

October 11, 2006

Strategic Planning & Partnerships Commission ----

Proceedings by Authority

State of New York,  
City of Jamestown  
Mayor's Conference Room

ss.:

The regular meeting of the Strategic Planning & Partnerships Commission of the City of Jamestown, New York was held on Wednesday, October 11, 2006 at 8:00 a.m.

Members Present: Co-Chair Jennifer Harkness, Raymond Fashano, Carlotta Howie and Dr. Leonard Faulk

Others Present: Director of Financial Services/City Clerk James N. Olson, William Rice, Jon Scalise, William Daly, Randy Sweeney, John Merino, Greg Lindquist, and Larry Senn

Co-Chair Harkness called the meeting to order and introduced Bill Daly.

#### **AL TECH REVOLVING LOAN FUND**

Mr. Daly: Many of you probably heard this pitch and some of you have heard a little bit of it at the Chamber dinner the other night. The Al Tech Revolving Loan Fund is totally in our control. The only answer to the federal government – the EDA – which is the Economic Development Agency which is part of the U.S. Department of Commerce. If you recall, I think it was 30 years ago, either the beginning of September or end of August that Allegany Ludlum bought the steel plants and they got a \$10,000,000 loan to buy plants in Dunkirk and in Albany. Well, they paid the loan back with successful purchase and they ran the businesses – they paid the loan back – and the federal government decided to leave the money in the hands of the two companies so that's why it happened. And what we researched (nobody even knew this) A.L. Tech – and that's the correct spelling of it because it was Alleghany Ludlum – that's what the AL stands for. We thought about changing the name of it and instead we decided it was the renaissance of the AL Tech Revolving Loan Fund, but we now have over \$11,000,000 here in Chautauqua County to loan which puts us above most states for federal money to loan. So we've got a county less than 138,000 souls defined as Appalachia and we have more money than most states do. So, it's really significant. As we speak, we have over three million bucks in CD's waiting to be loaned. We're getting a lot of loan applications now, but we must loan this money constantly, and the reason being, right now we're getting about \$110,000 a month – principal and interest coming back into us every month. We now do it out of Jamestown. When we took it over from the Jobs Development Authority in New York City – they are completely out of the mix – and one of the biggest raps that ever happened on that fund was – sure you can come in, let's say Randy had a business and he needed a new widget machine- he could come to us and we'd give him a \$700,000 loan and after 8 months in the black hole of New York – no answer – Randy would go borrow from friends, family or get another bank or somebody to give him mezzanine financing to buy the widget machine because his customers are screaming and you couldn't produce them if you're waiting on Al Tech money so it was a disaster. The winner, I think, some business waited 16 months once to get New York City JDA approval – its unconscionable. But that was one of the real horrible parts. We can approve, right here, locally our loan committee can approve up to a half million dollars and if we've got the money in the bank, as soon as all the credit agreements and the collateral agreements are signed, we'll cut the check. 5% fixed interest. This is a huge significance to local business.

Mr. Fashano: What kind of businesses qualify though? Are there limitations there?

Mr. Daly: There's almost no limitations, if you really want to get down to it. In 2004 in anticipation of the money coming from JDA to the two counties, they approved brand new plans –

October 11, 2006

our plan is 50 pages, single-spaced, complicated as hell...Albany did the same thing in six pages of bullet points...Just a different philosophy of how they did it. But ours, basically, of course everybody knows its manufacturing – so it's industrial manufacturing, but it's Agri business, it's tourism related businesses, and you can call it general commerce. There are even some codicils in this that talk about four distinct loan funds. One for export, one that's kind of a growth fund, one is more a venture capital fund and one is an actual micro-loan fund. Now, we have the power to do or not do any of those, so we have got to really buckle down and decide if we want to be in the micro-loan business – I don't think so. There's other organizations that do micro loans. COI - Diane Hewitt has a micro loan fund – it's up in Dunkirk – it's county wide and we really don't want to get in the micro loan business. We can loan now up to \$100,000 of working capital, which I think is very significant. That should be great news for local banks and I hope Jon concurs because we're second position lenders so say or instance John's got a million dollar deal, he could send the client to us for 40% of that. In a perfect world that's.....we can also be first position lenders. Will you go past the 100% and then will you loan up to 110%, 120% of what the payback is identified as being, or are you locked in?

Mr. Daly: We could loan...when you say that John, how do you...

Mr. Merino: What I'm saying is that the lenders may take 30% in the first position, but in order for you to take the other 70 – based on the projections and rate of return – 20,000 of that might be past 100% value, but they really need the money to get started, it's just going to extend the term of payback, and when you take the risk, I guess is what I'm asking...

Mr. Daly: We have a Chautauqua Revolving Loan Fund also for things that are a little more risk oriented. We have a regular banking committee. They have to pass the test. So, this isn't so much risk orientation. The venture cap piece of it, we've got to figure out what we want to do. The truth is, I would rather take that money, try to work out a deal with the EDA and try to start a venture cap fund in the County. That's be my first choice.

Mr. Merino: Does this fall under IDA's auspices, or the County....

Mr. Daly: It's all IDA.

Mr. Merino: Wonderful.

Mr. Daly: The Legislature has nothing to do with it. But our loan committee...well, back to the 5% fixed. Say if it was an equipment loan, 7 years, 5% fixed is nice – it's a great rate. Real estate could go 10,15 years, probably 20 at the top end. We have seven people on the loan committee, five are local bankers; right now, we have Jamestown Savings Bank, M & T, Lakeshore, Five Star and HSBC have regular loan officers on our loan committee and we keep them till they don't want to be there – we try to make sure all the local banks that want to participate can at some time. There are two board members – Mike Piazza and Mike Metzger. The loan has to pass them to come to the Board. So, if it doesn't make it through them, there's nothing the Board can do to keep politics out of it. Now, on the other hand, the Board could say no to the loan – that the loan committee's passed. It's almost never done – I don't know if it's ever been done. But, there's nine members on the IDA Board so that's kind of the progression of it. Like I said, we would be second position lenders and it's not really the mandate that we're second because we do first position lending. But, that's why I think it's nice for banks – if they've got a customer at 5% rate blended in with the bank's rate knowing we're second behind the bank, probably you're going to get some projects maybe a little more impetuous, wouldn't you say John? That's nice to give them 5% and spread the risk around a little bit.

Mr. Scalise: Is there a maximum per year that you fund? Does it cut off once you've hit that?

Mr. Daly: Right now, this has never happened, but theoretically, we've got a couple of big loans that are hanging out there. If it's over a half million, we will have to go to the EDA for

October 11, 2006

approval. A million and a half in one loan is our cap. That's the most we can do so anybody that goes over a half a million, will be a guinea pig – the first one over – because the EDA has never approved these loans. It's always been JBA and New York and that was a horrible relationship. I don't know if I answered your question directly...

Mr. Scalise: No. For instance, this is October – we're going into November and you've already funded \$2,000,000. Okay. Do you cut off at \$2,500,000.00, or do you...

Mr. Daly: No. Our goal – we want to lend every single dime. Like I said, we've got 110 a month that just rolls in automatically – it's debited. It's our...like on the second of the month, that's what we're getting in and say, if we were maxed out, and Ray came in and wanted 300, we'd say "yea, Ray, you're going to get a hundred a month for three months." The federal government will take that money back. When we came in, they already...two years ago they told Chautauqua County to pay 3 million back. So we walked into that – we begged, we fought, we cried, and I'll tell you an exact quote that was really amazing. Another Irishman, my age, I'm guessing – named Garrity at the EDA...called him up and I said "hey, come on – we're good guys, we'll go out and we'll loan this money – don't take the 3 million..." And the guy said – dead serious – exact quote – "What have you got – 140,000 people – you're in Appalachia – you've got more money than most states. Are you nuts? We're taking the money back. Nice try." Hung up the phone. When the paperwork was processed for the JDA and then a magic transfer occurred and \$3,000,000 went from JDA to the U.S. Treasury. So it could have been a \$14,000,000 loan fund. But, remember, in fairness to my predecessor and that crew, interest rates were what Jon? What was the lowest rate you guys were offering ??????

Mr. Scalise: In the fours.

Mr. Daly: In the fours? So this was four/five – why would you go through this when you knew you might be in the hell of New York City for eight months or a year? So, they couldn't loan it that way and there was all this pressure, and the rumor was out that it was slow and laborious so the good news is for the fund is that it's a very attractive rate and we can do it. But, yes we will loan...if we're out of cash, we'll say here's our cash flow, and we'll loan in advance.

Mr. Scalise: And, is there any brochure that...

Mr. Daly: It's all coming...

Mr. Scalise: ...that has the qualifications to...

Mr. Daly: November 1<sup>st</sup> – people who were at the Chamber dinner, everybody's invited to this...whether you get an invitation in the mail or not, I apologize if you don't get one, you are all invited at Webb's on November 1<sup>st</sup>, 4:30 – 6:00. We're going to have a reception. So this is going to...we're going to have a hand-out and the brochures. The biggest problem I've got is trying to rationalize how we break apart those four little funds I mentioned...remember, so there's a growth, there's a venture, there's a micro and there's an export.

Mr. Merino: Are you obligated to commit dollars to each of those other funds?

Mr. Daly: No.

Mr. Merino: ...or you can just take the applications as they come in?

Mr. Daly: They can take them as...and their interest rates will be a little different.

Mr. Daly: Again, the micro line – I really don't have much interest in doing. When you're out there trying to manage---we've got 36 or 37 loans right now on the books, plus the Chautauqua Revolving Loan Fund is about – just so you know this – the Chautauqua Revolving

October 11, 2006

Loan Fund is federal money also – it was ARC money. There's  $\frac{3}{4}$  of a million bucks is the value right now. We do get some higher risk loans with that money. At any given time, we could have 0 to \$200,000 available, depending, for instance we have loans out on Goodman, but there's an issue with the Planning Board – them setting up...they were granted \$100,000 in the revolving loan fund alone to set up the waste transfer thing on the rail line. The Planning Commission has said no – so I don't know what the Goodmans are going to end up doing, but there's \$100,000 that we're going to loan to somebody else. I mean, they've got to be able to...

Mr. Merino: Now is there a sunset on this overall fund, Bill? Do you have to have it spent by next year?

Mr. Daly: No. But from what I understand the federal government will take back money. They've taken back money...I had a meeting with Southern Tier West and there's a couple of other funds – Western New York Regional Corporation – have you heard of...I didn't even know about it...It's money that we have access to through the IDA and I learned about it yesterday and they probably have a couple hundred grand available, but I don't know if it's a prime or below prime, but it's for more high risk and there's a couple hundred grand available in that, but that's like the Niagara County/Erie County/Allegany/Chautauqua and Cattaraugus – five counties...

Mr. Merino: They're using some of that in Niagara Falls, actually, for some of that downtown development projects around the casino.

Mr. Daly: Right. So, we're going to have the whole gamut of monies that are out there to loan to different businesses, but there's some local businesses that have used that Western New York Regional Corporation money. But we're looking to loan the money. The bottom line is this. We're under a mandate and I just told you the story – they took \$3,000,000.00. But they waited a long time. I mean, they gave – it was over three years – if you go in the files, the letter says "P.S. I have this \$3,000,000.00." They waited three years before they took it to see if there was a potential for a loan. So it's not like...they weren't unreasonable. But when we came in brand new, they just said "I'm sure you're going to do just a wonderful job. Send us the money."

Mr. Merino: Well congratulations. That's wonderful.

Mr. Daly: It's great for everybody. We've got a couple going. Today at the Board meeting, we'll have two loans there. One's a revolving loan fund loan, because Cattaraugus County and Allegany can come in on the Chautauqua Revolving Loan Fund. So we've got a wood flooring manufacturer in Salamanca coming for \$75,000 and then there's Al Tec, we have \$100,000 loan approved that we may increase to \$200,000 so we can take out GE Capital on the deal where they're not playing nice.

Mr. Scalise: In the event of a default, what body follows up on that?

Mr. Daly: Greg Peterson's our attorney. They would go after any collateral position that we would have.

Mr. Scalise: So that's outsourced on a whole?

Mr. Merino: Yes. There's nothing in the terms and conditions under which you receive the money that because it's government funding it would take precedent over the private lenders and first position, for example, ...

Mr. Daly: It's the exact opposite which is quite amazing to me. I was going to say one more thing to you. Some of these loans and government grants that you see, we're kind of getting the hang of this, but this HUD money like you hear the Governor's office – these small cities – they don't Jim how it works with the city – some of the HUD money you guys get...but what happens is there's nuances to that money where if you can loan it, like even a no or low interest kind of loans,

October 11, 2006

once you recapture it, it belongs to the entity, does not belong to the federal government. We're trying to get a better handle on that. So if you were to say get a...see, the City of Dunkirk and Jamestown are HUD designated cities so they work differently than...the governor's office of small cities has all the other HUD money for New York State and you apply for specific projects. The ones with economic development are - it's an open season for applications. The other ones, say for instance, COI's doing one with septic and wells for poor people and they got \$300,000. We came in, we saw they got a 150 - they did more than they required in 24 months. We asked the Governor's Office to say there's so many rural people so many problems with their septic and well water and we got another \$150,000.00. That's good news for the people - it's going to be tough on COI to perform. I mean, they've got to do over a hundred mediations in the next 24 months. But, what we find is that kind of money, if you do it the right way and bring it back in the right kinds of programs, even like a micro enterprise loan type fund - if it's structured, the entity which received the money can recapture the money and it's not due back to the federal government.

Mr. Merino: I should look into that because I did...I was in that business for 21 years, and I think you have a right to do what you want with the interest that you earn on low interest loans, but I think the corpus is restricted by the same guidelines under which it was given. You can apply for waivers if you want to alter your program slightly, but I think the only thing that they give you the latitude on...

Mr. Daly: ...is on the interest...

Mr. Merino: ...is the interest you would earn on the repayments because I did that for 21 years and we used to try and come up with all kinds of creative ways to get control of those payback dollars and it's tough sometimes to do. But, I'm pretty confident it's the interest...

Ms. Howie: Could you define a micro-loan for us non-bankers and ....

Mr. Daly: Well, a micro loan - and this would be a humble explanation - and anybody else can speak up, but the money that COI has, it might be \$15,000 or less.

**Ms. Harkness: They have women-owned business loans also....COI. They have a special fund for ????**

Mr. Daly: So it's small amounts of capital. You know, I talked to somebody in New York State because they could have applied for more Governor's Office for Small Cities Money and doubled that fund, but what they said was don't give \$15,000 - give them a loan of \$15,000 at 2% interest and give them a grant of \$15,000, because \$15,000 enough to let them fail. Almost a guarantee to let them fail. \$30,000 - you might actually get some...you know, \$15,000 is enough - give them \$15,000 up front and let them draw down on \$15,000 is a no or low interest loan and that would teach a lot more and give them actually enough capital to not open the doors and be gone in six months. I have to leave, I apologize, it's our Board meeting today and everybody knows what Board meetings are like.

Ms. Harkness: Thank you very much for taking the time...I asked Bill to come and talk about that because it does come into play for two of our priorities, was Champion Job Preservation and Cultivate Sustainable Job Creations - those are two that we haven't really touched a lot on yet, and I'd like to, after John Merino kind of gives us an update on the Urban Design Plan and what's transpiring behind the scenes not everyone here is aware of.

#### **URBAN DESIGN PLAN UPDATE**

John Merino: The Jamestown Renaissance Corporation, I guess we can first talk about that - has been duly incorporated with a Board of Directors appointed and Ken Strickler and the Mayor are going to be co-chairs of that entity. It is being charged, I think, as the primary implementation organization for the Urban study. We had a Steering Committee meeting of the

October 11, 2006

group that was involved from the beginning in helping do the interviews and selected the Goody Clancy firm a couple of weeks ago. The Mayor sat in on it. We directly spoke with him about his confidence level and comfort level with Jamestown Renaissance Corporation being the lead organization and he confirmed that he did feel that was the way to go so we immediately made him co-chair. Which is the best approach to take – he can't back out now. Lee Harkness has got a thousand ideas, this is kind of under the auspices of DJDC. The majority of the Board of Directors is really made up of DJDC Board membership and Lee's come up with about a thousand ideas already, so what we need to do is, I think, as we begin to work through, and our very first board meeting is tomorrow morning, as we begin to work through this process – just kind of prioritize those based on what Lee thinks we can accomplish in the short term, but also figure out where we can plug in to this Urban Study in order to determine what the first step should be. There's going to be three or four fronts we're going to be operating on at once. Lee and I have already spoken – I've contacted the Congressman's office about trying to get us an audience and talked with Wally Haase as well about helping us get an audience with the railroad people so we can start that application process or that discussion about the right-of-way and access over the tracks to the waterfront. That's something we need to start today. The likelihood is that's going to be a year or two process of meetings and discussions before we get a signoff and so we want to get going on that conversation. We're also doing some other behind the scenes research in terms of some site options for property along the river so that the area that was identified on the Urban Study is being the logical place to have a major attraction of some sort is currently privately owned, and I've had some discussions with Bill Rice and Greg Lindquist about that and they're trying to set up an appointment to sit down with the owner of the land over there that's been identified and at least begin the conversation. I think, from what I understand, is that they're interested in moving that facility anyway. I understand Peter Krog is involved in it and is trying to lock up an option so that he would be a private developer that controlled the land, which I think is great if it's a great project, but of course then it escalates the value tremendously so if we can get the option as opposed to Peter getting the option, I think we'll be in better stead for a community based project. So, anyway, there's a number of things going on. The Planning Board had a hearing last Thursday at the Jackson Center, and there might have been a nice article in the paper, but there might have been only 30-35 people that attended. Dr. Rabb was eloquent, as usual, in presenting kind of what the process was going to be, and the Planning Commission, I guess, is planning on acting on this to put it to sleep – they want to get it done as soon as possible and get it before the Council and get signed off on before the end of the year, which is great news. So, it looks like we'll be able to hit the ground running. Right now, one of the things we've been talking about with Mike Sullivan, who is also a Board member of JRC and Lee is kind of what the public relations rolling out package ought to be – what is the first thing we ought to do. I think we need to get a little more specific on that, I'm sure, the JRC Board will be having some discussions along those lines tomorrow morning. And, that's pretty much it, other than we're trying to keep the enthusiasm level up there and really show the community that this is going to happen, you know, it's a decade or two's worth of work, but we're going to start it and we're going to keep pushing. Every year there's going to be some benchmarks we want to reach, hopefully, and we'll want to attain them as best we can.

Ms. Harkness: What I think is important about this JRC is that there is an organization out there to work to implement the Plan and that's been a question that we have all heard, no matter where we go – great Plan, but who's going to implement it – how's it going to be done, and I think it's important that we share the message that there is an organization that's a public/private partnership, you know, working together with the City to get the Plan done, and that this time it's different in that aspect.

Mr. Merino: And, we've all agreed among ourselves that we will hold ourselves accountable for the success of it, so I think we're serious about - you know, there's some pretty important and dedicated people who've committed to this process and this organization, I think, who are relatively high profile, which I think is where it gets its credibility from. And, we've kind of committed to ourselves that we really do want to see this happen, so I can see this taking over all our lives in the next four or five years.

October 11, 2006

Ms. Harkness: And, just a quick update...Last meeting we had Maclain Nichols and John Walker in about regionalism, shared services. I did talk with Dale Robbins, and he's still going to call a meeting of all those elected officials, but he wants to do it after the election. He feels that right now, the timing is very poor, so he had it on the calendar for November 9<sup>th</sup>; he's going to make calls and set up that meeting. We can see where it goes from there. I don't know if there's anything else really that we can do until all those things get on the table.

### **CHAMPION JOB PRESERVATION**

Ms. Harkness: The next thing I do want to talk about is the Champion Job Preservation and Sustainable Job Creation. We have those statements and what do they mean to this organization and where do we go from making that statement – what does that mean? I know we threw around some conversations about having leaders in business get together to see what needs they have. Do you have any ideas?

Mr. Merino: Well, the guy was just here whose department is charged with job creation and job retention – I think that we would want to ask Bill Daly whether there's somebody in his organization that he can kind of ask to lead the way, or tell us what they are doing along those lines and maybe our role is going to be easier just by being supportive of what IDA is already doing. He has told me in conversations on other topics that they are paying visits to every industry in the County and they're making a point of stopping in and talking to the plant managers and the owners and really wanting to find out what their needs are – not only dollar wise but what's going on in your community in terms of water/sewer usage, the kinds of things that industry needs to have to their benefit and he tells me that they are initiating that and it's something that really wasn't done for a few years. So, if they are in fact doing that, maybe we can just...

Mr. Fashano: He's mentioned a couple of times in places I've been where their main goal has been to preserve the jobs and that's why they've taken that fundamental approach – let's preserve what we've got here first before we look for others to come in. It doesn't help if you bring in a 30 job company and you lose 50. It wouldn't make any sense.

Ms. Harkness: Well, I think a lot of what the IDA, as they're making calls, they're making calls to places like Cummins – they're not making calls to places like Jamestown Savings Bank who employs 100 people in Chautauqua County, or whatever. You know, there's more small businesses that make up the masses than how many Cummins are you really going to have...I think that we need to be broadened to ...employers of 100 people or less, or I don't know how you define that, but I think they need to be on the map on someone's radar. Because I know we don't get calls – we have to initiate a call if we need anything. No one has ever called to see how things are going, you know...I'm sorry to...

Mr. Scalise: No. That's quite alright.

Ms. Harkness: ...I mean, I know we're not the only entity out there like that, but I guess that's my...

Mr. Scalise: Well, I think it's a valid point. I mean, we've bought half a block over there and we've got some pretty good paying jobs now in the area since 1995 and we pay a few taxes here and there...nobody's really knocked down our door and said hello and said do you need anything, or something of that nature – which is not a criticism – because I know everybody has their own world that they're dealing with, but I think it's a valid point that they start touching some of the businesses that are in a lower...

Ms. Harkness: Well, I mean, in private industry, I'm sure Carla you can speak to this, we all have business development. You don't just let your customers sit – you go out and visit them. You know, check to see how they're doing, as well as try to get new relationships. You're always trying to cultivate your current relationships.

October 11, 2006

Mr. Merino: Well, that could be the whole point of it. Does County IDA or the City Economic Development Department look at Jamestown Savings Bank and other businesses in the community as customers? Probably not.

Ms. Harkness: Well, places like – I'm using Cummins because it's one of the biggest employers here – those kinds of companies are courted by other cities you know. So if we're not paying attention to the businesses here somebody else is going to, whether it's North Carolina, or wherever.

Mr. Fashano: That'd be a good question – too bad Bill had to leave...

Ms. Harkness: I know, in conversations that I've had with him, they don't really have an economic development person right now. They really need somebody just driving that kind of plan in their office – they don't really have anybody dedicated to that right now.

Mr. Merino: Under whose auspices would it come? Do you think IDA, or would it be the City Economic Development Department? I mean, is our concern just within the City, or is it broader than the City?

Ms. Harkness: Well, I think it would have to be broader than the City because, really, you pull from the whole county for residents, or for school....

Mr. Merino: So it would come under IDA – I'm just wondering if there is a role for City Economic Development to play.

Ms. Howie: I don't think it would hurt to email the County Executive and see if they have a schedule that's published of the businesses that they're going to visit this year and ask what we can do to get our name on the list and make that known. This way if they don't have a list maybe they'll make one.

Mr. Merino: Does this have to be a professional effort, or can it be done through a volunteer process do you think? I'm wondering if even getting the Council people, you know, and just say "look – here's a list – ten businesses each – you're representing the City and certainly the interest of the City and you care about it – certainly wouldn't hurt you to call the GM of that particular small business, or whatever it might be and you know, you're an official representative of the City, and just collect some information...have a cup of coffee and a conversation." See if there's something there that we're missing...

Ms. Howie: That's an excellent idea...

Mr. Merino: ...as ambassadors, kind of, of local government, at least within the City confines we can do that...

Mr. Sweeney: Then it needs to be brought back and communicated to someone or some entity – whether it comes back – I guess, where does it go after that?

Mr. Merino: Well, we don't want it to go on the shelf...

Mr. Sweeney: Well, that's what I'm afraid of...you know...

Mr. Merino: Somebody's liable to have a legitimate need out there and when it gets identified, it's got to be addressed...

Dr. Faulk: It seems to me there's several resources (1) identification; (2) is what you're going to do about it when you identify it and who's going to do it; and (3) what is the follow up and

October 11, 2006

there are I guess you can kind of identify the various players that might be sort of a sub-committee to think through that. Obviously, there's a Jamestown Area Chamber if you think of this area. There's the Small Business Development Center at JCC which has resources, training and other things. Maybe there's an area for some special workshops **for ?????** and certainly the City Economic Development – I was just saying you get together some players here and you figure out what your mission is and your mission obviously is outreach and support. But also think of what you have to offer these and who's going to offer it before you go out and have a follow up plan. But I think, it wouldn't take long – just a couple of meetings just to kind of formulate kind of an action plan, but get the parties together, including the County...you mentioned several organizations...as well as well as grab someone from this panel or two or three small businesses that can also give us some feedback as to what the needs are.

Mr. Senn: I think there needs to be some concentration on jobs creation and sustaining jobs in the City, again I'm all for the regional things, but if we don't get people to live in the City and send their kids to school in the City and buy houses and pay taxes in the City, have jobs in the City and everybody's living out – then the City will continue to decline. So somewhere along the way, and again in some of the things I kind of sent over to you the other day when we're recruiting people and we have recruitment firms calling us and they look up Jamestown, New York and compare it to other cities on a city-compare – just a google kind of thing – we look horrible. And, I'm saying – you know, look at Lakewood – don't look at Jamestown, but somewhere we've got to continue to focus on Jamestown in these discussions, to get jobs in town, get people to live in town, get the housing market up in town so people want to own houses in town...and I don't know how to get to that...by getting jobs in town it's going to be important because then people may want to live here too, if we can bring up some of the other things. Again, the crime rate – all those things that are in that compare, these websites really....

Mr. Fashano: We talked about this months ago, but we're back to that if you want to call it that Revolving Loan Fund for that housing...use the Country View Estates as that example. I mean, we've got what- 25 lots up there Jimmy – 11 of them are sold and a couple under speculation, so you've got half of that filled. That needs to be, I think, pushed...how often is that in the paper, how long is that out there? I'm not sure that Greg and Steve and Bill would have even time to market, sell that. And you know, that's a gem sitting there for us. We need that, take the money in and go to me, a neighborhood, and razz the damn thing and start over again and put a new one in. Now, we've got 25 more lots. And start beefing up the housing stock – exactly what you're saying. When I first came back to town, I had a real estate person who wanted to take me to Lakewood, Bemus Point... sorry I can't do that.

Mr. Merino: They took me when I got here...

Mr. Senn: But that keeps driving our stats down...

Mr. Fashano: I've gone to a real estate buyer myself who made a presentation to them about our school system so that now I've at least got, from that presentation, I've had realtors call me at home and say "hey would you mind if this client talks to you." Heck no. Have him call me. And we've been able to save some sales in the City because they've talked to the school system and they know what's going on. But, you're right Larry. It's harder to sell...you know, you've got a deal going on right now with some executives. Are they going to be in Jamestown? We'd like to have 25 executives move into Jamestown, the City thereof, not Bemus Point, not Lakewood, whatever. You know...

Mr. Senn: The Urban Design Plan – I think it's great, but what it does is it brings people to here, but it doesn't make them want to live here...

Mr. Merino: There is a downtown component to it.

October 11, 2006

Mr. Senn: I know, but is that where you want to live? And there is, and I know, again it's .....

Mr. Merino: ...it's not neighborhood related. There's people with young families and kids want yards and...so there's a difference between neighborhood development and downtown urban development...

Mr. Senn: And again, this is very good, I just, I don't know – how do we get focused back when we're looking at these job preservation...are we still talking about jobs that have sustainable income, or are we talking about the jobs that are going to last when you say "sustainable job creation?" Because at one point in time the conversation here was there needs to be jobs when we bring them in so that they can sustain paying taxes and ...you know \$15,000 a year jobs that can't sustain themselves...so, I don't know when we define this how you want it to...what you're talking about with "sustainable" because we need sustainable incomes.

Mr. Merino: You know, it's interesting that Larry brings up this point...Jane Jacobs just passed away 6-8 months ago who was really the mother of urban development in the United States and she had moved to Toronto years ago. She wrote one last paper before she passed away talking about this whole concept of regionalism and how it's just a cop out for people in cities who are trying now to expand politicians mainly who expand the blame to a regional approach because they won't look internally to handle kind of the issues that they face within their own community. So by spreading the issue out over a broader plane, kind of trying to get areas that have no responsibility for solving their problems to take on some portion of the burden. It was really an interesting final essay. Wall Street Journal had a nice piece on her obituary but carried that whole article. It's one I have copies of – give it out to people because it really is something interesting to read in terms of her sense of what's important about cities, neighborhood development – just like you're talking about-sustainability of jobs...the type of new urban jobs that can be created and can sustain families, head of household incomes within cities, and things of that nature, as opposed to people working at minimum wage jobs trying to make a go of it.

Mr. Senn: The statistics we need to improve somehow in that strategy session, but I'm not sure where to get focused.

Ms. Harkness: I think sustainable also meant to us, and we had Lori here at the time talking about these call centers and committed to like a five year life span and then they're off...lose the contract and all of those jobs even though they're \$10.00 an hour or whatever, they're not sustainable jobs because that industry is not a long term industry, so I think "sustainable" also meant that. Try to get industries in that have some longevity.

Mr. Senn: And regionalism again is bringing taxes down, shared services, all that kind of stuff, so I mean we've been very supportive of that at the meetings, but somehow it seems to be to the detriment of Jamestown's statistics.

Mr. Fashano: I looked at the 2000 census and you can draw a circle around downtown, right, like that, and that's where your renters are. Because we have a lot of people that rent a place – you take the school system – I have a 22% transient population that move throughout the year, at least once, or more than likely it's two – four times that they've moved. So I'm trying to educate a moving target. You know why? They don't have the money so they leave this rent and leave this guy hanging and go across town to someone else and rent again until that happens to them again.

Mr. Senn: And Jamestown Schools has some very fine statistics, but this group is brand new, and it's tough to market to somebody moving to the community – you want to live in Jamestown, buy a house in Jamestown, but send your kids somewhere else...because of some of these stats that are coming out because of the renters and the housing. It all goes back to jobs and housing really.

October 11, 2006

Mr. Fashano: You know, you figure 5000 kids in the district, a little over 5000 kids in the district and a 1000 of them are moving all the time...I don't know how to solve that one. I'm not a social agency, although I turn into one quite a bit.

Mr. Senn: From the hospital's perspective, housing and jobs mean...inaudible....

Mr. Fashano: I'm supposed to be for education, but I've got 3,000,000 in social stuff going on inside the schools.

Dr. Faulk: You might want to reconsider our strategy. We spend a lot of money, we have over the years, Jamestown's got some wonderful houses. The problem is we don't have a sector that can re-invest in everyone's house – I mean you can't with public dollars continue to re-invest in Jamestown; so what we do with high density housing, we somehow over 25 years hit everybody on the block and by that time, other houses are going downhill. Maybe what we ought to do is to say let's have a new kind of urban living platform. Let's try out a few blocks and let's tear down every other house, or tear down and have an interior park or whatever, and actually create some value in the house in the neighborhood, rather than trying to patch up everything and not have the value that people want. I mean it's...

Mr. Fashano: ...or we have money, but it isn't concentrated enough in an area to improve the whole area. We have this house here, then 20 houses down the road and we helped this one and 20 more over there, there's no major effect in that neighborhood. You know what I'm saying, it doesn't raise the neighborhood up.

Mr. Merino: Part of it though is, you know, I look at a project like CODE is doing out there on Second Street which is going to be absolutely beautiful when it's done and it's wonderful they got \$2,000,000 and it's creating some construction jobs. But what it does, is it concentrates the poorest of the poor again in a single neighborhood. So, as opposed to there being an integrative process where people throughout the city are living wealthy on one block and people of modest means and poor people in rental units helping sustain that neighborhood – we're concentrating in a high density fashion, you know, people of limited means. And so, you know, they deserve the quality housing certainly, but I don't know as the density like that is the way to approach it.

Mr. Fashano: The other thing is at least in that particular project because I sat on a CODE Board one time – that particular project at least it cleans up the neighborhood. At least that presentable appearance and Donnie's always been known for taking care of his properties.

Mr. Merino: Well, if they're in great shape...

Mr. Fashano: So, it's not like you put two or three million into something and then it slowly goes downhill. Donny makes sure that they're kept up – they're fixed if the people don't pay – they're gone...I mean you know, I understand what you're saying John too, but at least I look at that corridor – I mean, we need to go down all of 2<sup>nd</sup> Street...

Ms. Harkness: There's not a doubt about it...

Mr. Fashano: I'll give you a good example. We have what we call in our business the triangle the way our schools are separated. The triangle is from Thayer Street to the corner of Winsor. That whole area right there. Those kids by definition go to Bush School up on top of the hill, but because of the river and the railroad tracks, there's no easy way to get up Willard Street. You've got to go all the way down 2<sup>nd</sup>, down Winsor, and then up Willard. So you take a kindergartner who lives on Thayer Street. How the hell do they get to school on time? How do they get there at all, first of all? So, we went to Parment – Parment helped us pass some legislation called the Child Safety Zone that you can do in small cities because remember, we don't get bus transportation aid in small cities. Only the rurals get that. So, for a safety zone, we now get transportation aid so now we had 23 kids in that zone when we passed the legislation and now because we bus the kids, there's over

October 11, 2006

65 kids in that zone now. So it made it too good – you know what I mean? And that's okay, because those kids now go to school. But if you drive down 2<sup>nd</sup> Street and you're going over 20 miles an hour, you're foolish, too many kids there in that neighborhood running across those streets.

Mr. Merino: But you know Ray, on the other side of the coin, I understand what you're saying because that's exactly what I did for years with Neighborhood Re-Investment was that kind of inner city housing and urban development for poorer people, and Don does a phenomenal job, but what it does for the community is it will perpetually make 2<sup>nd</sup> Street a low income neighborhood. So one of the main thoroughfares into the community that you would hope would be more business oriented, as we tick away at getting rid of some of these properties and as Don's long range plan, which is a good one for replacing marginal properties, will make it more attractive – it's going to economically lock it into a low income stratus so the potential for it to become a viable commercial strip in any way as a main entry point to the City just gets eliminated. Whereas, if the buildings that were there were knocked down and these were spotted throughout adjacent neighborhoods and a more freestanding kind of thing and less density, you would do an awful lot more to upgrade some of those streets as opposed to the high density. And that would leave than 2<sup>nd</sup> Street looking at the urban plan as a potential major thoroughfare to enter the City of Jamestown and we want to make it attractive 5-10 years down the road, it would give us the potential to be able to do that in some commercial and more upscale economic way.

Mr. Senn: Coming back to Ray's original plan, how do we get these other 50 houses built?

Mr. Fashano: Greg is here now. Even though we think Country View Estates is going quite well, you and I had at least a voice tag conversation. I needed some information about that for our own project, but that's not your primary job to market Country View Estates.

Mr. Lindquist: ...it's one of them...one of the many duties...yes, and I agree with John – there's got to be a vehicle that we can tap into that will help us market housing. One of the issues that we have is that even with the older houses that are deconstructed or demoed, we're left with a lot that basically, according to today's building codes, is unbuildable. So, I think what we have to take a look at is more of a neighborhood approach, either by acquisition of a number of residential houses combining the parcels and then splitting it back off into buildable parcels, that may be a vehicle.

Mr. Fashano: I think that is the way to go.

Mr. Lindquist: And, I hate to keep bringing up Restore New York because we don't know how long that program is going to be around, but that would be a vehicle that could potentially be tapped into to take care of blighted neighborhoods.

Ms. Harkness: Is it demo money?

Mr. Lindquist: Demo, deconstruction, rehabilitation and reconstruction of blighted industrial, commercial and residential.

Mr. Fashano: How much is available in that kind of fund?

Mr. Lindquist: Well, there was \$50,000,000 in the first round which we put in an application for \$4,500,000.00. Only one project dealt with residential – the other three were commercial/industrial projects. That was the Atlas Building, the west end and the MRC Building Project. The one house was a CHRIC owned property at 37 ½ Cross Street for deconstruction. One of the main issues with the first round was the time frame that we were given to put an application together was only a couple of weeks and the requirements for the grant program required everything from actual site control through financing commitments for completion of the project – above and beyond infusion of restore funds. So there were a number of projects that came forward – very good

October 11, 2006

projects – I might mention that dealt with some market rate housing, etc. that unfortunately we just weren't able to get all of the loose ends tied together quick enough to get the application in. But, you know, if providing that it survives the new administration coming in in January, the next round will be coming out in April '07 which should be substantially higher than the initial \$50,000,000 round. See, it was a \$300,000,000 three year commitment by Pataki, and endorsed by both parties so we're hopeful that it sticks.

Mr. Merino: What's our vacancy rate in Jamestown?

Mr. Lindquist: I am not positive of the vacancy rate – the ratio of owner to renter is hovering right around 49/51.

Dr. Faulk: I would imagine, when I did a study in the late '80's it was around 9%. I would suspect it would be 15%, maybe more.

Mr. Merino: So we've got 15% of our housing stock that's vacant, and there's got to be a percentage of that that is uninhabitable. Right?

Dr. Faulk: You need a new urbanism plan that focuses on how you bring market folks into the market, and usually that's a combination...there's a lot of models where they've taken whole blocks and they've preserved some, they've built new, and they've preserved open spaces and they provided a unique neighborhood that still has a neighborhood feel, but I think if we began targeting, getting a plan together that has that focus. I think generally plans that have mixed income housing, which I think is certainly the real goal here, I mean you're really talking perhaps 5, 10% low income and that's sort of low-moderate....what you want to do is you want to have a high component of folks who are going to kind of carry the values of the neighborhood and that tends to reinforce values for everyone in the neighborhood. But once you get up to 30,40% of the neighborhood that's low income, it gets into meltdown, everything else kind of slides down from there. There really has to be very specific goals....mixed income. I do believe in the mixed income. We do need a decent mixture in there to accommodate the population. We have a poverty rate in this town of 13-15% perhaps, so you don't need to go higher than that in any neighborhood if you're really going to begin to mix appropriately with the goal.

Mr. Fashano: And you say 13, 15% - is it really that low? My free and reduced lunch in schools is 65%.

Dr. Faulk: I think overall, of course that's 80% of the median income – we're talking in terms of the poverty level...

Mr. Senn: ...we're talking sustainable jobs and everything that we started out with here is driving that....housing stats, school stats, insured stats at the hospital – all these stats..

Ms. Harkness: Really the conversation is really focused on the housing component - that's obviously a need to address the job creation and preservation....

Mr. Merino: Shouldn't somebody like Don be part of our thinking on this? We've got a premier group in the community that's been phenomenal – worked for 20+ years and brought all kinds of money into town through the State and Federal government. I would think there's an area of expertise that somebody has that we probably ought to call on. Or maybe convince them not to do high density of one economic strata but how to convince them to start looking at .....

Mr. Lindquist: I think one of the issues that are present is that what the funding is in high density, and that's one of the issues – is trying to tap into alternative vehicles for funding that deal with low density and that's difficult to source out.

October 11, 2006

Dr. Faulk: Well, I think that's where the partnerships come in. When you do this you have to have a banking community, you have to have a marketing community to know what the value – what's going to sell – that's where you would stand out and it shouldn't be up to the City – government....

Mr. Fashano: We have a great incentive between what you guys have offered in tax breaks and what the schools have offered – I mean we're offering 50% tax break for 10 years – 5% increase every year, but so after 10 years it's back to full value, but that's a hell of an incentive to build.

Mr. Senn: So why aren't people flocking to the gates to build in Jamestown?

Mr. Fashano: No offense to Greg, but I'm not sure he has the time, or whoever, has the time to do the marketing on it to get it out...so by word of mouth, you have 25 lots up there did you tell me?

Mr. Lindquist: Yes.

Mr. Fashano: And how many are sold or...two are under speculation, ...

Mr. Lindquist: Two are under spec, there's 8 that have new builds within the last 18 month period, and another two lots that are going under construction within the next couple of weeks.

Mr. Fashano: That's pretty good. That's pretty good, I think. And that's by word of mouth, basically, right Greg? I mean a few articles in the paper...but not a lot...

Mr. Lindquist: Pretty much so.

Ms. Howie: Has there ever been any pictures in the paper?

Mr. Lindquist: Oh yes.

Mr. Merino: There's been a couple of nice pieces, actually, about .....BPU did a great job on the utilities, all underground, it's a nice area...

Mr. Lindquist: There'll be a sub-page on the City's web site in the very near future that kind of highlights Country View and the tax base - ...this is city wide – I mean it doesn't just deal with Country View, it deals with any new single family....

Mr. Merino: I hate to suggest this because I've got an office full of these things, but do we need to look at having a similar study to the urban study conducted for the neighborhoods in Jamestown, because we've looked at the downtown and let's find a firm like Goody Clancy – quality – who understands neighborhood development and get an analysis done of all of Jamestown and a year from now look to a group like CODE or something as we have with JRC to implement the urban plan downtown; look to a group like CODE to be involved in implementing a major urban strategy to rebuild the City? You know, we can talk about it – there's a lot of wonderful strategies that have been tried in other communities, but you know, it's at the point now where guys and ladies our age – if we still have the energy for the next 5 or 10 years, we ought to be pushing as much of these things as we can to get them on the table and get them active because the generation coming into our roles after us – we ought to be leaving them something that's positive.

Mr. Senn: ...along with the jobs...it's got to go hand in hand...

Mr. Merino: I would think that we need a good...I think we all know what the issues are when you're driving down the street – you can see it – certainly the Development Department knows what they are because they're trying to administer the CDBG programs in those neighborhoods and

October 11, 2006

try and make them as effective as possible given the limited dollars we get, but maybe there's some all encompassing strategy like the Urban Plan for downtown that can be applied to the marginal neighborhoods. It would be interesting to have a serious look taken at it.

Mr. Sweeney: You know, a guy that we've talked about a little bit this morning that, if he was here, he would be standing on the table, because I've had these conversations with Dale Robbins. If you think you can get Dale engaged in this since he's not quite as involved out in the Town of Busti now, Dale very much believes this is the secret to the success of Jamestown is this whole neighborhood rehabilitation. He's talked to me about it several times. If you can get him to help us a little bit along the way...

Ms. Harkness: He might have more interest in this.

Mr. Sweeney: Well, he might.

Ms. Howie: His wife – I have lunch with her from time to time – and she asked me how I liked living in the City and so she said that once their kids get in school, her and Dale have talked about moving into the City where they could walk to work and that's the kind of thinking that I would love to see generated and that's exactly what we're looking for. But, you're absolutely right – I think he'd be great for that.

Ms. Harkness: Well, should we have our next meeting and I'll see if I can convince Dale, and who else should be at the table to have a discussion?

Mr. Merino: I think you've got to have Don Bloomquist here. Don has too much experience not to have him here.

Ms. Harkness: I know this is a hot button for Len...Who else should I invite?

Mr. Fashano: I think those would be plenty to get started. Don can go all morning on it.

Mr. Senn: Is there a realtor or somebody that can help?

Ms. Harkness: That's what I was just thinking....

Ms. Howie: Did you use a realtor firm when you do the recruiting?

Mr. Fashano: No. All I've done is tried to go to them and tell them about the whole scoop. See, the problem we were having was an image – there was a perception on Jamestown Public Schools that was bad. So I went to them and basically laid out a plan that we're using for improvement. You know, like they're sitting there and their eyes opened up, "what do you mean, you're doing all this?" I said yes. Then I start getting calls on the phone. I still get them even though it's probably been two years – two and a half years – since I've been to that meeting, I still get pointed real estate people call me, but it's the same realtor every time that has them call me.

Ms. Howie: In our situation, we have certain firms that we have to use. We use Turner Realty. And, sure enough, he moves everyone to Lakewood and Bemus Point.

Mr. Merino: Well, he's just made a major investment in downtown. He bought the Ellicott Building from the Arts Council, he owns other income properties in the City, I know, I've talked to him about it...

Ms. Howie: But, you know, that's tradition where he's shown people...

Ms. Harkness: So we need to get him involved in changes...

October 11, 2006

Mr. Fashano: Well, he sits on the Board of Education at Southwestern so he's been pushing that...

Mr. Lindquist: And the property values are higher – the commission levels are higher...

Mr. Sweeney: This Todd Saracki that's doing all that development on Hunt Road – I mean is there...I mean he's got 35 acres, he's prepping for new housing, and again, that's some of the people that you're bringing in and he's going to try to move there...I mean, do we have to...is there a reason or value to bringing him to the table and say either "is there a possibility you could start looking at something within Jamestown, rather than," you know, this is a guy that's under 40 years old, but he's a real go getter, built two houses on the street I'm on...I'm just throwing another name out there –

Mr. Lindquist: Well, he is really involved in building houses in Country View Estates. He has some currently for sale. I think at the very onset, I think, first of all, we should have the discussion internally and with Don and anybody else, and then begin to bring the realtors and the builders in – because right now I can tell you that the main points that the realtors and the builders are going to bring to the table is the tax rate vs. the tax rate in Lakewood, Bemus, etc.. That's the number one concern and issue every time I have a discussion with Todd is the tax rate – is that he can't sell the two spec houses that he has in Country View right now – he's lost two sales – that even with the tax abatement, people are looking at the 11<sup>th</sup> year and they're trying to justify...okay, I can buy the identical house, identical price inside the City, or I can buy it in Lakewood and I'm going to get a tax abatement for the first ten years on the house in the City, but you know, they're trying to justify in their own mind how that equals out over the long haul.

Mr. Scalise: Well, the major component of that is marketing plans and the fact that he can show historic data on appreciation on the values in the houses up in that neighborhood...you can't get it here.

Mr. Senn: And then they have a five year old are they going to send to Lakewood or to Bush? So, it all goes hand in hand somehow.

Ms. Harkness: So our next meeting we will have a discussion. If you think of anybody else over the next couple of weeks that should be at the table, just let me know and I'll make sure I invite them.

Mr. Fashano: What's the date of the next meeting?

Mr. Sweeney: ...and do we know exactly what we are asking these people to come prepared to talk about – is that clear to everyone, I guess...

Ms. Harkness: Well, I guess the conversation is about a new urbanism policy...

Mr. Sweeney: ... or is it just brainstorming a little bit to get any ideas...

Mr. Merino: I think we need to look at a neighborhood study, frankly, ....at the caliber and at the level of the urban study and if it's a year process...

Mr. Lindstrom: And it was brought out in the urban design study, at least the financial portion of it that ideally we should be looking at 1% a year in replacement of existing housing stock and we're no where near that.

Mr. Merino: There's a myriad of approaches – on some of the older neighborhoods you tear down every other house and you just split that lot in half and now everything's got a little bigger lot...it just changes the face of the neighborhood...

October 11, 2006

The next meeting will be on November 8<sup>th</sup>.

There being no further business, the meeting was adjourned.

James N. Olson  
Director of Financial Services/City Clerk