



GREATER SYRACUSE ECONOMIC GROWTH COUNCIL RESOURCE CENTER

BUSINESS RESOURCES

- › Growth Council
- › Empire Zone
 - › Tax Credits & Incentives
 - › **Zone Development Policy**
 - › Zone Coordinators
- › Industrial Development Agency
- › Small Business
- › Workforce Development
- › Financial Incentives
- › Support Agencies
- › Facilities & Hotels
- › Empowerment Zones
- › Global Connection
- › Foreign Trade Zone

Onondaga County Empire Zone Revised Zone Development Policies June 2005

Introduction

The Onondaga County Empire Zone Administrative Board has the challenge of designing and implementing the primary business incentive program in a county with urban, suburban and rural interests; 19 towns, 15 villages, 26 school districts and a major city with its own Empire Zone program; an economy that maintains a base of established large industrial operations yet must develop components of its economy that will have greater than average growth; needs to support its regional health center industry; attend to the prospects of the significant post-secondary educational institutions; and help support a central city and its downtown center. The policies of the Board cannot be perceived as providing an advantage for one area to the detriment of another yet must recognize that development requirements will not result in a uniform distribution of Empire Zone target areas or projects. The policies are based on the fact that the Empire Zone is a limited resource and is to be used for projects that drive the County economy forward as measured by innovation, job quality, and investments in property, equipment and intellectual capital.

Section I. Zone Goals and Objectives

The four planning documents represent the perspectives of different organizations with specific purposes and distinct timeframes. The Onondaga County Zone Administrative Board has considered the critical elements of each plan and set goals for the operation of the County Zone. These goals include the following:

- The Zone program should support actions, activities and projects that make the greatest contribution to a viable economy and support real growth as measured by job opportunities, capital investment and net wealth.
- The Zone program should actively work to designate areas that meet strategic purposes, including planned industrial sites and sites in which prior public investments have been made.
- The designation of Empire Zone acreage should balance industry targeting objectives with the historically diverse character of the County's economy and be active in two environments: strengthening viable value-


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added manufacturing and supporting new business entries to the County economy.

- The Zone program should seek to align Zone acreage and certified companies so that real growth occurs, eliminating those companies and realigning that acreage where measurable economic growth has not occurred.

Section II. Economic Development Planning/Strategy

The Onondaga County Empire Zone Administrative Board has identified four community planning documents with economic and community development components that are appropriate to be part of the basis for the Zone's policies. The four planning documents include:

1. The Onondaga County Plan - 2010 Development Guide
2. The City of Syracuse Comprehensive Plan (draft) 2025
3. The Central New York Comprehensive Economic Development Strategy
4. The Essential New York Initiative - Transforming Central Upstate to a Knowledge-based Economy

Three of these plans; the Onondaga County Plan, the City of Syracuse Comprehensive Plan (draft), and the Central New York Comprehensive Economic Development Strategy, are a basis of the identification of target areas. Target areas are those with infrastructure, or social-economic forces that are deemed to create a higher priority for the positioning of Empire Zone incentives as a business attraction mechanism.

The remaining plan, The Essential New York Initiative, is the basis for the identifying targeted industry groups in the form of key industry clusters. The plan recognizes certain challenges and opportunities that face the region and that targeted industry clusters is one of the six core strategies that respond to these challenges and opportunities.

1. The Onondaga County Plan - 2010 Development Guide - This plan was developed in 1991 by the Onondaga County Planning Board and was intended to seek a consensus on development directions for the succeeding two decades and coordinate public policies and private initiatives that would shape the future:

- Goals:
- Viable Economy
 - Cost Effective Public Infrastructure
 - Effective Community Planning
 - Attractive Communities
 - Sensitivity to Natural Environment

Policies - Management and Fiscal Policies, Economic Growth:

- Maintain and improve infrastructure, including education
- Provide incentives for development where infrastructure exists
- Support real growth with infrastructure capacity
- Seek uniform procedures for land use regulation and streamlined site plan reviews to reduce developers' costs
- Strive to lower or stabilize taxes

2. The City of Syracuse Comprehensive Plan - The City of Syracuse is located near the center of Onondaga County and is a distinct political and organizational entity. The City has undertaken the development of a comprehensive plan to shape how it will function as a community. The initial step in this process was the formation of a vision for the future. That vision includes the following goals and policies that are related to economic development issues:

- Goals:
- Live within a culturally rich environment
 - Learn within a high quality educational system
 - Work in a wide range of flourishing job opportunities
 - Play within a distinctive, diverse and vibrant urban environment

Policies - Strategic Economic Areas that support distinct economic development opportunities:

- Lakefront Strategic Area along the shore of Onondaga Lake, between I 690 and I 81
- Downtown Strategic Area including the Central Business District and Armory Square
- University Hill Strategic Area including the health care complex, educational complex and neighborhood commercial centers
- Interchange Strategic Area, consisting of the I 81/1 481 interchange that is the southern gateway to the City of Syracuse
- Erie Boulevard Strategic Area, consisting of the Erie Boulevard corridor as it extends east from State Street to the boundary with the Town of DeWitt

3. The Central New York Comprehensive Economic Development Strategy - This strategy is prepared by the Central New York Regional Planning and Development Board as part of its function of administering the US Economic

Development Administration programs. Its activities cover a five county area that includes Onondaga County and the four surrounding counties.

Goal: Support the continued growth of a diverse economic base that will provide a range of employment opportunities for citizens across the Central New York region

- Objectives:
- Continue the maintenance and development of the region's physical and human resources
 - Support activities that help retain and expand businesses which are net wealth generators for the region
 - Encourage the growth of employment opportunities in the region's economically distressed areas
 - Improve area services and public facilities to help retain existing businesses and attract new companies to the region
 - Support programs which strengthen the area's labor force to meet current and future employment needs in the region
 - Increase the availability of capital resources to support small business growth in Central New York
 - Promote the development of planned industrial sites and public facility improvements which support economic growth in the region

4. The Essential New York Initiative - This plan has been developed by the Metropolitan Development Association (MDA) to address the issues of enhancing technological development in the Central New York region and the concern with population trends, especially as it relates to retaining and attracting people in the 20 to 34 age group. The plan also seeks to create a recognized physical area by establishing a 12-county central upstate New York super-region. A core component of the plan is six essential strategies for growth, two of which identify specific business oriented initiatives, including:

- Aggressively targeting middle-market companies with high potential for expansion, supporting existing industries by attracting venture capital and providing individualized support for manufacturing companies, and
- Optimizing key industry clusters with the potential for global competitiveness consisting of the following:
 - Bioscience
 - Digital and electronic devices
 - Environmental systems
 - Packaging

- o Precision metalworking

Section III. Industry Clusters - Targeted "Priority" Businesses

Historically, the Board has emphasized the use of the Empire Zone acreage designation process as a method of providing incentives to projects that create jobs, add investment and increase the wealth of the county. As a County-wide Zone, the Board will allocate acreage, as permitted by law or regulation, to specific businesses based on the priority system contained in this section.

The evaluation of projects to be included in an Empire Zone boundary revision will be based on the following priority system with available acreage first allocated to qualified high priority businesses, then medium priority businesses and last, low priority businesses.

A. High priority target businesses will meet two standards:

1(a): **Either** the business is within one of the following key industry clusters that were identified in the Essential New York Initiative study or in the target industry analysis study completed by Deloitte & Touche in 2003 for the County Office of Economic Development:

- Middle-market companies (\$10+ million sales, 60+ employees and 60% of sales outside the County) with high potential for expansion
- Bioscience and agribusinesses
- Digital and electronic devices
- Environmental systems
- Packaging
- Precision metalworking
- Information Management, including financial services, insurance and health care
- High Tech manufacturing

1(b): **Or** the business will be a business new to the county with a regional economic impact, exceeding the following thresholds: 200 employees and \$25 million capital investment, and

2. The business will meet the following economic thresholds, with the Board able to exercise judgment in a case where a business may not fully meet a threshold, other than average wage, and exceeds at least one of the other thresholds:

- a. Business new to the County
 1. Average wage of \$10/hour plus benefits
 2. Net wealth generator - more than 60% of

customers/sales outside county, or is a supplier to a local company whose products are sold outside the county

3. 50+ employees
 4. Commitment to the community as evidenced by property acquisition or 10 year lease term
 5. \$50,000 capital expenditure per employee, or \$2,500,000 minimum
- b. Existing business expansion
1. Average wage of \$9/hour plus benefits
 2. Net wealth generator - more than 60% of customers/sales outside the county or is a production parts or materials supplier to a local manufacturing company whose products are sold outside the county
 3. Commitment to the community as evidenced by property acquisition or 10 year lease term
 4. 50+ new jobs, **or**
 5. 50% expansion of building footprint (site/zoning must accommodate the expansion) **and** 20+ new jobs

B. Medium Priority Target Businesses will include manufacturing in areas other than those listed as high priority; distribution and warehousing businesses; and contract customer services operations. Medium priority businesses will be required to meet the economic thresholds test applicable to high priority businesses. A medium priority business may be considered to be a high priority business if it exceeds the employment and capital expenditure thresholds by more than 50%.

C. Low Priority Businesses are by definition businesses that are not targeted for the allocation of Empire Zone acreage and include retail sales, medical, legal and accounting services with clients primarily in Onondaga County; any business not includable as high or medium priority; and hotels. Low priority businesses will only be considered when located in an area of the County that qualifies for federal Community Development Block Grant (CDBG) assistance as determined by the Onondaga County CDBG program. Hotels that are within a regional destination project or are adjacent and connected to a convention center complex will be considered high priority businesses and will be required to meet the economic threshold test applicable to high priority businesses.

D. Information Requirements To be considered for inclusion as a targeted business, a business will be required to provide the following information:

1. A list of business locations in New York State.
2. The number of current employees at all locations in NYS and in the proposed EZ location, listed by at least three categories appropriate for the industry.
3. The number of new jobs expected to be created over

the next three years in the proposed EZ location, listed by at least three categories appropriate for the industry.

4. The current or proposed average hourly rate or salary, proposed EZ location, exclusive of officers.
5. The current or proposed benefit package, including a list of major features and the value as a percentage of average pay, exclusive of officers.
6. The size of the existing building(s) and the size of the proposed expansion, if any.
7. Project description, including the amount of, and schedule for, capital investment.
8. Skill and training requirements for new employees.
9. If the company is a lessee of the facility, evidence of ability to occupy facility for at least ten years.
10. Evidence that the company has the financial capacity to undertake the project, such as letter of interest from a financial institution or accountant's certification of sufficient available capital to undertake the project.
11. A summary of major customers, including the percentage of customers located in Onondaga County and outside Onondaga County.
12. A justification for inclusion in the Empire Zone based on an evaluation concerning the financial significance of the Empire Zone benefits to the proposed project.
13. The area requested to be placed in the Zone, expressed in square feet or acreage, limited to existing building footprints and/or areas for new building construction.

E. Relative Ranking

When the acreage requirements of the target businesses that qualify for future designation exceed the acres available for designation, either at the time of consideration or through anticipated deletions, the qualified businesses will be ranked on a relative basis. The relative ranking criteria will include, but not necessarily be limited to, the amount of Zone acreage required, wage rates, employment retention and creation, and capital investment. Companies will be selected for area designation based on the relative ranking until the available acreage is allocated.

Section IV. Geographic Territory

A. Current Targeted Areas: The current targeted areas of the Onondaga County Empire Zone include the two areas that qualified the County for Empire Zone designation in 1998.

- Electronics Park, a 183-acre area in the town of Salina that is the location for Lockheed Martin Corporation, a defense contractor that was affected by reductions in military contracting activity. The park was once owned entirely by General Electric and its boundaries are defined by the fencing and security systems that were

installed in prior years by General Electric. When Lockheed Martin restructured operations in 1995, six buildings on the site became available for other users. Three of these buildings have been purchased, renovated and occupied by other businesses. Lockheed Martin has recently expanded and reoccupied a building that had been vacated. Two former Lockheed Martin buildings remain vacant and available for redevelopment.

- Hancock Airpark, a 400+ acre area with 200 acres available for development in the Town of Cicero, a former Air Force base that closed in 1985. In 2001 \$2.5 million was spent to remove asbestos piping and unused military structures, and to install infrastructure consisting of a road, utilities and storm drainage systems, so that sites would be in a ready-to-build condition. Five companies have located in the Airpark since zone designation and two manufacturing firm are currently constructing facilities in the Airpark.

B. Target Areas for Future Designation: The identification of target, or core, areas for the Onondaga County Zone program is based on the evaluation of an area using nine objectives. Each objective is assigned points, representing the significance of the objective as it relates to the goals of the Zone. The status of an area in the Zone acreage allocation process will be a function of the number of points an area accumulates as a result of its evaluation using the following objectives:

1. Located within the areas of full or partial urban services as identified in the County's 2010 Plan - 20 points
2. Served by adequate public infrastructure such as water, sewer, gas, electric and suitable road systems - 30 points
3. Formal plans (such as those prepared by an engineering firm) exist for the development of missing public or utility infrastructure - 10 points
4. Zoned for commercial or industrial use with land or buildings currently available for development - 30 points
5. Prior public investment in the area in the form of site preparation, designation within a master planning process, or investment in site-specific infrastructure designed to stimulate investment - 40 points
6. Part of a state-wide economic development initiative to attract or develop a major industrial or technological sector, such as the Semi-NY, Build Now NY or Centers of Excellence programs - 40 points
7. A designated brownfield site or a site of at least 10 acres in size eligible for a state, federal or local brownfield clean-up program and zoned for industrial/commercial use - 30 points
8. An industrial site in transition from a prior single user, not less than 50 acres in size and located

within three miles of the City of Syracuse - 20 points

9. Access to labor market as measured by the ability to provide public access to the area - 10 points

High Priority Areas The areas that score 140 points or more using the objectives are high priority areas for participation in the Empire Zone program. The areas that are recognized by the Zone Administrative Board as high priority and candidates for designation as one of the three core areas at the time of implementation of these development policies include:

Hancock Airpark - Town of Cicero: This former air base, now owned by Onondaga County, and adjacent parcels comprise a 200 acre commercial/light industrial park. The general location is bounded by East Taft Road on the north, Hancock Airport on the west, the Town of DeWitt on the south and Northern Boulevard on the east. The Airpark is in currently in the Empire Zone.

Semi-NY Site - Town of Clay: This 250 acre greenfield area was included in the NYS Semi-NY program in 1998 and site analysis and acquisition activities have continued since then. It is bounded on the south by Route 31, the west by Caughdenoy Road, on the north by NYPA transmission lines, and on the east by lands zoned agricultural. 105 acres of the Semi-NY site are in the Empire Zone.

Destiny USA Project - City of Syracuse (Lakefront Strategic Area): The 150 acre area is the subject of an international destination development plan that integrates theme park, lifestyle experience, ecotourism, retail and technological change into a visitor experience within a defined physical setting. 82 acres of the area are in the Onondaga County Empire Zone. The area is bounded by I 81 on the northeast, Onondaga Lake on the northwest, the Erie Canal basin on the southwest and Court Street on the southeast. The area is currently in both the Onondaga County and City of Syracuse Empire Zones.

Salina Power Park - Town of Salina: The primary facility in the Salina Power Park in the 890,000 square foot former General Motors facility. The building is located on 75 acres and is in the process of being redeveloped as an industrial park complex. The area is bounded by Factory Avenue on the north, Court Street on the east, the CSX railroad mainline on the south, and a utility substation on the west. Approximately 5.5 acres of the existing building are currently in the Onondaga County Empire Zone.

In addition to the high priority areas, the existence of a scoring model using the stated objectives means there will be areas that do not achieve a high priority score. Areas

with scores of less than 140 will be in one of two categories:

Medium Priority Areas - These are areas that score between 80 and 129 points as a result of evaluating an area using the nine objectives.

Low Priority Areas - These are areas that score less than 80 points as a result of an evaluation using the nine objectives.

Consistent with applicable laws and regulations, the Zone Administrative Board will use the boundary revision process to align the designation of Zone acreage with the high priority areas. The goal of the Board is to have 75% of the total Zone acreage in high priority areas by December 2005.

Section V. Boundary Revisions

The Onondaga County Empire Zone boundary revision process consists of the following actions:

- A. The Board will commence a boundary revision when a project of sufficient economic impact, such as a high priority project that exceeds all of the economic thresholds in section III-A requires Empire Zone benefits as a condition for the project to occur in Onondaga County.
- B. Businesses that inquire about Zone designation for an existing location or a new location are asked to review the Board's boundary revision guidelines that are available on the local economic development web site. The business is requested to submit a letter summarizing the business and the proposed project. The letter will be the basis for contacting the business when a boundary revision application is started.
- C. The Board will contact all businesses that submitted letters, provide the criteria for high, medium and low priority businesses, and provide a preliminary indication as to the probability of a business being included in a boundary revision.
- D. The Board will require that all businesses to be considered for inclusion in the Zone submit the information required for inclusion as a targeted business as listed in Section III (D).
- E. The Board will review areas for designation as a targeted area, based on changes in local business operations, opportunities and community requests.
- F. The Board will decide which businesses will be included in a boundary revision based on these Zone Development Policies, available acreage, what target areas will be added or modified, and which existing project specific areas will be deleted, and recommend a draft boundary revision application be submitted to the State Zone administrative office for

review.

Section VI . Certification Requirements

The Board has determined that the certification process to become an Empire Zone Business Enterprise should support and enforce the policies that guide the Zone acreage designation process. The Board authorizes the Zone Coordinator to recommend to the Zone Certifying Officer for local certification those companies that meet the criteria listed below. The Board will review the companies certified on a quarterly basis.

- A. Every application for certification must meet the following criteria:
 1. The business provides an analysis of the projected Zone benefits and their relationship to operational requirements of the business.
 2. The business use complies with applicable zoning.
 3. The business owner is current on real property tax payments for all property in Onondaga County.
 4. The business is not an adult entertainment facility, bar, liquor store, gaming or gambling facility.
- B. The Board recognizes five categories of Zone areas and has identified a certification policy for each area. The areas are:
 1. Initial qualification areas included in the original 1997 application - Any company in Zone-designed areas of Electronics Park or Hancock Airpark will be recommended for local certification, subject to the criteria in section A, above.
 2. Project specific area designations made prior to December 18, 2003 - Project specific designations were made based on the characteristics of a business that requested Zone designation of a specific parcel. Only the company that sought the original area designation or a company that can meet the same economic objectives will be recommended for certification, subject to the criteria in section A, above.
 3. Local allocation designation made prior to December 20, 2002 - These areas were designed in order to attract a variety of investments within the defined local areas. A business that is consistent with the local plans of the community within which it is located will be recommended for certification, subject to the criteria in section A, above.
 4. Geographic Territory - Companies in designated geographic territories that meet the high or medium priority target business

standard will be recommended for certification, subject to the criteria in section A, above.

5. Industry Clusters - Target "Priority" Businesses - A company that meets the criteria as a target business for the allocation of Zone acreage will, by definition, be deemed eligible for recommendation for certification, subject to the criteria in section A, above.

- C. For real estate development businesses, meaning those businesses with the primary purpose of developing commercial real estate for occupancy by tenants, an application for certification must identify the affiliate or tenant that meets the requirements of Section III of the Zone Development Policies.

Section VII. Decertification

It is the policy of the Zone Administrative Board to revoke the certification of a business consistent with the grounds for a finding of material failure by a business to fulfill its commitments as listed in Section 11.0 of the Empire Zone regulations.

Section VIII. "Take Back Provisions"

Empire Zone acreage is a limited resource and therefore it is the policy of the Zone Administrative Board to ensure the acreage is occupied by businesses that are meeting investment and employment projections.

A. The Board will recommend that acreage placed in the Zone for a specific business be de-designated if the business has not filed for certification within a year of the boundary revision approval, has not started the proposed investment or job creation within eighteen months of the approval, or the use has changed from the intended use stated in the boundary revision application.

B. Exceptions to the eighteen month time period may be approved by the Board where a business can demonstrate that business activity, industry-specific conditions, or general economic conditions required a modification of the timing or scope of the project.

C. The Board will include in the municipal consenting resolutions regarding the addition of acreage to the Zone for a specific business a reversion clause that permits the de-designation of the acreage if the business has not filed for certification for a business operation within the acreage within one year of the boundary revision approval.

Section IX. Zone Capital Credits

The Board will observe the following policies when determining the use of Empire Zone Capital Credits:

Zone Capital Corporations: Maintain the allocation to the Statewide Zone Capital Corporation unless an event occurs that terminates the Corporation and the allocation can be reclaimed by the Onondaga County Empire Zone.

B. Contributions to Community Development Projects:

The Board will limit requests from Community Development Projects to \$250,000. In those cases where the fundraising process uses the allocation within eighteen months, the Board will consider a second request for the same project, not to exceed \$100,000. The Board may consider up to \$400,000 in one request for a project that has a regional impact, provides a unique good or service, and requires an investment in excess of \$10 million. The Board will require all applicants to limit the use of the credit to those individual contributions that equal or exceed \$1,000 annually. The Board will revoke allocations for those projects that have not started to use the credits within 48 months of the allocation. The Board will revoke all credits not used within 72 months of allocation. If the Board receives a valid application for credits and the remaining unallocated credits are insufficient, the Board will revoke credits from those projects that have not started to use the credits within 30 months of allocation. Any project that has had credits revoked may reapply for a credit allocation.

C. Direct Equity Capital Credits: The Board will allocate direct equity tax credits to businesses based on the following guidelines:

1. The allocation of credits will be targeted to start-up or expanding businesses.
2. The direct equity tax credits will be targeted to technology-based companies, meaning companies with a new product development component and significant expenditures in research and development, or businesses new to Onondaga County.
3. The allocation of credits will be to businesses that are net-wealth generators, meaning more than 60% of the customers/sales are or will be outside Onondaga County.
4. Direct equity tax credits will be allocated at a rate of \$3,000 for each job with a rate of pay of \$10 per hour or greater, excluding benefits.
5. The allocation will not be less than \$24,000 or more than \$112,500, the balance of the unallocated direct equity tax credits as limited by the current Empire Zone program legislation.

Section X Zone Coordinator Contact

Zone Coordinator

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[↑ Top of Page](#)