

2023 COIDA OPERATIONS AND ACCOMPLISHMENTS

As the financial management of the County of Otsego Industrial Development Agency (“COIDA”), we offer readers of these financial statements this narrative overview and analysis of the financial activities for COIDA for the fiscal year ended December 31, 2023. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. COIDA encourages its readers to consider the information presented here in conjunction with the financial statements taken as a whole.

Budget

COIDA budgets its operating income and expenses each year. COIDA’s primary source of income is generated through lease payments on buildings it owns at 18 Stadium Circle and in the Oneonta Business Park, interest income on loans and fees for services including sale/leaseback agreements.

Expenses for COIDA comprise mostly of general agency operations including development of and maintenance for the Oneonta Business Park, professional service fees, staff and leased office space.

Overview of the Financial Statements

This discussion and analysis accompany COIDA’s financial statements, including notes to the financial statements and the reports on internal control and compliance to help the reader better understand the financials.

Financial Statements

COIDA’s financial statements provide readers with a comprehensive reporting of COIDA’s 2023 transactions and balances. The difference between the assets and liabilities are reported as net position. Increases or decreases in net position are an indicator of strengthened or weakened financial position.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Analysis

The net operating income for COIDA was \$245,611 for fiscal year 2023, compared to net operating loss of \$21,562 for the fiscal year 2022. This represents a increase in revenues of \$445,041 and an increase in expenses of \$177,478.

The increase in operating revenues was mostly attributable to:

- Increase in interest income on notes of \$5,499;
- Increase in rental income of \$7,618;
- Increase in other income (ARPA funds) of \$275,000;
- Decrease in fee revenue of \$60,286;
- Increase in PILOT Fees – upon closing of \$234,450;
- Decrease in economic development support of \$19,000; and
- Decrease in bad debt recoveries of \$34,287.

The increase in operating expenses was mostly attributable to:

- Decrease in insurance of \$11,018;
- Increase in computer expense of \$14,138;
- Decrease in rental expense of
- Increase in professional fees of \$72,071;
- Decrease in marketing expense of \$28,616;
- Increase in travel, seminar and training of \$1,053;
- Increase in depreciation and amortization expenses of \$27,608;
- Increase in membership dues and subscriptions of \$
- Increase in payroll and payroll related expenses of \$46,664;
- Increase in repairs and maintenance of \$20,665; and
- Increase in other expenses of \$115.

At the close of fiscal year 2022, COIDA had net position of \$5,099,039, a increase of \$241,509 from the prior year. The term “net position” refers to the difference between assets and liabilities.

COIDA’s primary objective is to provide assistance to existing businesses, expansions and business startups with professional assistance, tax incentives, educational programs and access to capital for the purposes of creating jobs and economic development activity within Otsego County. The loan funds are comprised of investments dedicated to this purpose and matching funds from COIDA’s accumulated working capital. The revolving loan fund in COIDA’s statement of net position is a major asset. For COIDA’s loan funds, the financial statements, net of allowance show a net decrease of \$13,484 from \$13,484 at year-end 2021 to \$-0- at year-end 2022.

COIDA’s current major capital assets are the former Wright National Soccer Campus property, the Oneonta Business Park in Oneonta, the Oneonta Railyard Business Park, and property in Richfield Springs for a future industrial park. These projects are concurrent with COIDA’s objectives of encouraging economic development in Otsego County.

ACCOMPLISHMENTS

Activities and Major Projects

Board and Compliance

COIDA’s Board, Audit and Finance Committee, and Project Committee all continued to meet monthly to address COIDA’s governance and projects, its financials and loan portfolio. Staff prepared and

submitted COIDA's Procurement, Investment and Annual Report on time to the ABO, and prepared and submitted its 2023 budget to the ABO in October 2023. Staff continued to meet individually with COIDA loan clients particularly those with delinquent loans and was successful in obtaining payments from clients who had not serviced their loans for several years. COIDA's loan portfolio has become healthier as a result.

Real Property

COIDA's 40-plus "shovel-ready", developable acres in the Oneonta Business Park continues to be marketed aggressively by staff. The IDA is now in discussion with a manufacturing company to purchase one or more lots in the Park. In addition, COIDA's vacant spec building, also in the Oneonta Business Park, which was occupied by Siemens Medical for 20 years, was leased in early 2017 by Hale Transportation. During 2020, Hale Transportation, due to decline in ridership due to COVID-19, decided not to renew its lease. Staff have been working on marketing the facility to several other potential tenants and in 2021 Burr Trucking leased the facility. Burr Trucking decided to close its operations mainly due to staffing issues. COIDA negotiated with Apple Converting to lease the facility in 2023 for their expanded manufacturing operations. IOXUS renewed their lease from the IDA the building which formerly housed the Soccer Hall of Fame, and the IDA finalized a new five-year use agreement with the Oneonta Soccer Club to provide limitless access to the high-quality soccer fields on the property, for their use for training, tournaments, and events. In addition, the IDA subleased part of its office space at 189 Main Street to Southern Tier 8 (a regional planning agency) and the Center for Agriculture, Development and Entrepreneurship (CADE) and in 2022 rented space to the International Food & Policy Research Institute.

Oneonta Rail Yards

During 2019, the final generic environmental impact statement was accepted by the City of Oneonta. During the past year, the IDA in conjunction with the City of Oneonta and the County Highway Department re-surfaced Roundhouse Road – the entranceway into the new industrial park site. In 2020, the IDA hired the MRB Group to prepare a new master plan and subdivision plot of the property. In 2022 the IDA had a 3-acre parcel cleared of trees and vegetation. Also, in 2022 the IDA had Ramboll Engineers initiate a feasibility study of having a geo-thermal community heating and cooling system installed around the Park. This study is expected to be completed in 2024.

Workforce Development

In 2020, the Workforce Development Center (the "Center") continued its focus to conduct training programs being carried out by the NYS Small Business Development Center, the Otsego County Chamber of Commerce, SUNY Broome, the NYS Department of Labor and the Center for Agriculture, Development and Entrepreneurship (CADE) using the IDA's facilities and the IDA computers and other equipment. In 2022 the IDA, using an Appalachian Regional Commission grant of \$150,000 began its innovation/acceleration center at their offices.

Marketing Efforts

During 2020, COIDA initiated a new digital marketing campaign to downstate residents and businesses. Several new landing pages were developed along with videos of Otsego County. This effort will continue through 2024. Also, a marketing campaign for the IDA's new innovation/acceleration center was developed.

Grants

The COIDA is administering the following grants:

- \$500,000 in capital grants to continue to move the Oneonta Rail Yards project forward.
- \$750,000 Community Development Block Grant (CDBG) to the Town of Oneonta for the expansion of Systematic Power Manufacturing (Ioxus) which will retain 21 jobs and create 32 jobs.
- \$150,000 Appalachian Regional Commission grant to begin the IDA's Innovation/Acceleration Center.
- \$325,000 NYS Empire State Development Grant, a \$1.2 million federal EDA grant, and a \$500,000 ARC grant to extend water and sewer to a new industrial park in the Town of Richfield.
- \$300,000 Micro-Enterprise Grant for the County of Otsego.

Corning

In 2021, the IDA approved financial assistance to Corning for a \$14.7 million expansion. Construction is expected to be completed in 2024.

One Stop Business Center

After several years, the Otsego County Chamber of Commerce moved its operations out of COIDA offices. Southern Tier 8 Regional Planning Agency and the Center for Agriculture, Development and Entrepreneurism (CADE) continue to rent space at COIDA offices. This cooperative venture would allow COIDA, and NYS Small Business Development Center, CADE and Southern Tier 8 to function as a cohesive unit enhancing the services provided to businesses of all sectors.

Economic Factors

2023 continued to be a difficult economic environment, on the global, national and local level. Businesses were faced with dealing with the Corona Virus pandemic and many were forced to close for much of 2021. The tourism industry as well as support services were particularly hit hard. Even manufacturing was affected due to supply chain issues. Locally, most businesses are not growing, whether by circumstance or by choice and the population is stagnant or declining, making growth all the more challenging. Furthermore, with an average unemployment rate of 5.8%, existing businesses in all industries are having a difficult time filling job vacancies in Otsego County. The unemployment rate reached a high of 12.1% in April of 2020. Commercial lending continued to lag, hampering the access to capital many businesses need for growth and stability. Another factor in New York State is the lack of available natural gas supply and electricity.

However, throughout the year, COIDA continued to reach out to existing businesses for growth opportunities and to identify business retention cases. Agribusiness and growth in the downtown Oneonta, Richfield Springs and Cooperstown areas continue to be of significant focus for economic activity during the year, as do redevelopment of the Oneonta Rail Yards and the Market Street area of Oneonta in general. Further, Otsego County hopes to take advantage, in the coming years, of the nanotechnology sectors growing rapidly to our east in Albany and to our west in Utica/Rome.

At the close of 2023, our goals remain in conjunction with the Governor Regional Economic Development Councils and the commitment to develop and participate in regional strategic plans, to work to attract private investment and well-paying jobs, and to build a pipeline for targeted economic development initiatives.