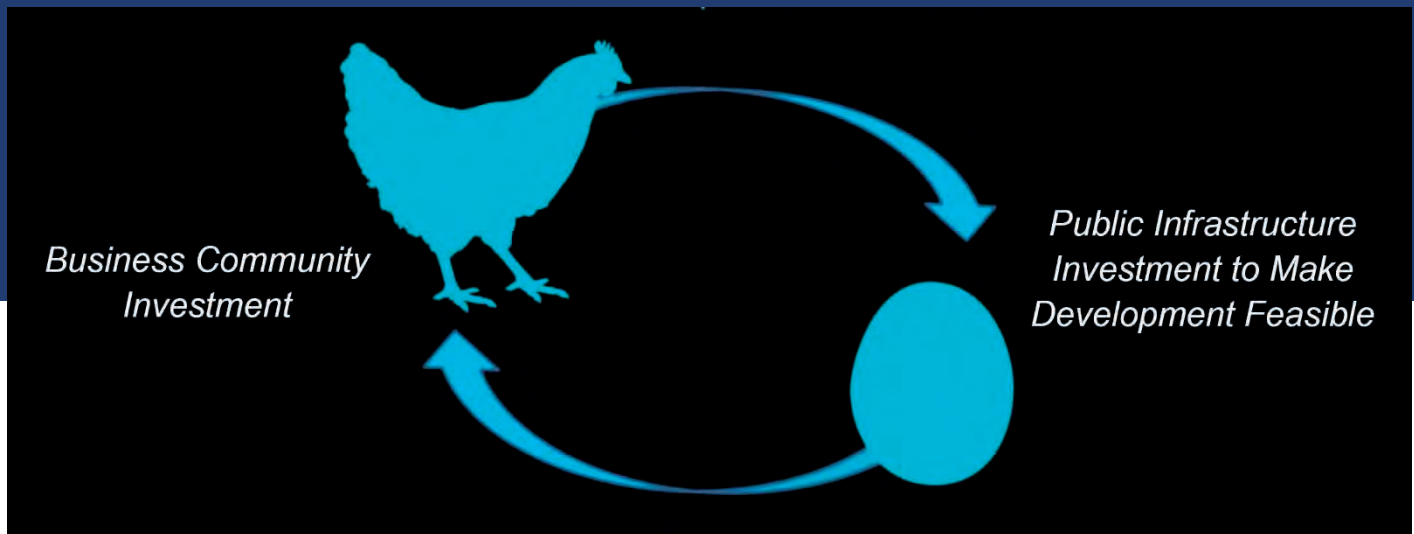


# The CHICKEN-AND-EGG Conundrum

## Does Economic Development Lead to Infrastructure Development or Vice Versa?

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**What comes first – the chicken or the egg?** In a municipal setting, this famous question has been asked by economic developers, planners, taxpayers and municipal leaders. Should Town leaders build infrastructure to entice business development? Or should they first attract business investment before building supporting infrastructure?

For leaders across NYS, finding the right solution to foster the economic development that will create or retain jobs – and maintain or expand the tax base – has never been more vital to the economic health of your community.

**Spoiler alert!** The answer is a resounding “It depends.” Both approaches yield strong results for the communities that have employed them. Showcased here are two New York municipalities that recently deployed these strategies. For leaders across New York State, finding the right solution to foster economic development has never been more vital to the economic health of communities.

### **PART I: BUILD IT AND THEY WILL COME...**

“Infrastructure – whether that be roads, water, or sewer – is the lifeblood and primary artery for the health and vitality of the community.”

This insight from Shelby Schneider, CEO of the Saratoga County Prosperity Partnership, has proven true in the Town of Moreau, NY, where the lack of municipal sewer had left economic growth stagnant for years. While neighboring communities to the north and south grew, diversified their tax bases, and brought essential jobs, the Town of Moreau saw no such growth. All shared enviable traffic volumes along Route 9 that appeal to retailers; all provide easy access to Interstate 87 that are vitally important to warehouse/manufacturing businesses. However, Moreau lacks one critical piece of infrastructure that sets it apart from neighboring towns and the interest of developers.

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Moreau Town Supervisor Theodore T. Kusnierz, Jr. frequently met with large commercial and retail operations that were interested in relocating or expanding to Moreau, only to have each conversation end abruptly when prospective investors learned that was no municipal sewer service. Businesses are not willing or able to operate with the space requirements, expense, and operational challenges associated with large-scale septic systems. As a long-time developer in the area, John Munter, President

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In order to attract jobs and expand the tax base that is disproportionately shouldered by residential property owners, Town leaders determined that extending municipal sewer along the Route 9 commercial corridor was the key to turning this stretch into an economic engine.

**Overcoming Obstacles.** Despite the clear connection between Moreau’s financial challenges and the lack of municipal sewer, moving forward with the project was far from a “sure thing.” Two previous administrations attempted to extend the sewer unsuccessfully. Supervisor Kusnierz and the Town Board, careful to learn from past attempts, crafted a project with parameters and financing that would achieve their economic objectives while remaining amenable to residents, businesses, and stakeholders. These modifications to previous iterations of the plan included scaling down the scope/cost of the project and removing the majority of residential properties whose owners were reticent to tie into the sewer after investing in home septic systems.

The Town also addressed an equity concern that had previously hindered public support. Previous proposals included residential parcels that had little interest in being included in a sewer district, so the district was narrowed to include only the commercial corridor – eliminating all single family properties. Voters also expressed concern that owners of large tracts of underdeveloped land which had low assessment values would have the most to gain while paying the least. The Town addressed this issue with a creative taxing structure that included acreage as a component of the taxation formula. This innovative solution divides the annual debt service for developing the sewer extension based on a combination of assessed value (90%) and acreage (10%), thus balancing the interests of various commercial property owners.

**Leading the Right Team.** Strong leadership, transparency and unrelenting vision for the future of the Town of Moreau, were essential components in the eventual success to extend the municipal sewer

line, which passed a public referendum. As noted by a member of his team, “Supervisor Kusnierz took on arguably two of the most difficult topics at hand – infrastructure and raising taxes. And he did that understanding that the economic benefits would far outweigh any political cost. It took real leadership to communicate to the taxpayers the benefits that this infrastructure would have both on jobs and on taxes.”

The Supervisor is quick to note that navigating the complex technical and political landscape for a project of this magnitude required a concerted effort by a seasoned and professional team. According to the Supervisor, “the most important thing that we did was assemble a top-shelf team of engineers and an attorney that we could partner with to move this process forward. When you’re going to engage in the largest public works project in the history of the Town, you want to make sure you have the right professionals in place. That was the first move I made right out of the gate.”

**Funding the Way Forward.** The Town leveraged the demonstrable benefits of the project into financing and grant funding. To fund the \$16 million project, the Town secured a NYS Water Grant for \$4 million and a 30-year 0% interest hardship loan from the State Environmental Facility Corp. (EFC) for the remainder. This funding reduced the tax burden by almost 200%.

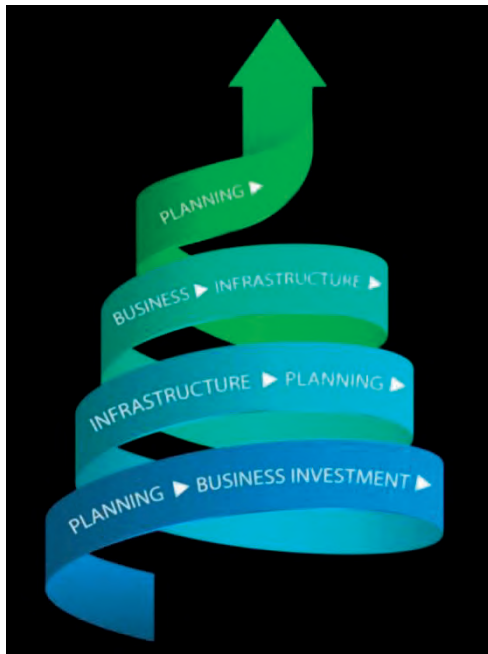
**Early Returns.** Since the sewer approval, property has been turning over at unprecedented rates, with several large sales and many promising inquiries. This corridor is now one of the hottest new opportunities in the County, with a number of business investments in place before the first foot of pipe has been laid. These business investments, which were not factored into the sewer district calculation, have the potential to reduce the cost per individual land owner by roughly 20% before the first bill goes out. In addition, the extension has had a positive impact on land value. It has been estimated that in the year since the sewer was approved, developers have added \$9.6 million in assessed value.

As noted by Ms. Schneider of the Saratoga County Prosperity Partnership, “the foresight, vision, and political will of the community leaders in Moreau to bring this sewer infrastructure down Route 9 will impact the community for years, if not decades, or even generations to come.”

## **PART II: PLAN IT AND THEY WILL COME...**

Like many Town Supervisors across New York State, Michael S. Cashman sought to increase jobs and rateables, shift the tax burden from residents to the commercial base, and maintain a healthy mix of residential, commercial, and industrial activity within the Town of Plattsburgh. Another important goal was to bring infrastructure sustainability to the Town, which like many communities had made ad-hoc repairs to aging and failing infrastructure. “Our Town’s future economy and quality of life depends on the investments we make today,” stated Supervisor Cashman.

This brings us back to our initial chicken-and-egg conundrum. Do we build infrastructure to entice business development? Or do we first attract business investment and then build the infrastructure required to support it? Determined to capitalize on the opportunity presented by underutilized land within the Town of Plattsburgh, Town leaders forged forward with a plan to attract investors without the benefit of a proverbial blank check to build infrastructure.



**Lead with Planning.** While it’s tempting to draw a straight arrow from planning to development, the reality is often more complex. Planning leads to economic investment... which then feeds the need for infrastructure... which leads to more planning, and so on. It’s the initial investment in planning that fuels that positive cycle. In this incremental approach, the cycle is further propelled when initial investments yield dividends of employment opportunities, which increases community support for planning and infrastructure investment.

**But wait, there’s more...** The planning process also benefits infrastructure development by increasing the likelihood of procuring outside funding. Grant providers seek to fund “shovel ready” projects that will put their funds to work right away, so strong planning and report documentation bolster the success rate of grant

applications. Additionally, supporting documentation that demonstrate positive economic development impact are able to secure financing from agencies that mandate an economic development return.

**What kind of planning will pave the way?** While each development opportunity is unique, the planning strategy used by the Town of Plattsburgh to encourage the adaptive reuse of an underutilized asset is an effective model that can be adapted to meet the needs of many communities.

**Step 1: Comprehensive and Economic Development Plans.** The former Clinton County Airport was prime for adaptive reuse due to its location amid service and light industrial businesses. The development potential of the former airport was identified in a Comprehensive Plan which identified viable businesses for the property’s development and laid the groundwork for zoning to support the redevelopment of the site. The Comprehensive Plan also paved the way for an Economic Development Strategic Plan to ready the land for development. The findings of these two reports were instrumental in obtaining a grant that funded the next step in the planning process.



**Step 2: Engineering Analysis.** An Infrastructure Evaluation Planning Report was developed to determine the capacity and condition of existing surrounding infrastructure to attract prospective developers to the former airport. The report assessed any infrastructure augmentation that might be required, such as water supply,

storage, and distribution; sanitary sewer collection and treatment; the surrounding transportation network; gas and electrical supply and transmission; and data and communications networks. The report also included cost estimates for expanding infrastructure to create 25 to 30 parcels on the property, along with concept plans depicting typical building sizes and lot sizes for light manufacturing businesses. These components provided information critical to effectively marketing the property by

providing prospective investors with objective financial and operational data necessary for fiscal planning to forecast the up-front and ongoing costs of developing on the site.

**Step 3: Land Use & Zoning:** A land-use and zoning review was conducted to identify any potential code obstacles and ambiguities to development, and specify appropriate business uses. The review found that no code revisions were necessary because code adjustments to support development of the property had been successfully implemented earlier in conjunction with the Comprehensive Plan, but this planning step definitively eliminated zoning obstacles and added to the marketability of the property.

**Step 4: Environmental Review:** This review was conducted to establish the shovel-readiness of the site as a whole and for individual parcels within the site. The review identified restrictions and issues, and provided clear information about the required permitting processes, mitigation, or remediation for each issue. While minimal obstacles were found, this planning step provided clear and objective data to remove another “unknown” for prospective investors.

As a result of these proactive planning initiatives, detailed information is now available to market to prospective investors. While economic development opportunities vary among Towns, the principal of providing comprehensive, clear, and objective data to support accurate forecasting and fiscal planning is a principle that can be applied to any situation. The more information businesses have available to make informed decisions, the easier it is for them to invest to bring jobs and tax revenue to the community.

**Initial Business Investment.** Businesses that can get underway with minimal infrastructure capacity improvements or investment are key to building momentum for this future regional light industrial/manufacturing hub. One early developer has built a 65,000 sq.ft. facility on 35 acres of the property, while another has built an 80,000 sq.ft. facility. Both have already generated new jobs and helped to retain a significant number of “at-risk” positions, all of which pay higher-than-average wages for Plattsburgh. The Town is now poised to support additional business investments through infrastructure improvements to further benefit the employment landscape and bolster the tax base.

**Differing strategies, common themes.** While the two towns employed different approaches toward the same end, certain common elements unite them.

**Leadership:** Clear vision, strong leadership, and determination of both Towns was essential to success. Without their clear sense of purpose and strategic acumen, both of these economic development opportunities would remain abstract ideas rather than implemented plans.

**Proactive Communication:** Both Town leaders implemented aggressive communications strategies to educate their communities about the potential benefits of each respective project. Both Supervisors actively sought and incorporated community and stakeholder input to shape the projects. These outreach efforts proved invaluable in generating public support.

**Long View:** While current unprecedented times and challenges are impacting Towns across New York State and the nation, and have likewise impacted these projects, the investments made set these two Towns up for success. Even the unforeseen situation in which we all find ourselves cannot diminish the economic development value that has been established by these strategic and proactive projects.