

Onondaga County Industrial Development Agency
Regular Meeting Minutes
January 10, 2017

The regular meeting of the Onondaga County Industrial Development Agency was held on Monday, January 10, 2017 at the 333 West Washington Street, Syracuse, New York in the large conference room on the first floor.

Patrick Hogan called the meeting to order at 8:04 am with the following:

PRESENT:

Patrick Hogan
Steve Morgan
Fannie Villarreal
Kevin Ryan
Susan Stanczyk

ABSENT:

Victor Ianno
Janice Herzog

ALSO PRESENT:

Julie Cerio, OCIDA, Executive Director
Isabelle Harris, Secretary
Nate Stevens, Treasurer
Steve Coker, Office of Economic Development
Karen Doster, Recording Secretary, Agency
Tony Rivizzigno, Gilberti Law Firm
Nate Andrews, Morse Manufacturing Co., Inc.
Kevin McAuliffe, Barclay Damon
Bruce Malone, BlueRock Energy
Jason Klaben, BlueRock Energy
John Ciampa, Spectra
Travis Glazier, Onondaga County Office of the Environment
Holly Granat, Onondaga County Office of the Environment
Sara Wisniewski, Gilberti Law Firm
Jeff Murray, Carpenter's Union
Aggy Lane, UTTF
Joe Porter, UTTF
David Silverman

APPROVAL OF REGULAR MEETING MINUTES – DECEMBER 12, 2016

Karen Doster stated there was a change on page 8 where it says “reimbursed” it should be “reimburses”.

Upon a motion by Fanny Villarreal, seconded by Steve Morgan, the OCIDA Board approved the regular meeting minutes of December 12, 2016 with the change. Motion was carried.

TREASURER'S REPORT

Nate Stevens gave a brief review of the Treasurer's Report for the month of December 2016.

Upon a motion by Susan Stanczyk, seconded by Steven Morgan, the OCIDA Board approved the Treasurer's Report for the month of December 2016. Motion was carried.

PAYMENT OF BILLS

Nate Stevens gave a brief review of the Payment of Bills Schedule #402.

Upon a motion by Susan Stanczyk, seconded by Steve Morgan, the OCIDA Board approved the Payment of Bills Schedule #402 for \$15,448.15. Motion was carried.

CONFLICT OF INTEREST DISCLOSURE

The Conflict of Interest statement was circulated and there were no comments.

MORSE MANUFACTURING CO., INC.

Kevin McAuliffe stated Morse Manufacturing is currently in East Syracuse and is acquiring 103-105 Coon Road in the Town of Salina to completely move and expand its manufacturing. He stated less than 1% of their output is sold to users in Onondaga County, 4% goes to users in the State, 83.3% is in the US outside the State of New York and 12.6% goes outside the United States. He stated 99% of the product sold is outside of our immediate area.

Nate Andrews stated Morse Manufacturing was founded in 1923 and manufacturer drum handling equipment. He stated the original location was on Dickerson Street and relocated to the East Syracuse facility in 1950's. He stated they came up with a product to handle drums and they really were the only game in town for a long time. He stated they made a couple dozen different variations of products to properly and safely handle drums. He stated they made

massive quantities but in the 1980's they started to get domestic competition and their patent had expired. He stated it wasn't until the 1990's that they started seeing inexpensive products coming in from off shore where they lost a lot of their margins and volume. He stated it forced them to reinvent themselves so now they are making over 200 different variations of drum handling products. He stated they make specific units designed for specific drum handling products. He stated they customize and are able to do this application specific drum handling scenarios. He stated they sell their product all over the world. He stated this strategy has worked and they are bigger than they ever have been. He stated 2015 was their 5th record year in a row and in 2016 because of the strength of the dollar their international business was hurt but will rebound. He stated because of growth they are running out of room. He stated the facility in East Syracuse has been great and they have expanded quite a few times but they need to move to a much larger facility along with reinvesting in some capital equipment they don't have the real estate for currently. He stated the number one improvement would be their painting process. He stated the stuff coming in from offshore is a really hard based enamel finish and when people buy Made in USA products they are expecting a higher level of quality. He stated their paint currently is not that. He stated they are investing in a powder coating system and a laser cutting machine but they simply don't have the room for it. He stated they are outsourcing as much as possible and would love to bring that capability in house. He stated this will set them on a trajectory for the next 20 – 30 years. He stated they have been in business for 94 years and the anticipation is that this will put them on the map for another 20 to 30 years in CNY. He stated this will give them the room they need to grow. He stated their average employee has been with them for over 15 years. He stated if his father didn't have somebody in the family to give the company to, it probably would have been sold. He stated so few of their sales are from CNY and New York is a challenging place to do business so they would have left and jobs would be gone. He thanked the Board for their consideration in this and they are very excited about the potential for this project but they need the Agency's help to make it happen.

Kevin McAuliffe stated the project application indicates \$2,500,000 in modifications and repairs but are now at \$2,900,000 so he would like to amend the notice of public hearing to reflect the sales tax exemption is \$125,000 not \$100,000. He stated OCIDA Staff estimated the current fair market value on the CBA as \$900,000 which is based upon the amount that Morse is buying it. He stated the current assessment on the property is almost \$2,400,000 so they are working with the Town of Salina to consent to the PILOT starting at \$900,000. He stated they have about \$100,000 in environmental cleanup that is part of the work that has to be undertaken.

Patrick Hogan asked how long the property was vacant. Nathan Andrews stated it has been on the market for a couple years

Steve Morgan asked how many current employees. Nathan Andrews stated 34 employees.

Fanny Villarreal asked if they plan to hire more with the expansion. Nathan Andrews stated he hopes so but he can't promise.

Kevin McAuliffe stated ESD has awarded this project a \$500,000 grant.

Patrick Hogan asked about the salaries. Nathan Andrews stated the average skilled worker is about \$41,000 a year with typical benefits of \$13,000. He stated last year they had a phenomenal year between profit sharing and 401 K they gave a full 10% to everybody.

Patrick Hogan stated Morse has long tenured employees. Nathan Andrews stated yes.

Patrick Hogan asked about the building they are leaving and asked if Morse owns it. Nathan Andrews stated they own it and it is undetermined what they are doing with it. He stated it is in the Village of East Syracuse and it is in great shape.

Steve Morgan stated there are plans to increase the business and asked if additional sales people will be hired to attack different markets. Nathan Andrews stated their growth is very organic and their typical sale is less than \$10,000. He stated they have hired more individuals but he doesn't feel comfortable promising they will hire more. He stated the paint process will have more man power requirements so he suspects couple employees because of this.

Kevin Ryan asked if the expansion is because of organic growth. Nathan Andrews stated yes. Kevin McAuliffe stated to remain competitive with the cheaper knock offs in China he needs to remain competitive and invest in that process to maintain sales.

Upon a motion by Kevin Ryan, seconded by Steve Morgan, the OCIDA Board approved a resolution describing the proposed Morse Manufacturing Co., Inc. project and the financial

assistance the Agency may provide and authorizing a public hearing for the project. Motion was carried.

Upon a motion by Steve Morgan, seconded by Kevin Ryan, the OCIDA Board approved a resolution authorizing the execution of the Agent Agreement outlining the responsibilities of the Developer and Agency for the project. Motion was carried.

BLUEROCK ENERGY

Jason Klaben stated they finalized their plans and started construction. He stated the building had some maintenance issues so they had to put more money into the project to build out their floor. He stated there was a certain amount of build out spend in the lease and they are finding out they are going to go over. He stated they think they are going to have more employees so more computer equipment was added. He stated in addition they have finalized more of their training programs investing more in their people so they have additional training costs in their plans. He stated they added about \$400,000 to their anticipated spend and \$34,000 in additional training costs. He stated they are excited and hope in a couple months they can move in and continue to grow their business.

Sue Stanczyk stated the 1st summary page says they are retaining 13 employees but the other page says 73. Jason Klaben stated they have 73 employees now and propose to add 13.

Upon a motion by Steve Morgan, seconded by Kevin Ryan, the OCIDA Board approved a resolution describing the proposed BlueRock Energy project and the financial assistance the Agency may provide. Motion was carried.

Upon a motion by Susan Stanczyk, seconded by Fanny Villarreal, the OCIDA Board approved a resolution for a straight lease transaction for a project consisting of the development of commercial space in the City of Syracuse. Motion was carried.

ROTH STEEL UPDATE

Travis Glazier stated he will do a brief synopsis of how OCIDA came to this point. He stated in late 2015 there was a pick and pull operation out of Canada planning to purchase 800 Hiawatha Boulevard, the former Roth Steel Metaling recycling facility which was in bankruptcy. He stated OCIDA purchased the property because the general consensus was it was not the highest and best use for the community. He stated the Chairman of the Legislature summed it up well that we can do much better. He stated in late 2015 and early 2016 with the help of OCIDA's counsel and outside firms, OCIDA applied for Brownfield Cleanup Program status and accepted in early 2016. He stated not long after the Office of Environment got involved and helped with the review of potential firms to begin the remedial investigation process on behalf of OCIDA. He stated being the Director for the County Office of the Environment he has been working closely with Economic Development and OCIDA. He stated he deals a lot with these properties and they thought it would be a good opportunity to work together to provide local expertise. He stated in 2016 Spectra was selected to begin the cleanup investigations and plans. He stated the process started in late 2016 and maintained the initial schedule.

Julie Cerio asked Travis Glazier to talk about the Loop the Lake piece. Travis Glazier stated one of the stated purposes of OCIDA taking control of the property wasn't just because it was going to be a pick and pull on the shore of Onondaga Lake but it was a more desired pathway for Loop the Lake trail which the County DOT had secured federal funding. He stated when the funding was secured Roth was still privately owned. He stated the trail systems will be united which has been talked about for a long time. He stated OCIDA saw that opportunity and worked with the County, DOT and Office of Environment to be sure a portion of the property will be used for Loop the Lake trail no matter what the future use is for the remainder of the property.

John Ciampa stated he is from Spectra and gave an overview of the process so far. He stated the BCP is run and authorized by NYS DEC. He stated it's a program to take underutilized contaminated properties and offer tax incentives to get the properties redeveloped. He stated it's a multi-step process and first is the application to document there are certain levels of contamination that meet the thresholds for a contaminated site. He stated Roth was an abandoned site formerly used for metal scrap processing with a lot of PCBs. He stated there were a number of drums scattered about the property so they went in, stabilized a lot of the drums and took them off the site. He stated the process can take 2 to 3 years to get through. He stated one of the objectives was stabilize the site and do things on an accelerated basis to try and facilitate the trail construction.

John Ciampa reviewed the activity summary. He stated once the site goes into the cleanup program the DEC issues a Brownfield Cleanup Agreement which lays out the framework for everything. He stated a community participation plan was developed. He stated the next phases were to develop the investigation work plan, Interim Remedial Response, for the immediate things they are focused on the drums, the ASR waste and the trail area. He stated the typical process can take about 2 years to get through in terms of doing an investigation and remediation. He stated they were able to accelerate it to about a 9 month process where they started with an investigation plan in May accepted by DEC, the investigation was conducted and then submitted a cleanup plan which has been approved by DEC for the trail activities. He stated in September of 2016 they developed a remediation plan for the entire site as far as the investigation. He stated that has not been reviewed by the Agency yet but they are moving forward. He stated in terms of site activities there was at least 60 waste oil drums scattered on the site and the site was unsecure with no fencing along Hiawatha. He stated they hired a local contractor to get rid of the drums. He stated they went through the process of sampling all of the drums to determine what the characteristics were to dispose of properly. He stated some had hazardous waste that had to go to a hazardous waste facility, some with PCBs but most were nonhazardous oils. He stated there is fencing to secure access along the street to make sure there are no trespassers. He stated they did a lot of focus on the Automobile Shredder Residue which has metals and PCBs. He stated there were 2 above ground piles about 2,000 cubic yards/2,000 tons. He stated they didn't know if they were hazardous waste so besides DEC they had to get an EPA because they have jurisdiction over certain types of PCB waste. He stated DEC and EPA have it read this as nonhazardous waste and can now go to landfill. He stated we are getting pricing now and will be about \$100,000. He stated they did very detailed sampling and fortunately found out the PCBs were lower concentration than they thought. He stated there are still PCBs there with high hazardous waste levels but they believe they are less than initial thought. He stated they still have to work with DEC and EPA to reach decisions on what to do with that material.

John Ciampa stated almost all the liquid drums are off site and they are talking to landfills and remediation contractors to get the above ground ASR piles off site. He stated they did a focused investigation on the trail and developed a cleanup program accepted by DEC. He stated EPA still has to do a review but confident we will get approval. He stated going forward they have to do more sampling for the entire site and develop cleanup plans. He stated because they have applied for funding from EPA for the investigation but they won't pay past costs so if the

investigation is done this summer there won't be funding available or get reimbursed. He stated we may want to hold off a little bit on the investigation. He stated DEC may also have funding for investigation and they have a grant program but again it's not going to be ready until later this year or next year. He stated we got about 2 years of work done in about 9 months. He stated it may make some sense to hold off a little on investigation to see if the funding can catch up with us but in the meantime the site is stabilized and we are ready for trail development.

Travis Glazier stated Holly Granat from his office assisted in putting in a substantial application for potentially \$300,000. He stated it is important for the Board members to keep in mind the site is stabilized. He stated one factor from DEC is the ground water infiltration from any of the underground ASR piles, sources of PCBs or contaminations were not threatening ground water in the area or threatening in its current state. He stated one of the major concerns is there going to be a further contamination but because of the work with Spectra and working closely with DEC, OCIDA is in good shape. He stated DEC is brought on site constantly to watch the work being done so it's not a threat for further contamination or to public health.

John Ciampa stated the primary contaminants on the site are PCBs and metals and in general those types of contaminants are not as soluble in ground water so even though there are high levels of PCBs in the waste cells, the monitoring wells within 50 feet and between the cells and the lake did not exceed ground water standards so there was no issue.

Travis Glazier stated the IRM allows the County Department of Transportation to satisfy the Federal Highway Administration when the monies are issued for the trail construction. He stated the trail construction can take place because we have sign off from the DEC saying it is acceptable from a human health prospective. He stated DOT has the documentation they need to continue their process to get this southwestern portion of the Loop the Lake trail moving forward.

Patrick Hogan asked who the conduit is for the funding. Travis Glazier stated the County Department of Transportation to the Federal Highway Administration. He stated they will do the work per the IRM and have already been awarded the funding.

Patrick Hogan asked if the funding is set aside. Travis Glazier stated they don't receive the funding until you do the work but he is not exactly sure how it is done.

Patrick Hogan stated he wants to thank all the County Departments especially the Office of Economic Development and the Office of the Environment. He stated he was with the Parks Department in 1968 and one of the things always talked about was the idea of looping the lake. He stated it is pretty exciting for our community that it is actually going to happen. Travis Glazier stated OCIDA's decision to step in on this property was a great decision and can have such an amazing impact on the community and this area.

(Kevin Ryan left meeting.)

Steve Morgan stated there are still the two waste areas needed to be removed on top of the ground and asked are we going move forward on cleaning the site 100% because we have the funding or if we sit on the site for 10 to 20 years will some of the contamination go away. John Ciampa stated the contaminants are not the type that will go away in 10 years. He stated some types will break down naturally but these won't. He stated in terms of site usage the way DEC's cleanup criteria are written, there is residential and industrial, so for residential property because it can have the most intense use and risk exposure you would have to do the most rigorous site cleanup. He stated for an industrial project you would have to do a less restrictive cleanup because the use is less intense. He stated you walk that balance and there is that fine line where you can make some general assessments about clean up load. Travis Glazier stated the question to the Board is to get all the clearances from DEC or is it the will of the Board to continue forward and perform some of the remediation to get the site really shovel ready.

Isabelle Harris stated that is something to think going forward and we don't expect a decision today.

Julie Cerio stated when we started this process it was going to be an investigation to all the uses across the spectrum, what it would cost for cleanup and then send out an RFP and not clean it up ourselves. She stated we may change our minds and decide to clean it up ourselves based on what we find out.

Travis Glazier stated the BCP tax credits are not going to be a benefit to OCIDA but will be a benefit to the future developer and are transferable. John Ciampa stated there are 2 kinds of

credits; a credit for remediation and investigation and a separate credit for any tangible improvements.

Julie Cerio stated she would like to commend everyone involved. She stated this has been such a great partnership. She stated when the Chair of the County Legislature came to the IDA he said we can do better and we have done better. She stated Spectra has been wonderful to work with and everything has been handled seamlessly. She stated the County has been a fantastic partner. She stated Isabelle Harris has been great. She stated Holy Granat is a great addition to the team. She stated we took over this parcel that no one was willing to take over and it is something we should be really proud of and this is going to be a great site.

Upon a motion by Susan Stanczyk, seconded by Steve Morgan, the OCIDA Board adjourned the meeting at 9:03 am. Motion was carried.



Isabelle Harris, Secretary