

# Business and Economic Development



## GOALS:

- A. Foster business and industrial development in the Town and Village.**
- B. Increase tourist related business activities and maximize tourism.**
- C. Reuse vacant commercial and industrial buildings for commercial and industrial purposes.**
- D. Permit the establishment and operation of home-based businesses compatible with the residential character of the neighborhoods in which they are located.**
- E. Encourage on farms the establishment and operation of home-based businesses compatible with agriculture.**
- F. Retain existing agricultural support businesses and encourage their expansion.**
- G. Promote the continued economic viability of agriculture.**

## **Existing Conditions**

There are a limited number of commercial and industrial businesses in the Town of Sodus outside the villages. Most of the commercial, retail and service businesses outside the villages are located in or around the hamlet areas with the Hamlet of Wallington having the largest concentration. A few retail and services businesses are also interspersed along Ridge Road mostly between the Village of Sodus and the Hamlet of Wallington. These businesses are predominantly small, individually-owned neighborhood businesses that serve local residents.

Some business development has occurred in limited areas along Route 104. Several commercial, retail and service businesses with direct access onto Route 104 are located along the south side of the highway west of the Route 88 intersection. Commercial development along the north side of this segment of Route 104 is effectively blocked by the railroad right-of-way which is located close to and parallel to the highway.

Commercial development along Route 104 east of the Route 88 intersection has occurred only at intersections due to a long-standing NYS Department of Transportation policy that prohibits the development of driveway access directly onto the highway east of Route 88. The few businesses operating at these locations are accessible by driveways off the intersecting side streets and roads.

Very few industrial businesses and properties exist outside the Village of Sodus. There are a couple of industrial properties in the Hamlet of Sodus Center and a couple along Route 14 a short distance south of the Hamlet of Alton. Several active limestone and sand and gravel quarries are also located in the Town in the vicinity of the intersection of South Street and Quarry Road.

Most industrial businesses and industrial properties are located within the Village of Sodus principally in the core of the Village along the railroad right-of-way. Many of the buildings are old, obsolete remnants of a bygone era when manufacturing played a much greater role in the local economy and the businesses relied on the railroad to transport their goods and products. Some of the buildings display signs of neglect and severe deterioration. Such buildings have a blighting affect on the neighborhood. Several appear to be vacant, others appear to be used for storage or for what appear to be small marginal business operations. A few of the buildings, although old, have been maintained and are in reasonably good condition and house business operations such as a cold storage business, a conveyor belt manufacturer, a water conditioner business, and the headquarters for the Ontario Midland Railroad Company. The former Garlock Sealant Technologies building, a 49,000 sq. ft. building in excellent condition, has been vacant

**Existing Conditions (continued)**

since 2001 when the company closed the site. Trakside Commons on Maple Avenue immediately south of the railroad crossing represent examples of buildings that have been refurbished for continued business uses.

Three new light industrial buildings have been constructed in the Village of Sodus along Foley Drive in what resembles an industrial park. The Dynalec Corporation, Pace Electronics and Thermatec Molding have all located operations on Foley Drive. Five undeveloped parcels along the street that are under single ownership are for sale and available for industrial development.

Most of the industrial businesses currently operating in Sodus are relatively small and employ between six and 30 employees. Dynalec Corporation with approximately 150 employees and Heluva Good Cheese with approximately 80 employees are the two exceptions. Tables 1 and 2 identify the industrial businesses currently operating in Sodus.

**TABLE 1**

**INDUSTRIAL BUSINESSES IN THE VILLAGE OF SODUS**

<u>Name</u>	<u>Address</u>	<u>Product</u>
Belting Industries	30 Shaver Avenue	Conveyor belts
Dynalec Corporation	Rotterdam Avenue	Shipboard communications
Pace Electronics Products	34 Foley Drive	Electronic parts distribution
Sodus Cold Storage	50 Maple Avenue	Cold storage of farm produce
Termatec Molding	Foley Drive	Plastic molding

Source: Wayne County Industrial Development Agency

**TABLE 2**

**INDUSTRIAL BUSINESSES IN THE TOWN OF SODUS**

<u>Name</u>	<u>Address</u>	<u>Product</u>
Heluva Good Cheese, Inc.	6551 Pratt Road	Cheese manufacture and distribution
J. J. Young Company, Inc.	7584 Ridge Road	Metal fabrication
Nakano Foods, Inc.	7673 Sodus Center Road	Apple juice
UAP Northeast	6277 Buerman Road	Chemical sales

Source: Wayne County Industrial Development Agency



**Residents Survey Highlights**

*84.0% of the respondents strongly agreed and 12.6% somewhat agreed that the Town and Village governments should attempt to attract new businesses to the community.*

*Respondents were asked to identify the types of businesses that should be attracted to the community. The results are ranked by frequency selected: follow:*

- *Small-scale, light industrial businesses (70.2%)*
- *Small-scale locally-owned retail and service businesses (62.5%)*
- *Large, national retail chain stores (49.6%)*
- *Large-scale, light industrial businesses (45.5%)*
- *Offices with administrative, clerical and managerial jobs (43.9%)*
- *Tourist and tourist-related businesses (9.75%)*
- *Home-based businesses (39.7%)*

### Highlights of Economic Focus Group Meeting

The Comprehensive Plan Committee (CPC) conducted an economic focus group meeting on October 18, 2004. Economic development resource people who participated in the focus group meeting included: Lydia Birr, Wayne County Empire Zone Coordinator; Steve LeRoy, a WCTA Federal Credit Union commercial loan representative; and the Robert Fratangelo, Chief of Operations of the Heluva Good Cheese Corporation. The focus group roundtable discussion that occurred identified the following issues and suggestions:

1. State, county, municipal and school district taxes in New York State are too high. The high taxes deter new business startups and makes business retention difficult. In order retain existing businesses and attract new businesses, the State and local government taxes burden must be reduced.
2. Tax incentives are very important tools for retaining existing businesses and for encouraging business expansion and development. Unfortunately, tax incentives provided to businesses shift the tax burden onto others.
3. New York State environmental regulations are very stringent and burdensome which deters business development by increasing the time and cost needed for such development.
4. Municipal water and sanitary sewer service should be extend to areas best suited for business development. Property along Route 104 was suggested as an area for future water and sewer expansion. Current NYSDOT policy, however, prohibits the establishment of driveways on Route 104 east of the Route 88 intersection.
5. The community currently lacks a stable workforce. Some businesses, such as Heluva Good Cheese Corporation, have difficulty recruiting and retaining suitable entry level employees.
6. A better understanding on the part of small businesses owners and operators of the Wayne County's workforce development program would be beneficial to small businesses.
7. Increasing the visibility of the community and the downtown business district to motorists traveling along Route 104 would benefit the businesses in the Village.
8. The feasibility of the Town and Village establishing wind-turbine farm to produce low-cost electricity for local businesses uses should be explored. (Current Public Service Commission regulations prohibit transmitting privately generated electricity across property boundaries.)
9. Loitering in downtown is problematic and deters residents from shopping in the downtown businesses. A youth recreation center should be established to provide youth with an alternative to loitering. Residential uses on the upper stories of buildings in the downtown business district should also be prohibited to reduce downtown loitering.
10. Worker's compensation insurance rates are extremely high in New York State and are burdensome and/or cost prohibitive to businesses.

## **Issues and Opportunities**

**Limited “Shovel-Ready” Industrial Sites** – In today’s economic environment, executives of industrial businesses display little or no interest in locating new industrial operations or expanding or moving existing industrial operations to sites that are not “shovel ready.” A shovel-ready site is a parcel of land accessible by an existing access road and where municipal water and sanitary sewer infrastructure is in place to serve the site. Apart from the few small undeveloped parcels along Foley Drive, few shovel-ready sites exist elsewhere in the Village or Town.

As many of the existing vacant industrial buildings are old, obsolete structures in poor condition, they are likely not suitable for reuse. The cost to rehabilitate such facilities or to raze the structures to make way for new construction would be cost prohibitive. The potential of soil contamination caused by prior business operations also makes former industrial sites unattractive to new businesses. Under the federal Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), all properties owners are financially liable for the clean up of environmental contamination regardless of whether or not they contributed to the contamination. Businesses tend to avoid purchasing used industrial sites commonly referred to as brownfield sites for fear of incurring large environmental clean-up costs.

Contaminated brownfield sites can be remediated to make the such property more attractive for commercial and industrial development. The former Schoepel property located on Ridge Road a short distance east of the Village serves as an example. Wayne County, which took responsibility for the environmental clean up, finished the remediation in 2004 and the site is now ready for reuse.

**Inadequate and/or Unstable Labor Force** – The Heluva Good Cheese Corporation Chief of Operations is having difficulty recruiting entry-level employees from the local workforce pool. In addition, the company experiences significant turnover among its entry-level employees despite the fact the company provides competitive wages and a good fringe benefit package.

**High Taxes** – New York State corporate income taxes and local government property taxes are very high compared to many other states in the nation. High tax expenses contribute to higher operational expenses which are passed through to the end user in the form of higher product prices. Higher product prices reduces the competitiveness of manufacturing and industrial processing operations.

### Issues and Opportunities *(continued)*

**New York State Regulations** – New York State has extensive regulations governing the operation of businesses which many businesses find onerous. Complying with State regulations cost businesses both time and money which makes New York State a much less attractive state in which to locate a business operation. Businesses are more inclined to locate or move their operations to states with fewer and less stringent regulations.

**Accessibility** – Route 104, which bisects the Town of Sodus and transects the Village of Sodus, serves as the main east-west highway in northern Wayne County. Route 104 provides quick and convenient access to the greater Rochester area, to Interstate Highway interchanges for I-590, I-490, I 390 and I-90 (NYS Thruway), and to the Rochester International Airport and Williamson-Sodus Airport.

The Williamson-Sodus Airport is a small, public-use airport conveniently located along Route 104 near the western boundary of the Town of Sodus. The airport contains a 3,800 foot runway which will accommodate twin-engine turboprop aircraft as well as small jet aircraft. The airport has pilot-activated runway lights and a beacon light which makes it suitable for nighttime use. The airport also has self-service fueling facilities. Automobile rentals are not available at the airport which somewhat diminishes the airports usefulness.

**Route 104 Traffic** –Route 104 carries appreciable amounts of motor vehicle traffic. Although a portion of the traffic is comprised of Wayne County residents community to and from work locations in or near the greater Rochester area, a portion of the traffic is comprised of tourists. Route 104 carries year round tourist traffic to and from the Adirondack State Park in northern New York State which boasts both summer and winter recreational activities. The highway also carries tourist traffic to destinations within the region such as the Sodus Point resort area on Sodus Bay, the Renaissance Fair in Sterling, New York and the charter boating operations along Lake Ontario that cater to sport fishing enthusiasts.

The traffic along the Route 104 highway provides a ready source of potential customers for businesses in the Town and Village of Sodus. The key to taking advantage of the traffic is to develop strategies to entice motorists to stop in Sodus and patronize local businesses. Businesses adjoining Route 104 highway have the advantage of high visibility, businesses not located along the highway lack such visibility. Motorists may pass by the Village of Sodus without realizing how conveniently close the downtown business district is to the highway.

**Prohibition of Driveways on to Route 104** – The NYS Department of Transportation has a long-standing policy of prohibiting the establishment of driveways onto Route 104 along the entire segment

of the highway east of the Route 88. The only opportunities for business development along this segment of the highway are on parcels adjoining intersections where access is possible from the intersecting side streets and roads.

This NYSDOT policy represents both an advantage and a disadvantage. The advantage is that few businesses can be developed along Route 104 that would compete with and pull businesses away from the Village's downtown business district. The disadvantage is that the number of businesses that could prosper from the high volume of traffic along Route 104 is severely limited.

**Railroad Freight Service** – The Ontario Midland Railroad Company, a short-line railroad, provides freight service in the Town of Sodus and several other towns in Wayne County. Freight handled by the Ontario Midland Railroad Company is transported to and from a railroad interchange located in the Village of Newark. The interchange links the Ontario Midland railroad lines to CSX Railroad Company lines.

Ontario Midland Railroad Company headquarters and main engine house are located in the Village of Sodus between Maple and Belden Avenues. This site contains a freight yard with a loading ramp available for use by any business that wishes to use the facility to load and unload goods and products. Several existing industrial and commercial business facilities within Sodus also have their own sidings and loading facilities. These include the Sodus Cold Storage facility in the Village of Sodus, two storage facilities in Alton, Nakano Foods in Sodus Center and a stone quarry along Quarry Road south of Sodus Center. Ontario Midland will provide rail freight service to any businesses that install its own rail siding.

**Local Tourist Attractions** – Sodus Point on Sodus Bay is a summer resort area that brings many people into the Town and past the Village of Sodus during the spring and summer months. Sodus Bay attracts tourists and boaters from within the region who spend a day or weekend and others from outside the region who may rent a cottage for more extended stays.

The Brantling Ski and Snowboard Center located three miles south of the Village of Sodus serves as a winter tourist destination drawing skiers and snowboarders from within the region. These local tourist destinations provide local businesses with a ready source of potential customers upon which to capitalize.

Burnap farm market located on Maple Street a short distance south of Lake Road is another local attraction. The farm market attracts tourists during the summer and fall months and serves local residents as well.

### Issues and Opportunities *(continued)*

**Potential for Industrial Incubators** – Several of the vacant, obsolete industrial buildings in the Village have the potential to be converted into industrial incubators. Industrial incubators are facilities in which small, start-up industrial and/or commercial businesses may rent relatively small amounts of space at relatively low rental rates. The low overhead costs provide such businesses with an opportunity to become established and to grow without the need for large amounts of capital to construct a plant or building. Usually the owner of an industrial incubator will partition the facility to meet the particular space needs of each tenant. Sometimes the owner will also provide a common reception area with a receptionist and telephone operator and common restrooms and lunch rooms that are shared by all business tenants. Changes made to the NYS Fire Prevention and Building Code which became effective in 2003, makes it easier to convert older industrial buildings into industrial incubators.

**Free Trade Policies and Treaties** – The free trade policies implemented by the U.S. government through the General Agreement on Trade in Services (GATS) and the North American Free Trade Agreement (NAFTA) have created conditions that make it extremely difficult for domestic manufacturing companies to compete with foreign and transnational manufacturers operating in third-world countries. Many third-world countries have few, if any, labor laws, environmental protection laws or other laws regulating businesses, working conditions, wages, etc. Plants operating in such countries can manufacture products at much lower costs than plants operating in the United States. Many imported products sell at prices below prices domestic manufacturers are able to charge resulting in reduced demand for domestically produced goods. Although foreign trade policy is outside the control of local governments, existing policies are having a devastating affect on local economies. This situation will continue as long as the U.S. government adheres to such trade policies.





## **Tools and Techniques**

### **Real Property Tax Incentives**

Municipalities may provide property tax exemptions as incentives to encourage business development. Section 485-b of the NYS Real Property Tax Law provides municipalities with the authority to provide such an incentive. Business construction, expansion or renovations that equal or exceed \$10,000 are eligible for the exemption. Fifty percent of the assessed value of the property resulting from the construction or improvement is exempted during the first year following the project's completion. The exemptions is phase out during the following nine years by 5% each year. The exemptions applies to village, town, county and school district property taxes. Both the Town and Village of Sodus currently offer 485-b incentives.

### **Empire Zone**

Wayne County was awarded an Empire Zone designation by New York State in 2002. Several parcels of land in the Town and Village of Sodus have been incorporated into the Empire Zone. These are identified on Map 17: Empire Zones. Properties in the Village of Sodus within the Empire zone include the commercial properties in the downtown business district, the former Garlock facility on Alling Drive and the Schoepel property (vacant parcel) along Ridge Road. Properties in the Empire Zone outside the Village include the former Myer's Community Hospital facility on Middle Road, the former Dawning Corp facility on Barclay Road in Sodus Center, the former Wessie Machine Shop on Owls Nest Road, and the Dawning Corp facility in Sodus Center.

Businesses within the Empire Zone may take advantage of various financial incentives in exchange for creating new jobs. The incentives include: sale tax exemptions, income tax credits, real property tax abatements, wage tax credits, and reduced utility rates among others.

### **Wayne County Industrial Site Fund**

WCIDA will provide financial assistance to municipalities for the construction of public infrastructure improvements needed to serve manufacturing facilities. Eligible infrastructure includes watermains, sanitary sewers, roadways and lighting. WCIDA will provide 1/3 of the cost up to \$100,000. The balance of the funding is typically provided by the municipality and the manufacturer.

### **WCIDA Revolving Loan Fund**

Low interest loans up to \$300,000 are available to manufacturing, warehousing and research businesses. A condition of such loans is that the businesses are required to create at least one job for each

### **Tools and Techniques** *(continued)*

\$10,000 of loan funds received. The revolving loan funds may be used for land acquisition, construction, renovation and for the purchase of machinery and equipment.

#### **Sale/Leaseback Tax Benefits**

This is a WCIDA program through which a manufacturing company conveys title to its property to the WCIDA which rents the property back to the manufacturing company through a lease. As WCIDA is a tax-exempt, public-benefit corporation, the savings that results from sales tax, mortgage tax and local property tax exemptions are passed through to the manufacturing firm. Sale/lease back arrangements are provided for up to ten-years. Although 100% of local property taxes are exempted for the first five years and 50% during the second five years, payment-in-lieu-of taxes (PILOT) agreements are usually negotiated so companies benefiting from the tax abatements make some financial contributions to local taxing authorities.

#### **Micro-Business Revolving Loan Fund**

Low interest loans of up to \$25,000 are available to existing and start-up business through this WCIDA revolving loan program. Only businesses with five or fewer employees inclusive of the owner(s) are eligible to participate in the program. Loan funds may be used for property acquisition, purchase of equipment and as working capital.

#### **Small Business Administration (SBA) 504 Loan Program**

Businesses are able to finance up to 90% of the cost of purchasing fixed assets through this SBA program, a much larger percentage than is available through conventional banking financing. The SBA typically finances 40% of the purchase while conventional banks finance 50%. The business is required to utilize its own cash equity for the remaining 10% of the purchase cost. SBA 504 loans range from \$100,000 to \$1 million. Eligible businesses must agree to create one job for each \$35,000 of loan funds received as a condition for receiving the financing.

#### **NYS Investment Tax Credits**

Manufacturers that make significant investments in their business operations located in New York State may be eligible to receive tax credits from the State to reduce their income tax liabilities.

#### **Industrial Parks**

Industrial parks serve as a useful tool for recruiting new industrial businesses and retaining existing businesses needing room for expansion.

sion or relocation. Industrial parks may be privately owned and developed or may be owned and developed by a local development corporation established for that purpose. Businesses are much more inclined to locate operations in communities that have industrial parks with shovel-ready sites available.

**Service Corps of Retired Executives (SCORE)** - SCORE is a educational program underwritten by the Small Business Administration. Through the SCORE program, retire business executives conduct training seminars and consult with persons interested in starting businesses. SCORE seminars and services are provided free of charge.

**Workforce Development** - Workforce Development is a collaborative program designed to assist job seekers and displaced adult workers obtain skills training and find employment as well as assist businesses to find people to employ who have appropriate skills or the aptitude to learn the appropriate skills. Members of the collaboration include: NYS Department of Labor, Workforce New York, the Finger Lakes Community College, the Wayne Economic Development Corporation, Wayne County Empire Zone, Wayne-Finger Lakes BOCES, VESID, the Pioneer Library System and Rural Opportunities, Inc.

**Section 108 Business Development Loan Program**—The Section 108 program is a program administered by the U.S. Department of Housing and Urban Development (HUD). The program enables municipalities to borrow funds to use to make loans for business development generally at below market interest rates. Loan recipients must agree to create one job for each \$35,000 of loan proceeds received and at least 51% of the jobs created must benefit low- and moderate- income persons.

**Small Cities Community Development Block Grant Program**— The Small Cities program is a federal program administered by the Governor's Office for Small Cities (GOSC). Grants between \$100,000 and \$650,000 are available to municipalities for use to construct publicly-owned infrastructure improvements or to lend to private businesses. Both types of projects must result in the creation and/or retention of private sector jobs that principally benefit low and moderate income persons. At least one private sector job must be created for each \$35,000 of grant funds received and 75% of the funds must benefit low and moderate income persons.

### **Recommended Actions**

1. Revise Town and Village zoning regulations to permit the establishment and operation of industrial incubators in vacant industrial buildings
2. Maintain the provisions of the Town zoning regulations that permit the establishment and operation of home-based businesses.
3. Extend watermains and sanitary sewers to serve areas best suited for commercial and industrial development as identified on the Future Land Use Map.
4. Encourage landowners to establish private industrial parks and assist by installing access roads and municipal watermains and sanitary sewers to make the sites shovel ready.
5. Develop a checklist and flowchart that identify the steps and timeframes for the planning and zoning review process and distribute them to persons and businesses proposing new business development or business expansion
6. Work with New York State and Wayne County economic development agencies to retain existing businesses and to attract new businesses
7. Encourage local businesses to utilize the various tools and assistance available through the Small Business Administration, the Wayne Economic Development Corporation and the Wayne County Industrial Development Agency.
8. Encourage local retail and service businesses to jointly promote and advertise their businesses and to increase their visibility to Route 104 traffic by cooperatively erecting a sign or signs identifying the businesses in the community.
9. Periodically arrange for SCORE training seminars to be provided locally for persons who are interested in starting new businesses, but who lack the necessary knowledge and skills.
10. Periodically distribute Workforce Development informational brochures and contact information to businesses located in the Town and Village of Sodus.