companies that have announced or taken up leases as of July 1, 2011.

- Tokyo Electron - one of the first companies to take a location in Malta. They have taken 7,400 sq. ft. of space and projection of approximately 60 employees when production begins. Currently they have approximately 30 employees. Tokyo Electron is a tooling manufacturer.
- KLA- Tencor – A tooling company with a projection of 40 employees. Currently there are approximately 20 employed with the company.
- DNS Electronics – Located in Ellsworth Commons, with a building consisting of 4,400 sq. ft., and approximately 22 employees.
- Novelis – Equipment based and controlled based with a 1,600 ft. facility with eight employees, located at 2750 Rt. 9, Visionary Park, Malta.
- ASML – Equipment based company with 10,000 sq. ft. with 40 employees.
- Lamb Research – Executive Woods, Rt. 9, with 5,000 sq. ft. 20 employees.
- Applied Materials – one of the largest tooling manufacturers in the world, located at 2903 Rt. 9, with 6,300 sq. ft. of office space and 30 employees.
- PANAL PINA – A logistics company, leasing 60,000 sq. ft. on Pearse Road in Clifton Park, with 20 employees.

Mr. Brobston said these companies lease space from about 99,000-sq. ft. to about 240 employees when filled out. There are another eight companies that range in approximately 70,000 sq. ft. with approximately 100 –150 employees that follow this kind of criteria. There are two logistic companies that move equipment and are in charge of managing the insurance ability of risk management of the equipment going in and out of the plant; a piping contractor looking at coming here from California; Edwards Vacuum, which is a company located in Bethlehem, Pennsylvania, looking at a location in Mechanicville. Two warehouse companies and two construction companies, through the process of the clean room will do construction and installation, looking for space of approximately 15,000 to 20,000 sq. ft. each. There is one small operation that came from Wolverine, Massachusetts, a sheet metal fabricator, helping to put things in the clean room and looking for an 18-month lease of 4,300 sq. ft. in Ballston with five employees.

Mr. Brobston said if everyone were to locate there would be approximately 200,000 sq. ft. of space leased and 400 jobs in the first year, and a year before production.

Ms. Daly asked on the types of jobs that have come here, what type of pay scale and education requirements are there? Mr. Brobston said with both Tokyo Electron and Applied Materials, the tooling people are in the \$65,000 to \$70,000 range. The logistic company jobs are in the \$55,000 to \$60,000 range.

Mr. Lawler asked what the job impact is outside of Saratoga County? Mr. Brobston said that the majority of the people that have worked for these companies now have come in at this time because they have the experts that have worked for companies in other places. They are now looking to get people from here that they can move up into training positions and then work at the site to do the management and the tools. Mr. Brobston said of the 240 projected employees by the end of 2011, the expectation is that 1/3 of them will be from out of town and 2/3 will be from here.

Mr. Lawler said it is a big pie, and we certainly want to benefit from it in Saratoga County, but we want other people to benefit as well. It is an impact that the more of the region that benefits from it, the more sellable future growth might be to decision makers if they see the impact is much broader than just Saratoga County.

Mr. Sausville said the Economic Impact Study that Global Foundries just completed speaks to the question, where they talk about a multiplier of between 2 to 3 and 6,000 jobs as a direct result of Fab one. Mr. Brobston said the companies that they have talked to that have been around this industry think that is being very conservative. The tooling companies that are now looking at what is happening at Albany Nano and also solar panels use the same supply network and they use the same design people. This could be where we get some customers in here that we haven't seen, he said. Global Foundries is doing a good job at communicating to the industry that we have availability and we are here to help.

Ms. Daly announced that Todd Shimkus and the Saratoga Chamber of Commerce are being partnered with the new Director of the Saratoga County Tourism Bureau.

Mr. Shimkus said that Mr. Dickson who has served as Vice President of the Saratoga County Tourism Bureau has moved on to open his own marketing and communications business. Mr. Shimkus introduced Annamaria Bellantoni as the new Vice President of Tourism at the Chamber of Commerce.

Ms. Bellantoni presented the following update:

- She said the US travel Association predicts that US travel will increase modestly this summer by approximately 2%.
- Inquiries, print, email and phone, those are slightly down from last year, but visits to the website are up from last year over 10%, due to the fact that people are primarily doing their travel planning on line.
- Initiatives include an HD Video promoting Saratoga County with a 15 sec and 30 sec spot that will appear in on line ads
- Work continues on a mobile site and is near completion.
- Redesigning the website, including foreign language translation, new tourism log updating activities and events on a daily basis
- International Marketing – Part of the advertising this year includes approximately \$20,000 in Montreal radio, digital and print advertising
- Press releases designated to specific tourism sites such as history, performing arts, and outdoor recreation
- Print insertions, appearing in USA Weekend, Yankee Magazine, National Geographic Traveler, Time Magazine, Readers Digest and some internet publications.

Ms. Bellantoni said of the \$250,000 in costs the Chamber has garnered approximately \$25,000 in free advertising.

Ms. Daly asked what the occupancy rate is expected to be for the upcoming season? Ms. Bellantoni said occupancy has been up every month to date and continues to be strong. Occupancy is up approximately 20%.

Mr. Lawler asked if there was any coordination that takes place between the Chamber, NYRA, SPAC and others who expend major amounts of money in their own advertising effort.

Ms. Bellantoni said the Chambers co-op partners are SPAC, NYRA, Saratoga Casino and Raceway, Holiday Inn, Gideon and Hilton Hotels.

Mr. Lawler asked if the Chamber was doing any social networking? Ms. Bellantoni said they are currently running a Google and Facebook campaign. They also have a twitter account and an e-newsletter that is sent to approximately 1,800 people, and a U Tube Channel.

Mr. Peck thanked Mr. Shimkus and the Chamber for bringing the groups together that were really pushing for the VLT money to be reinserted into the Governor's budget and that came to fruition for the City of Saratoga Springs and the County.

Mr. Peck said since NYRA is going to be highlighting the Saratoga Community at large and not just racing, he asked if the Chamber would be partnering with them, so that what is highlighted with NBC is exactly what is wanted.

Mr. Shimkus said that NBC has contacted the Chamber and asked for some suggestions. The Chamber will ultimately not be able to control what they take, but we have guided them, he said.

Mr. Kemper requested approval to award a timber harvest contract to G&T Enterprises for the northern section of a parcel in the Town of Moreau that was sent out to 21 different vendors. G&T Enterprises was the only response to the bid. This is a thinning harvest by prescription. In addition, suppressed stems will be removed in row fashion to open up the forest canopy. All of the high dollar items will be left for a future harvest when deemed necessary. This parcel combined with the recently harvested parcels will encompass approximately 325 acres, and Mr. Kemper said he would encourage the county to market this property as possibly an equestrian use parcel. The property is located just off the northway and will have a large parking lot. As it will have been recently harvested, all trails will be complete for the county.

A motion was made by Mr. Barrett, seconded by Mr. Johnson to approve a timber harvest contract with G&T Enterprises to harvest a parcel in the Town of Moreau. Unanimous.

Mr. Kemper said the county forestry plan has not been updated for over 20 years. Mr. Kemper suggested that the county take some of the revenue from the timber harvest and update the county forestry plan. As part of this plan an analysis will be performed on each county forest parcel. The analysis will include: forest type, evidence of insect or disease infestation, as well as a priority list of parcels that should be harvested sooner rather than later. In the past the parcels chosen to be harvested were done on a random basis. By completing this plan, the county will be able to change its timber harvest practices and significantly increase revenue in the future. Mr. Kemper said that he believes we are a little bit behind on some of the parcels that should have been cut. Some of them could be thinned out to increase the harvest off these parcels in the future. This is a \$12,000 proposal, but there is a current agreement and resolution from 2006 for Forest Solutions, to provide forestry services at this same rate to the county. In speaking with Mr. Dorsey because it was a significant proposal, he suggested that we go back to the Board and receive additional approval. Mr. Kemper is proposing to take some of the revenue from this additional cut and update the forest management plan.

Mr. Lawler asked if the \$12,000 was in the budget? Mr. Kemper said, no, there would have to be a budget amendment as part of this revenue.

Mr. Lawler said it is a worthwhile project, but the county is looking at a large deficit, and if there is any money that we can avoid spending, we should avoid spending it at this time, unless it is a matter of public safety or a mandated expense. We have to start at every opportunity to look to cut costs. Mr. Lawler said it is a worthwhile project that he has no problem supporting once the Law and Finance Committee has made a determination on how the county should best address the looming deficit that we have. As much as it is a good program and seems to be well thought out, he said like a lot of hard choices that will have to be made in the next six months this might be something that we could put off without a permanent negative effect to the county.

Mr. Kemper said he would be uncomfortable providing revenue projections without a plan being completed. He said he is very familiar with the county forest parcels, but he is not a forester. He said this plan would give us the basis to significantly increase our revenue in the future.

Mr. Barrett asked what the rate of return would be in the next three to five years? Mr. Kemper said \$35,000 was projected for this year, but he said we could safely have three times that in revenue every year if the \$12,000 was invested. With the harvest that was previously discussed, revenue for 2011 will be approximately \$120,000.00. Mr. Kemper said that the county is significantly behind on harvesting, with an update plan the county could do a more aggressive cut for a couple of years and significantly increase revenue.

Mr. Barrett said if we have not updated in 20 years and we can triple our revenue with a rather small investment it seems like a good idea.

Mr. Lawler said an RFP just went out to 21 people with one response. Where are all these people who want to cut down these trees? Mr. Kemper said that was a low dollar harvest, a timber-thinning project. In the past we have gotten as high as ten bids, he said. What is happening is our forestland is getting choked out, and we are behind in cutting some of those, so by not doing something in the future we are decreasing future revenue.

Mr. Lawler said for at least six months or until the Law and Finance Committee has a chance to get their arm around this, there will be a series of worthwhile projects and recommendations to come before the board in the next several months, each of whom in the course of usual business we would gladly welcome and move forward with. These are difficult times and difficult times for Saratoga County and we have to start making difficult choices, he said. As a practice, we should start to take a step back and look to see where we can save money.

Mr. Kinowski asked what the method would be to forward this to the Law and Finance Committee for consideration.

Ms. Daly suggested that if a forestry plan update was not in the plan for this year have Mr. Kemper go back and take a look at the timing. Taking a look at what exactly needs to be cut and how much of it, and put feelers out as to where you think numbers will

come in at and who would be interested, bringing back more information in numbers to go along with the concept.

Mr. Lawler said relative to the revenue, the revenue wouldn't go away if we wait six months, the trees would be there to cut next year along with the money.

Mr. Barrett said the idea is to get the program going because it is a revenue-generating program.

Mr. Peck asked how the planning department decides which county forestland is ready to be harvested? Mr. Kemper said in the past it has been random, so we have avoided parcels that have needed to be cut and we are cutting parcels that didn't need to be cut. These parcels should be cut immediately because if you don't cut them your timber revenue goes down.

Mr. Peck said in six months time there would be a great difference in value, whether it is the international market value of lumber or if you don't properly manage your quality of lumber.

Mr. Sausville said it was his understanding that a forester would have to be hired to identify the trees that are going to be cut. Mr. Kemper said for every sale, we have a forester who marks the trees and lists the amount of wood to be harvested, and monitors the harvest. For their services they receive 10% of the stumpage sale. Mr. Kemper said it has been random on how we pick the parcels and the problem is that we have avoided parcels. He said there are 43 parcels and over 3,000 acres in the county that he has visited since he took over the program. There are parcels that we should be on.

Ms. Daly asked what the cost of the plan was? Mr. Kemper said it was originally \$14,000; however, the Planning Department would provide some of the services to the proposal was reduced to \$12,000.00.

Mr. Lawler said this is not budgeted, and we have a \$9 million deficit. He said he didn't know how waiting six months was going to impact the future revenue stream. The message is more important, if it is not budgeted we don't spend it.

Ms. Daly asked if there is an issue with the timing if this was to be postponed? Mr. Kemper said he was trying to get the plan started to try and have solid evidence to provide budget revenue protections for the next year. Originally, it was going to be done last month, but there was a problem with the bid advertising. He said he did not want to move forward with this until there was someone who was willing to cut the parcel to generate the revenue to pay for this.

Mr. Peck said that if it is done now and there are parcels that are ready to be harvested, we would have another time to do another harvest in the fall. Mr. Kemper agreed with that statement.

Mr. Kemper stated that in the past the timber harvest program has been a non-revenue generating program. In the past, approximately \$35,000 worth of timber was harvested on a yearly basis and that revenue used to pay the tax bills on the county forest parcels. The purpose of updating the plan was to provide the basis needed to turn the timber harvest program into a revenue program.

A motion was made by Mr. Kinowski, seconded by Mr. Barrett to move forward with the forestry plan as proposed. The motion was passed by the following vote: Ayes – Daly, Barrett, A. Johnson, Richardson. Nays – Lawler and Sausville

Mr. Richardson said there was a meeting with regard to extending the Zim Smith trail down into Mechanicville. NYSEG now wants to try and get involved because they are looking to cut a power line through there.

Mr. Kinowski said the purpose of the meeting was to move ahead to approach the landowners.

Mr. Richardson said he is hopeful that something could be found out in the next couple of months. NYSEG wants to run a new power line down the side of the rail yard, and they would do a lot of the leveling and earthwork for the trail. There would be no dollar amount on the County's part, he said.

Mr. Kinowski said, we are really trying to get approval to spend the \$250,000 that Saratoga PLAN has, given to them through the efforts of Assemblyman Reilly because it will be coming to an end.

Mr. Richardson said the thinking is that we may be able to put ourselves in a position to not have to do the Zim Smith trail from Coons Crossing to Mechanicville. We could have a good set of groundwork laid for that all to be done sometime in the future at no cost to the county.

Mr. Kinowski said between the railroad and NYSEG a great majority of the land would be leveled and grubbed at not cost to the county. He said the land parcels that are being asked for are totally unusable by the landowners.

Mr. Kemper said NYSEG came to Planning and said that we all should be working together because it is extremely advantageous for us to use this same corridor.

Mr. Sausville requested that a fact sheet be forwarded to all committee members for their review.

On a motion made by Mr. Johnson, seconded by Mr. Richardson the meeting was adjourned.

Respectfully submitted,
Chris Sansom