

THE PARTNERSHIP FOR ECONOMIC DEVELOPMENT IN SULLIVAN COUNTY



For Business...For Life

**A VALUE PROPOSITION FOR CONTINUED INVESTMENT
IN THE SULLIVAN COUNTY PARTNERSHIP FOR ECONOMIC
DEVELOPMENT**

STATEMENT OF PURPOSE

This proposal is intended to describe programs and outline services the Sullivan County Partnership for Economic conducts so that the incoming legislature, our partner agencies, our municipalities and the residents of our county can better understand the organization's purpose in relation to the overall economic vitality of the county. The organizations strategy must be viewed as evolving since changes constantly occur in the local and regional economy. The Partnership aggressively adjusts its focus to better serve the businesses and residents of Sullivan County while responding to dynamic marketplace demands.

The proposal approaches economic development from a universal perspective (with the understanding that no single method of creating investment and jobs can fix all ills). As such, the Partnership asserts that it is the cumulative effect of multiple economic development efforts that will bring about positive results. However, a core mission has been maintained over time that is the foundation that has guided the organization for 18 years.

I. INTRODUCTION

The Sullivan County Partnership was established in 1994 as a vehicle to handle the economic development functions previously directed by county government. Throughout its first 10 years, the Partnership worked to solidify its organizational structure; it also helped develop and strengthen partnerships within the business community, government, and other service organizations, as well as beginning the external marketing of Sullivan County from purely an economic development perspective.

Strength through leadership both in government and the private sector is what will create a predicable environment that can make investing in Sullivan County viable and prudent choice for potential prospects. Supporting the efforts of the Partnership makes business sense because it is a catalyst in the procurement of investment in the county, which provides much needed revenue to our municipalities and our residents in the form of initial investment, tax ratables and jobs. The Partnership plays a pivotal role in providing programmatic services to both small and large businesses, adding value to the private sector. This balanced approach has led to the creation of stable, long-term revenue for the County of Sullivan over many years (as well as for local school districts and municipalities).

The Partnership's strategy has been implemented over time, and benefits to the County are not only realized in the short term when projects are initially approved, but also in the long term as those projects continue to pay taxes and maintain and/or increase jobs over time. It is important to understand that but for this effort those investments would not be realized. While the economic downturn has challenged us all, in particular our ability to provide services at the same level we once did, these benefits have given back to our municipalities and residents. At the core of our efforts we must continue our work to develop suitable shovel-ready sites; an ongoing business expansion; increased participation from the private sector; and, programs to provide technical services for the small business community. These are just a few of the many benefits that the Partnership provides.

Members of the Partnership Board hold an annual strategic retreat, intending to formulate and or tweak plans that guide the organizations program of work for the coming year. While some of these initiatives focus on the infrastructure of the organization, a set of core strategies have been maintained, many of which have brought to fruition projects large and small that have impacted most all of our municipalities in a positive way.

II. STRUCTURE

1. **Operations** -The Partnership for Economic Development is a 501(c) (6) Business Association, made up of a board of directors conducting business through board initiated policies carried out by a Chief Executive Officer and associated staff and or contracted professionals. The Partnership is made up predominantly of business members voted into their seat through an annual democratically held election process. Terms are three-year terms. The Partnership annually selects (via nominating committee) an executive committee made up of a Chairman, Vice-Chairman, Secretary and Treasurer. A Chairman may serve only two consecutive years, before the committee may select another.

Elected members of the Board of Directors volunteer their time and business expertise with the understanding that the successful administration of the organization benefits that entire business community of the county. The years of experience and professional expertise is often overlooked where it should not be. If the county were to pay for that consult the cost could be very significant. Thus the membership not only participates in this 'Partnership' by financial participation, but also offers years and in some cases generations of business acumen at no additional cost.

2. **Funding** -The Partnership receives funding from three sources. First, it raises membership dues from the private sector. It is one of the only contracted agencies that are required to raise funds privately before receiving any public funds as a condition of its contract. Second, the Partnership contracts with the County to conduct Economic Development activities. Third, the Partnership contracts with the Sullivan County IDA to market and attract prospects to Sullivan County. Depending on the year and whether the county continues to fund at its contracted level of \$75,000/yr., the funding is proportioned at 46% membership, 30% IDA, and 24% County. The county contract has not changed since 1994, albeit when it has been lowered in varying years. The current contract calls for \$62,000 or \$13,000 below even 1994 levels.
3. **Comparative Analysis** - Economic development activities are conducted throughout New York State in four basic formats predominantly.

- Private Public Partnerships
- Chamber of Commerce sub corporations
- Government Departments
- Industrial Development Agency sub corporations

Public/private partnerships have proven over time to be more successful in part due to their ability to develop projects more efficiently while protecting the competitive strategies of prospects through nondisclosure policies. Within our own region Orange County operating under a similar format has seen many successes over the past decade. Other counties too have seen relative success but the amount of dedicated funding in those counties far surpasses that of Sullivan County.

The following table shows our neighboring counties and their funding levels.

Economic Development Corporation Funding Streams for Neighboring Programs				
<i>Name</i>	<i>County Funds</i>	<i>IDA Funds</i>	<i>Private (Other) Funds</i>	<i>Total Budget</i>
SCP	\$62,000	\$75,000	\$117,000	\$254,000
OCP	\$170,000	\$200,000*	\$421,000	\$791,828
UCDC	\$325,000	\$85,000**	\$238,890	\$648,890

* OCIDA also funds the Orange Accelerator Program in part @ \$541,700/yr – the program is an incubator-type program geared to grow emerging small businesses.

** UCDC Administers the IDA program @ an additional fee of \$100,000.

Rockland and Westchester of course have substantially larger resources so they receive commensurate funding. They are run through their county departments yet have not necessarily shown a recent success rate equal to Orange, Ulster or Dutchess relative to per capita investment despite the funding and location advantage advantage.

III. PERFORMANCE

While there are a variety of implicit ways to measure performance, for the purposes of this document we focus on explicit tried and true measures. These measures over time give an immediate picture of how projects impact communities via tangible outcomes. Total investment, tax ratables and jobs/(payroll) have been the static measure for virtually every economic development agency relative to performance. The reality however, is much more extraordinary, as an economic impact analysis of these measures would give a more comprehensive look at the impact, for example, of total payroll on a given community. The following chart shows clearly that the investment the County has made in the Partnership for Economic Development has provided an extraordinary return on investment by any measures.

Mid to Large Sized Projects Initiated By SCP – 2010 Payments

Project Name	Total Project Amount	County Tax Payment (PILOT)*	Local Tax Payment (PILOT)*	School Tax Payment (PILOT)*	TOTAL	Jobs to be created	Salary of jobs to be created	Jobs Retained	Current # FTEs	Total Payroll	Year PILOT started	Year PILOT ends
Swan Lake Resort	\$3,000,000.00	\$28,012.62	\$27,265.16	\$113,080.69	\$168,358.47	54	\$25,000.00	0	14	\$350,000.00	2000	2013
Cochecton Mills	\$1,000,000.00	\$2,927.37	\$2,581.15	\$6,569.84	\$12,078.36	4	\$25,000.00	20	26	\$650,000.00	2000	2014
DC Fabricating	\$300,000.00	\$774.93	\$976.72	\$3,091.53	\$4,843.18	3	\$27,000.00	0	6	\$162,000.00	2002	2022
Kohl's NY DC	\$45,000,000.00	\$265,413.15	\$158,529.43	\$844,550.56	\$1,268,493.14	900	\$23,000.00	0	453	\$10,419,000.00	2003	2022
Crystal Run Health	\$19,000,000.00	\$117,068.13	\$63,005.40	\$291,859.62	\$471,933.15	200	\$50,000.00	0	301	\$15,050,000.00	2004	2023
Ideal Snacks	\$1,200,000.00	\$35,785.00	\$112,124.05	\$146,748.01	\$294,657.06	10	\$25,000.00	50	221	\$5,525,000.00	2004	2023
Mamma Says	\$5,500,000.00	\$19,054.54	\$10,255.05	\$81,167.53	\$110,477.12	14	\$25,000.00	0	55	\$1,375,000.00	2005	2024
Neversink Steel	\$775,500.00	\$256.40	\$323.17	\$1,022.88	\$1,602.45	3	\$33,000.00	3	7	\$231,000.00	2008	2027
Pestach Exterminating	\$675,000.00	\$1,278.64	\$1,611.60	\$5,101.02	\$7,991.26	4	\$25,000.00	15	27	\$675,000.00	2010	2029
Arcadia Aviation	\$4,000,000.00	\$1,741.20	\$1,249.18	\$7,036.08	\$10,026.46	10	\$50,000.00	0	0	\$0.00	2010	2019
PTNY/Shelburne Plastics	\$4,050,000.00	\$0.00	\$0.00	\$0.00	\$0.00	25	\$35,000.00	0	0	\$0.00	2012	2032
TOTAL	\$84,500,500.00	\$472,311.98	\$377,920.91	\$1,500,227.76	\$2,350,460.65	1,227.00	\$343,000.00	88.00	1,110.00	\$34,437,000.00		

*Payment in lieu of taxes incentive

The following summary shows projects worked on during the 2011-2012 period. In 2011 the Sullivan County Partnership filled **65,000sq.ft** of space while attracting approximately **\$6 million** in initial investment and creating **41 jobs**. The following summary indicates these activities and others.

PROJECTS	PRIORITY	NOTES
ATTRACTION		Jan-12
Project Air	High	We met with the Sullivan County Airport representatives and the existing FBD relative to Kestrel Air, a manufacturer of a single engine turbo prop. Plane. 1st phase 30,000sqft/60 jobs. Second phase 200,000 sq. ft 300 jobs (high tech) We are waiting for some financial supporting data and other due diligence items. Company is interested in utilizing new market tax credits. A shovel ready site currently exists which would be utilized during the 1st phase. Company representatives are utilizing contacts with the Governor's office to begin talks at that level relative to new market tax credit availability and the State's willingness to divert to this project.
Shelburne Plastics	High	Shelburne has begun to apply for additional funding with several banks to finance a portion of its project. It will be looking to complete previous applications to the IDA and SCP as well. In addition Shelburne has applied for training grants through SC Planning office. We have assisted the company in securing over \$200,000 in grants from NYSEG and ESD funding in the amount of \$150,000. They will be manufacturing a variety of containers for liquids and food products for varying customers throughout the tri state area. \$4 million investment. 50 jobs. Environmental Benefit - an adaptive reuse of an existing facility and existing equipment.
The Camp Professionals	Med	Have been steadily moving forward in the town of Mamakating. Culinary camp and year round instructional center. \$1 million investment. Property has not been on the tax roles but will be put on tax roles upon completion of the project. Environmental Benefit - an adaptive reuse of an existing facility that was on its last legs.
Aaron's Rental	High	Are working with the Village of Monticello to finalize details.
ASB Greenworld	High	Has secured building permit and has begun site work for a 28,000sq. Ft facility in Bethel. They are working out details for a GC to erect the building. They have begun recruitment efforts for a facilities manager and for core employees which they will begin training at their Valdosta, GA facility. 15 market rate jobs with benefits. The plant will produce planting soils and substrates utilizing all natural ingredients for sale to national distributors. Environmental Benefit -They will be working with municipalities to import select debris from storm surges, tree trimming etc. as part of their materials inflow. The company has made a dedicated effort to utilize local contractors.
Project Vision	High	Met with representatives of an Alberta, CA based company. The firm manufactures windows and curtain walls for high rise facilities in major northwest cities with a proprietary film system which creates a very efficient environmental barrier with uniform or-values from 5-8 times more efficient than existing products. Windows are for commercial use and have been installed in every environment. The company looks to build 30,000sq. ft to start with expansion to 100,000sq.ft and minimum 50 manufacturing jobs. A possibility does exist that the company can work with a past Partnership project Neversink Glass which is highly rated and does similar work in the NYC metro area. Environmental Benefit - the company is developing a way to incorporate photovoltaic film in its design since the assembly process is similar in an effort to offer glass curtain walls that are not only efficient, but also energy producing as well.
Apollo	High	We have been assisting Chancellor Livingston with a variety of marketing related and targeted demographic data as part of our technical assistance work. The work has help garner interest from a variety of prospects that they hope to locate to the site. Environmental Benefit - Chancellor has been contacted by Carlyn Harvest to explore possible energy savings and other synergies etc..
We Ship it	High	We have assisted WE Ship It in finding a suitable location for their expansion project. The Company has moved to Wurtsboro after completing upgrades to the a 34,500 sq. ft facility. The company distributes a variety of "club membership" type consumer products throughout the U.S. They have grown from a 12,000 sq.ft facility which was located in Bloomingburg. The company employs 8 and has landed additional contracts which will require expansion in the near future. space is available at the new location. Environmental Benefit - adaptive reuse of an existing facility.
Cambridge	High	Manufacturer of paving blocks from N.J. 40-45 jobs . 95,000 sq. ft. with some outside storage for finished products. Two meetings with company and land owners. Town of Thompson has approved zoning change to accommodate land owner by a unanimous approval. The company has drafted a formal letter of intent, subject to competitive incentive offer from Empire State Development. They are closing on a storage facility near their plant at this time and will be back to reengage in the project when they complete the former. Environmental Benefit - local sourcing of raw materials.
Consolidation Project	High	Firm is looking to consolidate two operations/distribution centers in Thompson, which is half way between their two current and aging facilities. Firm has located a site that may be suitable. Conducting due diligence at this time though they are still searching for sites between exit 104 and 107. 65,000 sq. ft, high paying union scale jobs.
Location Incentives Group/	Med	NJ Firm looking for 10 - 12,000 sq. ft. Firm bottles shampoos and soaps and distributes nationally. We have presented the facility just vacated by We Ship Express. TBD
EXPANSION		
Ceramics/Controls Manufacturer	Low	Looking for additional space to manufacture High Temperature Heating, Industrial Ceramics (Insulating/Structural), Furnaces, Controls and related engineered products. 5 jobs. 5,000 sq. ft
Formaggio	High	Met with company several times to begin exploring the possibility of utilizing Sullivan County dairy in an expanded cheese production process. We have been working with HVADC on some very complicated issues that must be solved before the project can move forward. The has the potential of extraordinary benefits to the dairy farming community. Environmental Benefit - reduction in transportation costs, stable local demand, farm fresh product, local branding opportunities.
CBRE	High	Looking for space to house small snack distribution facility. Presented buildings in Bloomingburg, Liberty, and Monticello.
OTHER		
Frontier	High	Worked with local and state officials to stop the closure of the remaining element of the Frontier Insurance Co. saving 50 jobs in Sullivan County. The jobs are safe for another 18 months while the interested parties work out possible details for permanency and a potential expansion that would add an additional 50 jobs.

IV. PARTNERSHIP ACTIVITIES

While continuing to adapt to changes as they occur, some core initiatives are areas of programmatic work that are the foundation for the Partnership's economic development activities:

A. Long-Term Corporate Attraction

Historically, the Partnership has positioned the County for regional and national corporate development. To that end, we have seen investments over the years from, Kohl's, Home Depot, Ideal Snacks other aforementioned companies. There has been a relative stagnation in inquiries from national corporations investigating Sullivan County as a viable option for relocation or new capital investment. This year however the Partnership has attracted and closed on three mid sized projects brought in from external locations. Along with other firms that have actually located here they too have proven that Sullivan County has the capacity to be competitive in the regional, national, and global economy when positioned to its strengths. Partnership activities/programs that support Corporate Attraction are as follows:

- **Market Research** of industry data that can identify target industries, growth trends, capital expansion activities/budgets, operating costs, and other pertinent data. This is done through IEDC, Hoovers Web trends, and the close relationship we have with the Hudson Valley Economic Development Corporation (which also sponsors numerous research initiatives benefiting Sullivan County as well as the Hudson Valley in general).
- **Ads placed in industry trade journals** when fiscally feasible, that have a theme with links to target industries where Sullivan County can be competitive. This is done predominantly to create awareness of Sullivan County as a viable economic development prospect for site selectors, other real estate, and capital construction representatives.
- **Trade Show attendance** when fiscally feasible is done in a targeted fashion kept solely within driving distance, as funds are limited (predominantly NYC). Follow-up appointments with prospects generated at each show have extraordinary value in establishing trust among decision-makers (as well as in carrying our message directly to them in a focused, one-on-one session).
- **Direct Marketing** to targeted industries in the New York metro-area that experience a high cost of operations, and exhibit pressure to convert existing land-use to more retail and suburban residential use.
- **Partnerships Affiliations** - The Partnership will continue to use the strength of the region and work closely with the Hudson Valley Economic Development Cooperation, Patterns for Progress, Empire State Development and the World Economic development Alliance to market our comparative advantages so as to make the case for investment here.
- The core mission of the Partnership is to attract as many prospects (and accompanying job opportunities) as is possible, and to present them to municipalities for their review. The following are key factors that affect recruiting outside corporate investment to our county:

- Solicitation and lead generation - the ability to project a common and consistent “Value Proposition” to corporate investors.
- A competitive Northeast US and Regional site selection process
- An analysis of Sullivan County sites reveals we must be able to offer pre-approved sites in a broader segment of target industry sectors in order to become competitive.
- Suitable site selected; analysis of suitability completed
- Initial support of town officials
- Building sited in a properly zoned location
- Creation of a balanced mix of jobs with benefits and growth potential
- Extraordinary tax revenue to host community, school district, and county
- Permitting process facilitation
- Local home-rule decision-making

B. Shovel-Ready Sites

In January 2005, the Partnership identified the need for shovel-ready sites, and adopted this strategy as a primary initiative. As land becomes increasingly more important, (relative to availability, cost, proximity to markets, environmental concerns, and permitting), the ability to identify and prepare suitable sites for development is critical to the development of ratables and a spectrum of job opportunities. The real estate challenges the past several years has dramatically slowed this process. Nevertheless, it once has become a primary priority for the following reasons:

- Proactively streamlining the approval process will make Sullivan County more competitive in the economic development arena. The County’s effort in this regard was the creation of a corporate park, the Emerald Corporate Center; it has been held back over the years due to its limited land use constraints and the availability of more competitive office oriented sites virtually all over the Hudson Valley Region.
- Focusing on development in townships that seek economic development makes long-term sense. During this past year we have seen the bulk of inquiries seeking existing facilities or the ability to construct buildings in a relatively short time line. In fact, ASB Greenworld chose Sullivan County after looking in PA, NY and CT due to speed being one of several key decision criteria in its search process. Though limited because of lack of completeness among other factors the following shovel ready sites show clearly the need for additional inventory.
 1. **The Liberty Light Industry/Agricultural Park** - has received site approval for the meat processing facility through the auspices of the Sullivan County IDA. The site is physically challenging and will likely see no other project there.
 2. **The Glen Wild Industrial Park** - Geared toward serving industries that are less infrastructure dependant, the site is suitable for assembly, light manufacturing, and other related business. Currently, road construction, drainage, and lot demarcations are needed. Although the Town of Fallsburg has been extraordinarily accommodating, the site was not 100% Shovel Ready on a lot level and thus recently came up short during a prospect site analysis.

3. **A Green Shovel-Ready site concept** was explored with great promise at the Sullivan County Community College. A focus of the Partnership, emerging technologies and development trends as part of the SCCC curriculum arguably began with the push toward this effort. A preliminary area of 50 acres had been identified. The project should proceed forward with a focus on Greentech and or Agribusiness uses.
4. **The Liberty Business Park** (after receiving a “Build Now NY” grant, spearheaded by the Partnership) this site 109-acre site located along Old Route 17 can be a significant addition to our inventory of developable sites in the county. The current developer has submitted plans to the Town of Liberty for the approval of an initial spec facility and seeks to begin site work to create an entrance and begin segregating lots.

While the facilitation process moves along--and more properties come online as “Shovel-Ready” or “Right to Build” - there will be a growing need to market these sites utilizing the methods described in the Corporate Attraction section above. Funding will be needed for this effort as more sites become available. Tax revenue will be generated from the sale of property, hundreds of jobs will be created, mortgages will be obtained, and infrastructure-use fees may be charged, all of which are revenues generated through long-term Partnership activities. The result will be the creation of tax ratables providing for perpetual tax revenues as indicated in section III above.

C. Business Expansion

Business expansion has been historically underutilized as a strategy for job creation and economic growth, since Main Street development and small “Mom & Pop” businesses have traditionally been the focus. Now, however, with the support of the Sullivan County Legislature, the Partnership has focused on expansion opportunities for a wide range of businesses. As most job creation comes from expanding businesses, this area of focus is a natural. The Partnership offers core analysis, financial procurement, technical assistance, and premium consulting services to existing businesses, all geared toward examining their capacity for expansion. This holds much promise. If the Partnership can help create one hundred new jobs through the expansion of existing business, this is equivalent to recruiting one hundred jobs from new business. This approach has the added benefit of assisting and stabilizing existing companies. As such, the Partnership has focused on three key areas of business expansion:

1. Business S.W.O.T. Assessment Program - Much like an annual check up, a business S.W.O.T. (Strengths, Weaknesses, Opportunities, and Threats) assessment is used to proactively uncover potential problems, issues, and areas of concern a business may be facing before they flare up into a major crisis. Working closely with economic development partners we utilize a S.W.O.T. analysis to identify businesses that are performing well, and to help them prepare for future growth with profitable strategies. In addition, where a business is affected with an operational crisis the Partnership spearheads activities to assist the business in an effort to retain existing jobs.

2. Business Acceleration Program - For businesses already committed to expansion, the Business Acceleration Program is a hands-on consulting program aimed at defining an expansion strategy, and implementing it for maximum results. Managerial development, operational reconfiguration, customer segmentation, market analysis, sales planning, and other key areas are the focuses.

3. Corporate Revitalization Program - When a business runs into trouble, an analysis of the issues (with an eye toward preserving value in customer relationships) and the development of actionable strategies designed to return the operation to health, are proactive ways to help sustain the productivity of existing business. A reaction team, relying upon the cumulative strengths of the Sullivan County economic development community (i.e., the Sullivan County Partnership, Sullivan County Planning, Sullivan County Chamber, Sullivan County Industrial Development Agency, Empire State Development, local business associations, and related business experts) will be called upon for assistance.

A recent example, the Partnership was pivotal in saving 50 jobs and delaying the break up of the remaining Frontier Insurance business. Coordinating a team of politicians and business professionals the Partnership pressed for a reasonable second look at the decision relative to the impact it would have had on our local economy, and the potential of expansion. The effort can lead to a significant expansion as talks continue in that vein.

D. Entrepreneurial Development

With a challenging economy comes opportunity for entrepreneurial development. Layoffs and lack of job opportunities often brings out the best in our work force and inspires some to realize their own business dreams. Two programs administered by the Partnership--*the Sullivan Investments Revolving Loan Program* and *the Incubator without Walls Revolving Loan Program*--provide financing (along with technical assistance) to many businesses that have remained viable over the years. These programs offer low-interest loans to provide gap financing when private equity and conventional lending are not enough to fund a proposed project. Still, as industry norms indicate, there is a high failure rate among start-up business.

In an effort to better prepare those seeking to enter into a business venture, the Partnership utilizes a phased program in the form business plan development services, and on-site technical assistance to help with our local success rate. The New Entrepreneur Program is geared toward ensuring long-term preparedness by offering hands-on assistance (beyond the traditional models used today). This program has had positive effect in each legislative district, as prospects from throughout the county utilize the services of the Partnership as a “One Stop Shop” for business assistance. This program is at the heart of what the legislature asked the Partnership to provide in their respective districts: a direct assistance program to enhance their business districts, and provide benefits to their constituents. The following list highlights in part businesses that have been assisted over the years.

ADM Interior	Deitchman (Sneaker World)	Munson Diner
49 Main Street	The Fire Pit	Miss Monticello Diner
Bethel Livestock	Firbrook Flies	Nature
B. Teavone	The Old Gristmill	Premier Care PT
Carmines Meat Market	Holiday Mountain Ski	Sarah’s Gourmet
Catskill Laser Tag	JBSR (Vino)	Spencer Daniels
Catskill Mountain Photo	King’s Catering	Sullivan First Recycling
Catskill Oral Surgery	Liberty Fitness Center	Nature
Catskill Outdoors	Locascio’s Gourmet Foods	Premier Care PT
Curves Monticello	Main Street Café	Woodridge Segway Tours
Dancing Cat Distillery	Morgan Outdoors	

The entrepreneurial assistance above represents over **\$1.1 million** in loans to small business.

E. Cluster Development in Developing Industries

1. An examination of job growth in the last five years shows identifiable industry clusters. The first, Healthcare, holds the most promise, with over 5,000 employees and more than \$200 million in capital investment. A discussion among health care executives, with the goal of identifying opportunities for ancillary development in the industry, while providing some local and possibly cost-saving business opportunities for providers may be a way to further identify indirect or sub-cluster prospect opportunities. Areas of potential development include specialty equipment sales and maintenance, consumable goods sales and distribution, professional services opportunities, and more. Underscoring the long-term success of potential new business is the opportunity to look to the entire Hudson Valley (and beyond) as a potential marketplace. The development of Orange Regional Medical Center, Crystal Run Health Care and the evolution of the Hudson Valley Health System provides a critical mass equal to Fortune 500 companies in terms of annual revenue. Moreover, the jobs associated with this industry tend to provide higher than median wages and benefits.

2. The second industry cluster, Specialty Food Processing, has also been promising. This cluster is showing potential as national food giants (such as Kellogg's, Quaker, and Frito Lay) have entered into long-term contractual relationships with our local food processors. Ideal Snacks alone has expanded several times over the years and is going through an additional expansion, which will grow its employment base to close to 450. Our local agribusinesses continue to provide product to major northeast markets. Companies like Murrays, Hudson Valley Fois Gras, La Belle Poultry and others are time tested and can be a basis to add additional larger volume foodstuffs as an expansion strategy. Holding the most promise at this time is the proposed Carbon Harvest project with the potential to hydroponically grow vegetables on a wholesale scale.

3. A growing cluster in Sullivan that can provide stable jobs in the manufacturing sector is specialty metal fabrication/distribution. While New York State (and the Northeast in general) has lost manufacturing jobs to parts of the south, Sullivan County has added manufacturing jobs in the specialty metal fabrication sector. Firms such as D.C. Welding, Neversink Glass Corp, and ASA Precision--all Partnership Facilitated projects--have proven that this sector can grow in Sullivan County. In addition, synergies discovered as a result of sub-cluster analysis will position the Partnership to attract linked industries that provide raw materials, specialty parts, or other services to this sector. Recent projects such as ASB Greenworld continue to show that manufacturing can work in Sullivan County due in part to the lower costs of operation and proximity to the major north east market. In addition, a recent expansion of a local logistics company, WE Ship Express, which distributes specialty club items nation wide, continues to underscore that industry as a growth potential for the lower part of the county as well. They report to have had one of their best years ever.

4. A sector not typically viewed as a cluster in Sullivan County, but one that has been providing steady income for many generations in spite of the economic downturn is the building and trades sector. This sector has been the foundation for the development of a burgeoning second home market in the past and today continues to provide a significant number of jobs for area residents.

5. Finance, Insurance Real Estate has taken significant hits on recent years yet this cluster too exhibits stable employment in the county and holds much promise when the economy begins to turn around. Slow or limited financing, market corrected home prices, while contributing to the stagnation in this sector, can be area of great opportunity for investors looking to take advantage of a supply rich environment.

F. Educating our Members, Partners, and the General Public

Increasingly, the Partnership knows that keeping its membership and the general public informed of trends and programs that might impact their investment decision (or the investment decisions of their respective clients) is one of its most vital roles. To that end, the Partnership is embarking on a steady flow of general membership meetings, open to the public, highlighting key note speakers and issues that provide information pertinent to the strategic decisions that have to be made by the business community.

- **Updates** - Through publications such as *The Sullivan County Business Edge*, we identify trends that assist businesses in making strategic and long-term operational decisions. These publications are disseminated quarterly, in order to inform interested stakeholders and potential investors about Sullivan County's economic development projects and programs.
- **Membership** – The partnership has experienced a resurgence in interest evidenced by a growing membership base now at 180+ members from a low of 135 during the harshest period of the current recession. The membership is comprised more of mid to larger sized businesses though all are welcome to join and participate. What is most telling is that where most membership organizations are losing membership in the Hudson Valley, the Partnership is regaining steadily.

V. COMMUNITY ASSESSMENT

In assessing the state of the local economy, it is essential for the Partnership to take a practical, commonsense approach when analyzing economic indicators, economic development programs, and the marketing programs currently in place. The Partnership also needs to assess if these programs are working, and if they will lead to further economic success. If not, resources will need to be redirected. The Partnership continues to meet annually in a structured retreat to review its activities and develop a program of work for the year ahead. An annual look at where the local economy stands is the basis for work programs. Unfortunately, questions regarding levels of funding make it extremely difficult to conduct any long term planning. A multi year funding arrangement would make the process more fluid and help to tackle work programs with more committed resources and ultimately better outcomes.

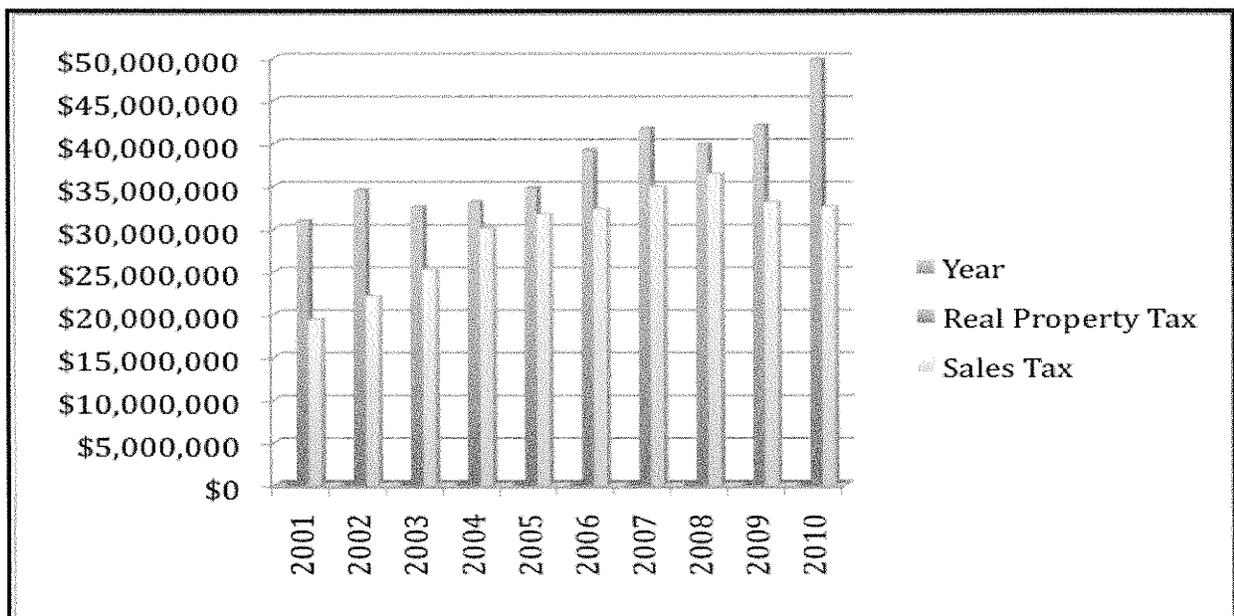
A. Economic Overview and Assessment

There is some evidence of positive change in Sullivan County, both in the form of bricks and mortar and in the confidence of our membership as measured by renewed participation and recaptured commitment. The combined efforts of multiple community organizations (including Sullivan Renaissance, the Sullivan County Chamber of Commerce, grassroots community groups, the programs administered by the County Division of Planning, and proactive Townships) can result in viable change. The Partnership, together with the Industrial Development Agency, has built upon these efforts by ensuring that tools, resources, and technical assistance are provided to the business community. In fact, the activity level of both the

IDA and Partnership's small business loan programs is increasing, showing at least a desire for new entrepreneurship as well as expansion of existing businesses. In addition, the Partnership has invested financial and programmatic resources to assist the agricultural sector of the economy. In fact, the partnership has provided assistance to Bethel Livestock Farms, Wil Hugh Farms, Sullivan County Farms and is working with the Hudson Valley Agricultural Development Corporation on a variety of agricultural specific activities.

Recently, the Partnership has facilitated developments such as ASB Greenworld, Shelburne Plastics, We Ship Express, The Camp Professionals, Computer Components, Monticello Meat Market, Main Street Farms, Will Hugh Farms and many others creating much needed tax ratables (and related jobs) as a base from which to grow. Take note:

- The seasonal work environment--which was both the strength and weakness of the Sullivan economy for decades--is steadily transitioning toward a yearlong economy. While a large disparity remains relative to the summer vs. winter activity, the gap is getting smaller.
- Our in-county consumption rate has increased and has remained steady at 75% (since 2004), resulting in a multiplier rise from \$2.68 to \$3.86. In other words for every dollar spent in Sullivan County, the resulting impact is equivalent to \$3.86 as those receiving that dollar for services rendered also spend money within the local economy.
- A comparison of Sales Tax revenue collected from 2000 – 2010 vs. Real Property Taxes collected indicates that while sales tax revenue is decreasing due for the most part to the economy, real property taxes continue to rise. This has occurred in spite of a local sales tax increase in 2007. The increase in real property tax is due in part to increase revenues collected as pilot payments mature through their respective programmatic life span. In other words, while some increased taxes can be linked to revenue policy in the form of actual tax levies, so too can they be linked to the projects developed over the same time period, which pay taxes at an incremental rate over the life of the Pilot program. The work of the Sullivan County Partnership over time has added significantly to municipal revenue increases and continues to do so in perpetuity.



The unemployment rate while still bleak is showing signs if moving in a positive direction. While one year does not reflect a trend, the fact is that Sullivan County for the year 2011 is down a full percentage point from a year ago. The opportunity does now exist to reinvest in the organization in order to increase activity level and to continue to foster new investment in the county in order to bring down the unemployment level to reasonable levels.

UNEMPLOYMENT RATE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann Avg
2011	10.6%	10.4%	9.7%	8.8%	8.5%	8.6%	8.1%	7.5%	8.3%	8.1%	8.7%	9.3%	8.2
2010	10.8%	10.9%	10.5%	9.3%	8.8%	8.5%	8.2%	7.8%	8.5%	8.5%	9.3%	9.4%	9.2%
2009	9.8%	10.1%	9.8%	8.5%	8.6%	8.6%	8.0%	7.7%	8.6%	8.6%	8.9%	9.7%	8.9%
2008	7.1%	7.2%	6.7%	5.8%	5.9%	5.9%	5.8%	5.6%	6.2%	6.3%	7.2%	8.3%	6.5%
2007	6.5%	6.6%	5.8%	5.1%	4.8%	4.8%	4.7%	4.2%	4.8%	4.8%	5.3%	6.1%	5.3%
2006	6.0%	6.5%	5.9%	5.3%	5.0%	4.9%	4.8%	4.3%	4.8%	4.4%	5.0%	5.1%	5.2%
2005	6.0%	6.2%	5.3%	4.9%	4.7%	4.5%	4.3%	3.9%	4.6%	4.5%	5.2%	5.1%	4.9%
2004	6.7%	6.7%	6.9%	5.3%	5.0%	5.0%	4.5%	4.2%	4.7%	4.5%	5.2%	5.5%	5.3%
2003	6.2%	6.2%	5.9%	5.3%	4.8%	5.0%	4.6%	4.3%	4.9%	4.9%	5.6%	5.9%	5.3%
2002	6.6%	6.5%	6.4%	5.4%	4.7%	4.6%	4.3%	3.8%	4.2%	4.1%	4.8%	5.3%	5.0%
2001	5.4%	5.3%	5.2%	4.3%	3.9%	4.0%	3.9%	3.7%	4.2%	4.5%	5.0%	5.6%	4.6%
2000	5.4%	5.6%	5.2%	4.2%	4.1%	3.8%	3.7%	3.5%	4.1%	3.8%	4.3%	4.6%	4.3%

LABOR FORCE

Data in thousands.

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann Avg
2011	33.9	33.9	33.8	33.8	34.3	35.2	36.4	36.8	34.5	34.0	33.6	33.5	34.4
2010	34.2	34.3	34.3	34.5	34.8	35.9	37.4	37.6	34.8	34.4	34.2	33.9	35.0
2009	34.8	34.8	34.6	34.6	35.0	36.3	37.6	37.7	35.1	34.7	34.4	34.1	35.3
2008	34.7	34.7	34.6	34.8	35.3	36.6	37.8	37.9	35.4	35.1	34.9	34.7	35.6
2007	34.4	34.3	34.2	34.3	34.7	36.0	37.8	37.7	35.3	35.1	34.9	34.6	35.3
2006	34.1	34.2	34.1	34.5	34.9	36.2	37.8	37.7	35.3	35.3	34.9	34.9	35.3
2005	34.3	34.2	33.8	34.2	34.7	36.0	37.8	37.9	35.1	35.0	34.8	34.5	35.2
2004	33.8	33.6	33.6	33.9	34.3	35.7	37.8	37.9	34.9	35.1	34.9	34.6	35.0
2003	33.6	33.5	33.4	33.9	34.0	35.2	36.6	36.8	34.1	34.0	33.8	33.5	34.4
2002	33.4	33.7	33.1	33.6	33.9	35.1	36.8	36.7	34.2	34.0	33.5	33.5	34.3
2001	32.7	32.4	32.1	32.6	32.8	34.2	35.8	36.1	33.5	33.5	33.5	33.4	33.5
2000	33.0	32.8	32.7	32.7	32.9	34.1	35.2	35.7	32.4	32.3	32.2	32.0	33.2

B. Challenges

Economic Development Challenges: While long-term planning efforts are poised to provide a boost to our economy, there are still critical areas that require attention:

- Currently, the absence of sewer and water infrastructure in industrial/commercial area, needed to attract future development, is a significant challenge.
- There is a need for additional sites in which development can take place. While the Open Space Institute underscored Sullivan County's ability to absorb much growth a lack of suitable sites makes development more challenging than in neighboring counties.
- The absence of a year-round critical mass of consumers while changing slightly remains problematic. Bethel Woods today and the future development potential of projects like the Apollo redevelopment among others may begin to reverse this trend.
- The need for additional retail options is a challenge.
- The availability of a skilled workforce capable of meeting the demand of our changing economy.
- The need to improve local educational opportunities.
- The continuing increase of local taxes and increasing municipal costs has to be dealt with prudently. Providing a business friendly environment where investment makes sense will go a long way to addressing this problem.
- Recruitment of businesses to (and the marketing of) main streets supported by a critical mass generating projects. While main streets continue to be a focus, there must be viable reason either through tourism events or incentive based attraction to bring investment and shoppers to Main Street.
- The lack of work opportunities for our graduating youth.

Marketing Challenges: It is critical that local economic development agencies working with legislature focus on addressing asset building programs from which to create a concerted marketing message. While tourism remains a viable priority with Bethel Woods and all of the outdoor recreational options, the message that one can live and do business here must stand out.

- A Value Proposition clearly distinguishing Sullivan County from our competitors is needed. This can occur by creating Top of Mind Awareness (TOMA) that identifies the reasons people would want to be here. For example, For Business for Life; Work Where You Want to Live; Live, Work, Balance, or the like; the key is to develop a theme that will clearly send the message that you can work and prosper in Sullivan County, all while enjoying a positive quality of life (the TOMA must be a synergistic, consistent, repetitive message that comes from every agency with a stake in economic development, so that those looking from outside our County see that one message over and over again; namely, that Sullivan County is a great place to live and work).
- A concerted effort to involve Towns in the development of developable sites an assisting the Towns in marketing those sites directly.

- A marketing campaign that highlights the unique attributes our Main Streets have to offer, focusing on each as an individual destination within Sullivan County. Roscoe's recent designation provides an extraordinary opportunity to create a buzz and an attraction event geared to the fishing community.

C. Opportunities

Opportunities - One of our greatest achievements this past year has been our ability to change the attitude of residents within the county (as well as those from outside our county) from one of no confidence to one of promise. A steady flow of new and returning members with a renewed spirit to engage in the organization along with increased interest in serving on the board is an apposite sign that the business community will respond when presented with a viable direction supported by dedicated commitment. The Partnership will build upon the growing positive momentum in formulating future work programs. As such, we see our areas of strength as follows:

- **Proximity to the New York Metro Market.** This remains our core strength for encouraging investment. Land, labor, and capital become increasingly less available--and more costly--in areas more proximate to New York City. It is becoming evident that firms are looking more deeply into the heart of the county for their development options. Our land costs remain competitive relative to other areas of the Hudson Valley.
- **Shovel Ready Sites.** While a lack of infrastructure exists, the opportunity to develop shovel ready-sites (and introduce infrastructure) in areas where development makes the most sense is integral to our strategy.
- **Distribution.** This year there has been a dramatic increase in distribution facilities in the 20,000 to 60,000 sq. ft range. In fact, the Partnership works to assist a firm in locating a facility in Wurtsboro for specialty logistics. Our local food processors have undergone yet more expansion creating the need for temporary warehousing and distribution alternatives. The creation of shovel ready sites is needed to be able to supply this need.
- **The Bethel Woods Center for the Arts.** Bethel Woods as one of the largest economic development projects the region has ever seen draws visitors to the Sullivan County region, and will continue to attract thousands of potential consumers to our market area, looking for goods and services. This critical mass will continue to introduce Sullivan County to a larger and more diverse group, creating opportunities for existing small business, entrepreneurs, and the financial community. As one of the largest economic development projects in the Hudson Valley Region, the impact of Bethel Woods will reach beyond the borders of Sullivan County and the Hudson Valley. An opportunity to continue to explore the viability of hotel rooms and other methods of extending the stay of visitors to the center does exist.
- **Our Second-Home Industry.** The second-home market while also working through difficult times has proven over past recessions to bounce back relatively quickly. The most recent, 1989 and 2001 saw sharp spikes in development just after those recessions ended.
- **IDA and EZ Incentive Tools.** With the expiration of the Empire Zone the IDA has worked to increase investment throughout the county. Its involvement in the agricultural sector and commitment to the development of the meat processing facility and several

new small business initiatives shows a willingness to work outside of its core business model.

- **The Town of Thompson as a Retail Center.** The Town has been very successful in paving the way for national retailers to look at Sullivan County as an opportunity. By encouraging the growth of Thompson as a retail center, we have also reduced development pressure on other parts of the county. The Partnership has provided technical assistance to Chancellor Livingston in their effort to attract investment at the former Apollo site. They have garnered much interest as we continue to help make the case for retail development their. Retail development must be advanced, as it is a tremendous source of sales tax revenue, which benefits all county residents.
- **Casinos.** Gaming will continue to remain a potential option for significant job development within Sullivan County. Offering support is prudent. The development of a Casino will lead to additional investment by other hotel developers, who need to ensure minimum occupancy rates. With the recent news of Genting, EPT and others the discussion once again moves forward. We are poised to help in any way we can.
- **A Changing Economic Environment.** Our townships have responded to the change in the economic environment by updating and preparing new master plans and redirecting areas of development focus. Towns such as Thompson, Liberty, Bethel, and Fallsburg have (or are currently reviewing) their master plans to prepare for growth in a balanced way. In addition, they have become proactive partners in seeking and identifying areas of future commercial development, as well as helping the Partnership to obtain grant dollars to assist in the pre-approval process.

VI. DIVISION OF SERVICES AMONG SC BUSINESS ASSOCIATIONS

When discussing the programmatic work and activities of the various Sullivan County Business Associations, confusion over our specific functions and roles often clouds the perspective of elected officials, less informed businesses, media outlets, and general residents. We offer the following in order to better clarify the roles and functions of each entity:

1. The Sullivan County Partnership for Economic Development is the “One-Stop Shop” for economic development services. We carry out the attraction, expansion, and start-up functions for business in Sullivan County. We have developed the expertise, forged the professional relationships, and gained the confidence of the private and public sector in order to carry out economic development activities for the betterment of the businesses and residents of Sullivan County. These include:

- Lead generation
- Site selection
- Market Research
- Financial/Grant procurement
- Incentive facilitation
- Permitting facilitation
- Technical Assistance
- Business Plan Development
- Any other incidental economic development activities

2. The IDA offers unique economic development tools that better position Sullivan County to compete for new and expanding investment in the county. The Partnership uses these tools to enhance our advantages over those of competing areas in the northeast and/or Hudson Valley region. The IDA board works closely with the Partnership to assist prospects generated by our efforts, as well as clients that have had direct contact with these incentive-based entities. All projects are NOT initiated by the Partnership; however, most of the larger projects that begin with an IDA inquiry, are directed to us by their representatives. The Partnership, in turn, coordinates with them on behalf of the prospective business and help facilitate the process.

3. The Sullivan County Chamber of Commerce has positioned itself as a business education, advocacy, networking, and service-providing agency. With business retention as a core function, its role is to provide ongoing business opportunities, including advertising, cooperative buying and selling programs, insurance, discount programs, and other incentives geared toward generating awareness and increased sales for member businesses. The majority of its members are small “Mom and Pop”-to-medium-sized businesses.

4. The Sullivan County Visitors Association is charged with generating tourism in Sullivan County. It has the direct goal of attracting visitation to Sullivan County, partially quantified by a “Heads in Beds” count. This market is transient in nature, bringing external dollars into the Sullivan County community via tourist-based businesses. Ironically, its funding mechanism (room tax) is dependant upon a hotel inventory in dire need of new investment. While some methods this agency employs to generate interest are similar to the Partnership’s (in terms of marketing activities), its customer profiles are markedly different.

****VALUE PROPOSITION****

Sullivan County faces substantial competition for new corporate attraction from the rest of the Hudson Valley region, as well as from Northern New Jersey and Eastern Pennsylvania. Like any company facing a competitive environment, with competing firms offering products and services that are substantially the same – in this case, Keystone Zones, Opportunity Zones, IDA programs and incentives, shovel-ready sites and more – Sullivan County must develop a unique value proposition that clearly states what it is that makes Sullivan different and distinct from its competitors. In addition, Sullivan County’s value proposition must take into consideration the county’s portfolio of strengths and weaknesses. Like any good competitive firm, the county must play to its strengths and minimize its limitations. Based on the comments of business people who have relocated, expanded or opened new facilities in the county, certain themes that speak to Sullivan County’s value proposition emerge – the beauty of the natural environment; proximity to major markets (New York City especially but also the Hudson Valley and Northern New Jersey), ability to lead an active outdoor lifestyle, cheaper housing costs for employees and managers, availability and cost workforce and most importantly a business friendly environment.

The combination of these factors makes for a compelling case that entrepreneur-led businesses (which are the types of firms that the county has had the most success in attracting) looking to site a new plant, office or facility, have found appealing. In addition, some close tie or familiarity with the area – went to camp, own a second home, near family - coupled with those

factors made Sullivan County the preferred choice for opening a new business or locating a new plant. Sullivan County must capitalize on these themes and close ties in formulating its message for corporate attraction. The Partnership believes that selling potential new businesses on the notion that one can have a “Colorado lifestyle,” complete with affordable housing, trout streams, hunting, hiking and boating, and still be only 90 minutes from Times Square, is a value proposition that is hard to beat. Working with the other economic development entities within the county, the Partnership believes that creating a unified message and touting it through all of our available communication channels, augmented with new social media opportunities as they continue to develop, will create Top of Mind Awareness among site selectors and advisors about what Sullivan County represents and what types of companies are best suited to take advantage of its unique value proposition.

VI. CONCLUSION

The County of Sullivan has progressed significantly over most of the past decade. Though the economy has left much to be desired over the past several years it seems we are emerging from a period of countywide apathy and little hope. In each of our respective roles, we can positively enhance the county. Present a unified “Value Proposition” to generate interest in Sullivan County can be done by developing a themed message that Sullivan County is open “For Business...For Life”, backed by actionable activities to prepare the county for future development.

There must be a dedicated commitment by all stakeholders, especially County government, which is a direct beneficiary of the revenue-generating activities carried out by the Partnership and all the other economic development agencies. The County must make difficult financial choices, and must realize that reducing the dollars spent on economic development is not a solution. To the contrary; the Partnership generates tax revenue for the county--revenue far in excess of the dollars it costs.

The proposal you hold now in your hands is but the tip of the iceberg. Businesses and residents in Sullivan County are poised to make a difference, to pursue dreams, to tangibly make the lives of those who reside here better in significant ways. The Sullivan County Partnership for Economic Development is central to these efforts. Now is the time to increase the investment in revenue-generating activities to preserve and grow the future tax base of the County.