

IDA Recommended Practices

New York State Economic Development Council



Developed by:

NYSEDC's IDA Section



IDA Recommended Practices

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IDA Recommended Practices

An important mission of the New York State Economic Development Council is to develop recommended policies and practices to serve as guidelines for the staff and board members of IDAs. These recommended practices should reflect the highest achievable standards that can be implemented by all IDAs.

The recommendations contained in this document have been developed by leading economic development professionals and approved by the NYSEDC Board of Directors. It should be noted that NYSEDC considers the development of recommended practices to be a continuous process. Consequently, NYSEDC's IDA Section and its board of directors may revise these recommendations in the future and develop additional recommendations to better guide the operations of New York's IDAs.

Introduction

IDAs were first authorized by the NYS legislature in 1969. New York was the 41st state to approve the creation of Industrial Development Agencies, or comparable entities. In approving the legislation, Governor Rockefeller said: "Industrial Development Agencies provide one means for communities to attract new industry, encourage plant modernization and create new job opportunities. They will help communities in New York State to compete more effectively with communities in over 40 other states where industrial development agencies are now operating."

Today, 116 IDAs are active in New York State. Each county has, through home rule legislation, established an IDA (NYC has a single IDA), and several cities, towns, and villages are also served by IDAs.

IDAs possess significant powers to encourage job retention and creation and investment, and improve the quality of life of communities they serve. These powers include:

- Issue tax exempt and taxable bonds for qualifying projects, or enter into a straight lease transaction wherein no bonds are issued
- Convey real property tax abatements, typically through a payment in lieu of taxes agreement, or PILOT,
- Abate sales taxes for construction materials and equipment
- Abate mortgage recording taxes
- Eminent domain (Except NYC IDA)

IDAs can also assist a wide range of projects including, industrial, commercial, and under limited circumstances – retail. IDAs can also assist Industrial Parks, horse racing facilities, railroad facilities, car racing facilities, waste disposal facilities, and low-income rental housing units.

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The IDA project approval process is highly transparent and gives the public many opportunities to provide input into the decision making process of the IDA board members. For example:

- IDAs must conduct a cost/benefit assessment for all projects.
- Those cost/benefit analysis and project descriptions must be made readily available to the general public.
- An environmental review, including SEQRA review, must be completed for all applicable projects.
- A public hearing must be held in the municipality where the project will be located.
- 10 (Formerly 30 days until repealed by the state legislature) days notice must be provided to the public and to the chief executive officer of the affected municipalities and school districts of a public hearing.
- All meetings of the IDA board are public and notice of those meetings must be provided to the public. IDA documents are subject to FOIL.
- Uniform Tax Exemption Policies (UTEs) must be adopted with input from local taxing jurisdictions
- Deviations from those policies must include notification to local taxing jurisdictions.
- IDA budgets must be provided to the chief elected officer and legislative body prior to adoption.
- Contractors of IDA projects must file annual reports with the NYS Department of Taxation and Finance detailing the value of sales tax exemptions claimed during the year.
- New employment opportunities created as a result of IDA projects must be listed with NYS DOL Community Services division.
- IDA board members serve at the pleasure of the chief elected officer and/or the governing body of the jurisdiction served by the IDA, and can be removed at any time.
- IDAs must have investment and procurement policies that comply with the Public Authorities Law.
- All IDAs must file comprehensive annual financial reports with the Authority Budget Office.
- IDAs must annually report comprehensive project data to the State's PARIS project reporting database.
- IDAs must post public documents on their websites.

In 2012, there were 4600 active IDA projects in NYS. Those projects generated \$73 Billion in total investment; created 112,000 new jobs; and generated more than \$800 annually in new revenue for local taxing jurisdictions. The average cost per job created was less than \$2,600.

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Recommended practices

1. *Web sites*

Today, the public is demanding that all public institutions operate more openly in order to achieve greater accountability. IDAs are no exception. Providing the public with easily accessible information concerning the operations and policies of IDAs, and the costs and benefits of projects they assist are important goals that NYSEDC supports. In today's digital age of instant communications, public documents, policies, project data, board minutes, hearing notices, applications, and hearing notices should be easily accessible to anyone searching for them. NYSEDC recommends that all IDAs in NYS post the following information on their web site or on the local government web site they share.

- a. notice of public hearings
- b. notice of board meetings & board meeting agendas
- c. minutes of past board meetings
- d. IDA application
- e. UTEP
- f. list of board members and senior IDA staff
- g. annual report
- h. annual audited financial statement
- i. annual OSC financial report and supplemental report
- j. IDA by-laws and all IDA policies

2. *Project data report*

NYSEDC believes that the more information the public has regarding specific projects that IDAs may assist, the better prepared they will be to make an informed opinion about the quality of those projects. Therefore, IDAs should make available to the public information pertaining to the costs and benefits of projects they assist. IDAs should post on their web sites certain information pertaining to such projects, including the following:

- a. type of project: for profit or not-for-profit, expansion, new, etc.
- b. project purpose: attraction; retention; expansion, housing, life care, educational, cultural
- c. estimated jobs to be created and/or retained at time of application and actual jobs at time of report.
- d. value of IDA incentives provided cumulatively at time of report (i.e. Value of Real Property Tax, Sales Tax, and Mortgage Recording Tax abatements).
- e. project closing date
- f. standard cost-benefit data
- g. value of estimated total project investment

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3. *Uniform application*

In order to collect adequate data from project applicants in order to conduct evaluations for IDA assistance, IDAs should provide at least the following information on their project applications. Additional information pertaining to the unique economic development conditions and goals of the region may be added to this base line of information.

- a. company name and address
- b. project address
- c. senior decision maker and company attorney contact info
- d. name of project architect/engineer/contractor (if known)
- e. history of applicant, including:
 - ⇒ year business was established
 - ⇒ annual report, if applicable
 - ⇒ statement and status regarding past use of government incentives
- f. project description, including the following:
 - ⇒ statement describing project (i.e. land acquisition, construction of manufacturing facility, etc.)
 - ⇒ Location
 - ⇒ property and/or building size
 - ⇒ proposed start and completion date
 - ⇒ certification that project will not result in relocation of jobs from other regions of NY
 - ⇒ If jobs are relocated, a narrative should be provided how project would prevent the company from locating project in another state, or how project is needed to prevent harm to company's competitive position
- g. project costs, including:
 - ⇒ value of land to be acquired
 - ⇒ value of building to be acquired or built
 - ⇒ value of improvements to existing structures
 - ⇒ value of equipment to be purchased
 - ⇒ estimated cost of engineering/architectural services
- h. project benefits
 - ⇒ estimated number of construction jobs
 - ⇒ estimated number of jobs to be created/retained
 - ⇒ estimated total investment
 - ⇒ estimated annual local sales taxes to be paid
 - ⇒ estimated average wages and benefits by job category
- i. value of incentives
 - ⇒ existing RPT paid on land and/or building
 - ⇒ estimated new RPT revenue if projects did not receive RPT abatement
 - ⇒ estimated new tax revenue if project does receive abatement
 - ⇒ estimated time of Sales Tax abatement
 - ⇒ estimated value of Sales Tax abatement for facility construction

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- ⇒ estimated Sales Tax abatement for fixtures and equipment
- ⇒ estimated value of Mortgage Recording Tax abatement
- j. need for incentives: a narrative description by the applicant for the need for the IDA assistance requested
- k. employment information
 - ⇒ estimate of jobs to be created or retained over a defined period of time (3 years?)
 - ⇒ certification by senior executive as to number of existing jobs
 - ⇒ estimated jobs by major category (including construction jobs)
 - ⇒ salary ranges for each category

4. *Uniform project evaluation/project criteria*

Each region of the state has unique strengths and weaknesses with regard to its economic development opportunities. The region's economic development strategies should take into account these unique conditions. For example, some regions, such as the Adirondacks have unique strengths in tourism, but may be limited in its ability to attract major manufacturing operations. IDAs, as the lead economic development organizations for most counties and cities in the state, should establish a rational process for determining which projects it will assist. To guide its decision making, IDAs should develop project selection criteria. Those criteria should be based on the economic development condition and objectives of the community served by the IDA. However, a rational set of criteria should guide the IDA and its board in making decisions about what projects to assist.

5. *Jobs monitoring and "clawbacks"*

Jobs creation, while not a business metric, has become an important evaluative measurement for the media and elected officials with regard to the effectiveness of IDAs. And, the Authority Budget Office now requires IDAs to annually report the number of jobs at each project location. To insure the greatest success possible for projects they assist, IDAs must undergo significant due diligence of projects on the front end. To measure achievement through job creation, IDAs should implement an annual system for measuring and confirming the job status of projects they assist.

Also, from time to time, projects may fail to achieve the economic development goals of the project for which the IDA has provided assistance. A multitude of reasons, many of which may not be controlled by the business, may contribute to its inability to achieve such objectives. Those objectives could include job creation, job retention, investment, or the improvement of the quality of life for residents served by the assisted project. When this occurs, IDAs must evaluate reasons for the failure of the project to achieve its development goals. If it determines that the business, through fraud or other means in its direct control, is responsible for the failure to reach specified goals, it may decide to suspend or recapture benefits already awarded to the project owner. It is imperative that when this occurs, IDAs have a policy in place to guide its actions.

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To achieve these important objectives, NYSEDC recommends that IDAs should undertake the following steps:

- a. annually survey all project owners for which the IDA is currently providing incentives with regard to number of jobs on the project site
- b. require an annual certification by a senior executive of the project company attesting to the number of employees at the project location
- c. require all IDAs to develop an incentive clawback/suspension policy which should be included in the IDAs project application, and which should indicate the circumstances under which the policy may be invoked
- d. authorize local taxing jurisdictions to collect incentives owed under a “clawback.”

6. UTEP re-authorization:

Uniform Tax Exemption Policies include the standard tax abatements that project owners receive from IDAs. The policies represent the degree to which a community is willing to invest its tax base to encourage economic development opportunities. These policies impact school districts (Generally favorably), and are often the principal incentive that IDAs provide to induce private sector investment and job creation. Given the importance of these policies to IDAs and the public, IDAs should re-authorize their PILOT policies at least every five years. Such reauthorization should include a public hearing and input from local taxing jurisdictions.

7. Compensation

Setting compensation guidelines for senior executives is a critical function for any Board of Directors. Board members of local public authorities and development corporations have the responsibility to fix compensation based on the priorities, objectives, and resources of the organization, as well as the talent and experience of staff, and local market conditions. At all times, this process must be transparent so that each director asked to approve compensation criteria understands and is aware of all of the terms and conditions.

As a best practice, compensation of key staff of IDAs and local development corporations should be structured by board members to comply with the Comptroller’s legal opinion [No. 2000-9](#), Section 858-a of the General Municipal Law, the ABO’s guidance requiring the delineation between criteria for earning bonus compensation and criteria for regular compensation, and the IRS’ criteria with regard to excessive compensation for nonprofits. Each is described in greater detail below.

- General Municipal Law Section 858-a prohibits compensation from being contingent on the granting of financial assistance by the agency.
- The Comptroller’s legal opinion 2000-9 requires IDA Boards to establish a well-defined performance evaluation process (not contingent on the granting of

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financial assistance by the Agency) at the beginning of the year. The board then would determine if the Executive Director or other affected staff met or exceeded those criteria for the year, and then could approve payment of a bonus, or "additional earned compensation" for that year.

- The ABO's guidance in an opinion related to IDA bonus compensation indicates that the functions and criteria identified in the performance evaluation program must be clear, well-defined and measurable and differentiate between normal job duties and extraordinary duties eligible for bonus payments.
- Section 4958 of the Internal Revenue Code (the "Code") can levy an excise tax penalty on employees and board members of nonprofits who receive or provide excessive compensation (Includes all forms of compensation, including regular salary, bonuses, and commissions) from tax-exempt nonprofit corporations. While this provision applies to nonprofit entities and not municipal corporations, NYSEDC believes that all such corporations should comply with IRS compensation guidelines for nonprofits as a best practice to insure that compensation paid to employees is reasonable and not excessive, including:
 - ⇒ Fair market value is the standard by which IDA and LDC boards should determine whether a benefit given to an official is "excessive."
 - ⇒ Compensation provided by IDAs or LDC's is not excessive if it is "reasonable." Reasonable compensation is the value that would ordinarily be paid for like services by organizations under like circumstances.
 - ⇒ Payments under a compensation arrangement are presumed to be reasonable, if the following requirements are satisfied:
 - a. The transaction is approved by an authorized body of the organization, composed of individuals who do not have a conflict of interest;
 - b. Prior to making the compensation, the authorized body obtained and relied upon comparative data from other similar organizations as to reasonableness; and
 - c. The authorized body adequately documented the basis for its determination.

8. Mission statements for IDAs and LDC

Local Public Authority Name: [\[IDA Name\]](#)

Fiscal Year: [\[January 2011 – December 31, 2011\]](#)

Enabling Legislation (enables Local Public Authority Mission Statement): Industrial development agencies ("IDAs") are formed under Article 18-A of New York State General Municipal Law, as public benefit corporations. IDAs were created to actively promote, encourage, attract and develop job and recreational opportunities and economically-sound commerce and industry in cities, towns, villages and counties throughout New York State (the "State"). IDAs are empowered to provide financial assistance to private entities through tax incentives in order to promote the economic

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welfare, prosperity and recreational opportunities for residents of a municipality (“Benefited Municipality”).

Mission Statement: The Mission of [IDA Name] includes undertaking projects and programmatic initiatives in furtherance of and to advance the job opportunities, health, general prosperity and economic welfare of the people of the [municipality] and to improve their recreational opportunities, prosperity and standard of living.

2011 Measurements: [The measurements could be a list of activities that would further the mission]

1. Identify [Measurement 1]
2. Identify [Measurement 2]
3. Identify [Measurement 3]

Authority Stakeholder(s): [The Governmental body authorizing the IDA’s existence]

Authority Beneficiaries: [Identify the residents and taxing jurisdictions benefitting from the IDA’s efforts]

Authority Customers: [Identify the IDA’s customers – such as businesses of the community]

Authority self-evaluation of prior year performance (based upon established measurements): To Be provided by March 31, 2012 and related to 2011 performance.

Governance Certification:

1. Have the board members acknowledged that they have read and understand the mission of the public authority? Board of Directors Response: [Yes /No]
2. Who has the power to appoint management of the public authority? Board of Directors Response: [Identify]
3. If the Board appoints management, do you have a policy you follow when appointing the management of the public authority. Board of Directors Response: [Yes /No]
4. Briefly describe the role of the Board and the role of management in the implementation of the mission.
5. Board of Directors Response: [Example: The role of the Board regarding the implementation of the public authority’s mission is to provide strategic input, guidance, oversight, mission authorization, policy setting and validation of the authority’s mission, measurements and results. The role of management is to collaborate with the board in strategy development / strategy authorization and to implement established programs, processes, activities and policies to achieve the public authority’s mission]
6. Has the Board acknowledged that they have read and understood the response to each of these questions? Board of Directors Response: [Yes /No]

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9. *Project selection criteria*

1. Project Reviews should address the appropriateness of the project relative to the following:
 - a. General Municipal Law.
 - b. The agency's Uniform Tax Exemption Policy.
 - c. The agency's economic development plan(s)/objectives.
 - d. Other relevant agency policies.
2. A cost-benefit analysis of a project should be completed and provided top board members when reviewing the project.
3. Existing employment of the project owner should be verified.
4. Company claims relating to jobs and capital investment should be reviewed for accuracy and completeness.
5. Company claims relating to the necessity for IDA assistance should be verified to the extent possible.

Project review criteria document is not a financial audit or examination of any type. It is not underwriting. The specific procedures followed will vary based on the facts and circumstances involved. The staff work done to review a project involving a small, family-owned company building their first manufacturing facility will vary substantially from that involving an established multinational siting their northeast distribution center. The documented project review should be provided to the IDA board members in adequate time prior to the board meeting at which action is anticipated. Minutes of the IDA board meeting should reflect the major points of discussion and final board action.

Project Selection Criteria check list

Project Sheet Checklist for:

I. Project Description:

(if this is a multi-tenant facility complete this information for each tenant.)

1. Narrative:
2. Location:
3. Major product or service (describe below):
4. Type of project:
 - a. New building &/or equipment
 - b. Addition to existing structure
 - c. Refinancing/transfer/amendment/second mortgage
5. Type of assistance (please check one):
 - Sale/Leaseback
 - Bond-manufacturing project
 - Bond-civic facility

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Other (describe below)

6. Number of square feet:

7. Usage (please check at least one and describe):

Office

Manufacturing

Distribution and warehousing

Other

8. Project Costs:

Land \$

Building (including Renovations) \$

Equipment \$

Fees and other \$

TOTAL

\$

9. Project contact name:

10. Local Address, contact information, website (list below)

Full Time Equivalents As of 12/31/ (last full calendar year)						Annual Payroll	
		Regular		Temporary/ Seasonal		Construction	
		R e t a i n e d	N e w	R e t a i n e d	N e w		
Current in County		0					
Project	Year 1						\$
	Year 2						\$
	Year 3						\$

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II. Economic Impact

(if this is a multi-tenant facility complete this information for each tenant.)

How does the project fit into the types of projects allowed by General Municipal Law (check all that apply and explain unique circumstances):

- Manufacturing Recreation facility
Warehousing Horse racing facility
Research Educational or cultural facility
Commercial Continuing care retirement community
Industrial Railroad facility
Industrial pollution control facility

How does the project fit into the types of projects allowed by the agency's Uniform Tax Exemption Policy (check all that apply and explain unique circumstances)

- Technical/Research/Processing Industrial/manufacturing (including computer technology, software, distribution, warehouse, research & producer service providers)
Manufacturing Vacant building
Area of distress/high Unique economic impact on
Unemployment Ontario County
Unique economic impact on
locality

Does this project deviate from the Agency's UTEP and if so have appropriate procedures been followed relative to the deviation? Yes No

How does the project advance Ontario County's adopted strategic plan (check all that apply and explain unique circumstances):

- Strengthens existing industry Strengthens existing industry cluster
Supplier/customer to existing Ag-tech
Industries
Photonics Firm with high ratio of knowledge workers
Quality of Life (healthcare, Infrastructure (transportation, including
Destination retail, hospitality) aviation, information)

See attached cost/benefit analysis

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III. Compliance

May include review of company payroll records, financial statements, projections, websites, brochures, sales and purchasing data and competitor information to ensure that information reported to the agency is complete and that agency participation is appropriate.

1. Verified current employment levels:

List documentation reviewed:

2. Will jobs be lost or a company location closed in another part of NYS as a result of this project?

Explain and list documentation reviewed:

- a. If yes, is the project necessary to discourage the company from leaving the state?

Explain and list documentation reviewed:

- b. If yes, is the project necessary to preserve the competitive position of the project occupant in its respective industry?

Explain and list documentation reviewed:

3. Is IDA assistance required for this project to be successful?

Explain and list documentation reviewed:

4. Would this project have proceeded without IDA assistance?

Explain and list documentation reviewed:

IV. Staff Opinion

Based on analysis of the factors enumerated above staff will evaluate the project's beneficial impact on the community, and determine if the project meets the criteria set forth under General Municipal Law, the agency's Uniform Tax Exemption Policy and its strategic plan for an appropriate project on which to confer benefits.

Staff opinion should be submitted to the board for review and possible inducement.

Signature of Executive Director or Economic Development Specialist

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Checklist	Check if Received
Application	
SEQR	
Application Fee	
Cost Benefit Analysis	
Counsel Retainer Fee	

10. *Community Outreach*

Industrial Development Agencies and Economic Development Organizations (EDOs) around the State have ongoing relationships with many different stakeholder groups but how we communicate with them and how effective we are is extremely different. Ongoing communications with these groups is critical to garnering continued support for the EDO and its ongoing efforts and project development.

The Community Outreach Sub Committee of the NYSEDC Policy Section met and developed the following best practices that will help EDO's implement better communications strategies with their stakeholder groups.

- IDAs/EDOs are no different than any other business and a communications strategy should be developed. The strategy needs to be proactive in its approach, executive leadership and any staff engaged with stakeholders groups should participate in public relations/communications training.
- IDAs/EDOs should at least annually engaged stakeholder groups in discussions to update them on ongoing agency activities. Stakeholder groups should include but not be limited to:
 - ⇒ Local and State Elected Officials.
 - ⇒ Boards of Education/School Superintendents
 - ⇒ Local Editorial Boards
 - ⇒ Businesses
 - ⇒ Local Business/Civic Groups (Chambers of Commerce, Service Organizations, ETC.)
- IDA's/EDOs should have ongoing follow up communication throughout the year with the stakeholder groups including:
 - ⇒ Newsletters/ Annual Reports
 - ⇒ Social Media
 - ⇒ Email Blasts

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- The message IDAs/EDOs present in their communications is important. The message should not only focus on project successes but specific metrics on how the project and the EDO's work impacts the economy. This should not only include outputs such as jobs and investment but the outcomes of the efforts of the EDO. The outcome is not the project impacts but rather the consequences of what the program did which should be linked to the overall program and organizational mission.
- Follow Up, communications strategies have to be ongoing.

11. Local Labor Utilization

Many stakeholders believe that local tax benefits should have, to the greatest extent possible, a positive impact on the local workforce. Construction jobs and their related activity, although temporary, are an important component of the economic impacts of IDA assisted projects which involve construction. Making these construction jobs available to local workers helps to maximize the impacts of these projects in the communities that have invested in the economic development incentives. The related reinvestment of these wages into the economy by local workers can provide significant beneficial impacts to local and regional economies.

Below is a list of best practices recommendations regarding Local Labor utilization for IDA and EDO assisted projects.

IDAs and EDOs should develop policy guidelines for the utilization of local labor during the construction phase of projects receiving incentives.

- a. Several IDAs and EDOs currently have Local Labor requirements for assisted projects which can range from a best effort provision to a specific percentage of utilization requirements. Each IDA or EDO is encouraged to define a policy that maximizes the benefits of local labor utilization yet remains responsive to the unique nature and challenges of local workforce markets.
- b. IDAs and EDOs adopting a Local Labor policy should consider implementing a waiver policy/procedure for projects that are unable to meet Local Labor requirements for a variety of reasons. Examples of waiver or exemption requests may include warranty installation requirements, lack of local labor, significant cost differentials, specialized construction, or other reasons specific to local labor markets.
- c. IDAs and EDOs should give consideration to defining a local labor market area for the purposes of informing companies of the intention of the IDA or EDO in making construction jobs available to local labor.
- d. Each IDA or EDO should develop an oversight program that encourages participation and compliance with Local Labor policies and defines what actions are taken, if any, if a project fails to meet or comply with the policy.
 - ⇒ Examples of existing oversight programs include self reporting systems, best effort certification upon application, 3rd party professional oversight,

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- project specific site audits, and monthly, quarterly, or annual reporting.
- e. IDAs and EDOs are encouraged to report the impacts and results of Local Labor utilization at board meetings and in their public relations outreach. Where feasible, an impact analysis tool such as Inform Analytics can be used to quantify the direct and indirect impacts that paying local construction wages have on the local economy.

12. County/City/Town IDA Relationships

There are 111 active Industrial Development Agencies (IDA) currently operating in New York State. While most Counties only contain one IDA operating at the County Level, several counties have multiple IDAs operating in defined municipalities. In each circumstance, IDAs provide a host of meaningful economic development functions beyond just providing tax incentives, and understand local dynamics of its jurisdiction.

Most County-level IDAs have a cooperative relationship with Sub-County IDAs that operate in their counties and do not interfere with providing financial assistance within the local municipality that has its own IDA.

On occasion, a project may arise which for a variety of reasons, creates tension and conflict between county level and local municipal IDA's. Differences in eligibility policies, level of benefits, inter-municipal movement of companies, etc., create an environment where one IDA is asked to take an action that a partner IDA would not take.

These actions create an impression of IDA infighting and are locally controversial. It is in the interest of all IDAs to minimize such situations by creating either formal or informal mechanisms for establishing policies and practices to guide IDAs within a county to prevent conflicts from occurring in the first place, or establishing a means for resolving such conflicts should they arise.

Absent a formalized agreement and process, collaborative discussions regarding how multiple IDAs in a County or region interact should be undertaken. In an effort to proactively manage situations where IDA's can be put in these difficult situations the following are of list of best practice recommendations.

- In Counties where both County and Sub-County IDAs have project responsibility a process or entity should be created to serve as a vehicle to encourage communication regarding issues and opportunities that may arise.
- These affiliations should be formal through a Memorandum of Understanding between IDAs that would define the participating parties, the purposes of the affiliation and how it would operate.
- A representative from each IDA that operates in the County or region should be invited and encouraged to participate. Additional representatives from other local development corporations and partner organizations (WIB, Regional Marketing, etc.) are also encouraged to participate.

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- IDAs are encouraged to utilize these affiliations as a collaborative forum to advance regional economic development policy and projects.
- A Memorandum of Understanding should define the intent of the collaboration and indicate to the extent possible processes and policies in dealing with issues such as:
 - ⇒ Eligibility
 - ⇒ Level of Benefits
 - ⇒ Inter-municipal Move By A Company
- Regular meetings should be scheduled to encourage continued dialogue.

13. Retail Project Best Practices

One of the most frequent criticisms of Industrial Development Agencies is their assistance of retail projects that seemingly do not fit within the exceptions provided in law. While the General Municipal law prohibits IDAs from financing retail projects, it also provides three exceptions to the prohibition:

1. Projects located in distressed census tracts
2. Tourism destination projects that attract a significant number of people from outside the economic development region
3. Projects that provide goods or services that are not readily available in the area as (Municipal CEO approval required).

Furthermore the rules require a finding that the project will preserve or increase private sector jobs in the State.

The Retail Best Practices Sub Committee of the NYSEDC Policy Section met and discussed the need to implement additional best practices that will help communities and IDA's further define when a community should provide IDA incentives for a retail project. The following best practices for determining when a retail project should be considered for IDA benefits are intended to enhance the exceptions outlined in the State law.

- Retail development in Urban or Town Center areas should take priority over suburban locations. Additional consideration in these locations should be granted if a project includes the redevelopment of a blighted or environmentally challenging property or the project creates a higher and better use and promotes smart growth development.
- A third party market study should be required of the developer for all retail projects demonstrating the community need for said development. The study needs to demonstrate the project increases wealth from outside the community or provides a product or service to the community that is vital to the health and/or economic wellbeing of the local area. This work should include a demand analysis demonstrating that there is a gap in the market and that the project won't simply take poach from established businesses.

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- Projects should align with local strategic planning efforts. This alignment needs to be demonstrated in the application package and have the support from the municipality and key community stakeholder groups. For example, in the case of tourism destination projects this should include the support of the community's convention and visitors bureau or tourism promotion agency.