



**Bob  
Farley**



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## **Transformational Land Use - An Examination of Schenectady's Metroplex**

By Dr. Robert T. Farley, J.D. / L.L.M

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In 1998, Schenectady began to take a good look at itself. An upstate community of friendly, hard working people, its economy and self image had fallen on hard times. Long self identified with the General Electric Company, which was started within its borders, GE had now reduced to such a small presence as to almost be non existent.

From employment challenges to deteriorating infrastructure, from visionless local government, renowned for its bickering, to a growing problem with crime, from an evaporating retail base to an overpopulation of drug and alcohol rehabilitation centers, this once proud community was becoming an embarrassment. When a few years earlier, it was suggested to an Albany County Assemblyman that his reapportioned district might gain a portion of Schenectady, he was reported to have remarked about its high crime and when referring to its economic prospects, said "I guess I have most of the hookers".<sup>1</sup> Since that time Schenectady's prospects had only gotten worse.

This once proud, blue collar, hard working community, dominated by moral, friendly people of mostly Italian and Polish, Catholic heritage, took comments, like those made by the Assemblymen, to heart. They looked around their community, and remembering its once bright and prosperous days, wanted it to change. They saw first hand its deterioration, its rise in crime rates, its broken streets, closed businesses, and dilapidated neighborhoods. A sense of despair and hopelessness started to develop. The mayor of the City, suggested completely throwing in the municipal towel and utterly dissolving the City into the County, while some of its more prosperous suburbs, seeing no hope for the future, even asked to secede, and be given legal permission to leave Schenectady and join another County.<sup>2</sup>

Schenectady needed hope. It needed a way out of its problems. It needed a tool to improve its economy, improve its land use, and empower its people to build their own brighter tomorrow. It needed a Metroplex.

### **Part One: Introduction**

#### **A. The Demographics**

Schenectady County is an upstate New York community located approximately 15 miles northwest of Albany, the state's capital. With a population of nearly 150,000, it consists of five towns,<sup>3</sup> two villages<sup>4</sup> and one city.<sup>5</sup> With a land area of approximately 209,000 square miles, it is the second smallest geographic county in upstate, New York (after Rockland County in the Hudson Valley).<sup>6</sup>

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1. Timothy Bindell, Albany Times Union Newspaper, Redistricting Proposal has Politicians Off and Running, January 24, 1992, Page B1

2. Matthew Roy, Daily Gazette Newspaper, Wholesale Merger of Services Opposed, September 5, 1997, Page B1.

3. Niskayuna: pop - 20,000, Glenville: pop- 28,000, Rotterdam: pop - 28,000, Duanesburg: pop - 5,400, and Princetown: pop - 2,100, approximate populations from records of the Capital District Regional Planning Commission, Population and Area, <http://www.cdrpc.org>.

4. Scotia (wholly contained within the town of Glenville): pop 8,000, and Delanson (wholly contained within the town of Duanesburg): pop 385, approximate populations from records of the Capital District Regional Planning Commission, Population and Area, <http://www.cdrpc.org>.

5. Schenectady: pop 60,000, approximate populations from records of the Capital District Regional Planning Commission, Population and Area, <http://www.cdrpc.org>.

6. Records of the Capital District Regional Planning Commission, Population and Area, <http://www.cdrpc.org>.

The city of Schenectady, which as late as the 1970's, was one of the safest and most prosperous communities in upstate, New York, now has significant social and economic challenges.<sup>7</sup> While the County's population of approximately 150,000 has remained relatively constant for decades, the city's share of that population has significantly decreased, from approximately 2/3 of the population to approximately 1/3 of the population, in a span of 40 years.<sup>8</sup> Accordingly, increases in poverty and violent crime rates during that time were also significant.<sup>9</sup> With police force scandals and changing demographics, it earned a reputation for vice, crime and urban decay.

The city is surrounded by relatively affluent and growing suburban communities.<sup>10</sup> But while these suburban towns originally developed almost exclusively as bedroom communities for the city of Schenectady, they have now been transformed to serve as bedroom communities for Albany and Saratoga Counties as well.<sup>11</sup> The towns of Niskayuna and Glenville are primarily highly educated, professional based communities, while the town of Rotterdam is more demographically working class.<sup>12</sup> The towns of Princetown and Duaneburg are primarily rural, with little suburban infrastructure, but after the construction of Interstate 88, they have started to see development for commuters.<sup>13</sup>

The city is run by a strong mayor form of government (pursuant to its charter) with a city council of seven members who all run city wide.<sup>14</sup> Each of the towns is has a supervisor and four town council members to run their community.<sup>15</sup> The county (also pursuant to its charter) is governed by a county legislature with an appointed county manager to manage its executive functions.<sup>16</sup>

In recent years, like many other upstate communities, most of the tax base, population and political strength of Schenectady County has moved from the city of Schenectady to its towns.<sup>17</sup> Most of the fiscal and social challenges of the County, however, remain in the city. Accordingly, with nearly 70 percent of the county's nearly \$300 million annual budget spent on social services and health care for the disadvantaged, nearly 80 percent of that amount is expended in the city of Schenectady.<sup>18</sup> It was under these circumstances that the Schenectady Metroplex Development Authority was born.

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7. Records of the Capital District Regional Planning Commission, Census Data Profiles, <http://www.cdrpc.org/DPS/DPS.html>.

8. Records of the Capital District Regional Planning Commission, Census Data Profiles, <http://www.cdrpc.org/DPS/DPS.html>.

9. Records of the Capital District Regional Planning Commission, Census Data Profiles, <http://www.cdrpc.org/DPS/DPS.html>.

10. Records of the Capital District Regional Planning Commission, Census Data Profiles, <http://www.cdrpc.org/DPS/DPS.html>.

11. Records of the Capital District Regional Planning Commission, Census Data Profiles, <http://www.cdrpc.org/DPS/DPS.html>.

12. Records of the Capital District Regional Planning Commission, Census Data Profiles, <http://www.cdrpc.org/DPS/DPS.html>.

13. Records of the Capital District Regional Planning Commission, Census Data Profiles, <http://www.cdrpc.org/DPS/DPS.html>.

14. Schenectady County Elected Officials Guide, [http://www.schenectadycounty.com/ELECTED\\_OFFICIALS\\_jSOiu.pdf](http://www.schenectadycounty.com/ELECTED_OFFICIALS_jSOiu.pdf).file

15. Schenectady County Elected Officials Guide, [http://www.schenectadycounty.com/ELECTED\\_OFFICIALS\\_jSOiu.pdf](http://www.schenectadycounty.com/ELECTED_OFFICIALS_jSOiu.pdf).file

16. The County of Schenectady, since 1966 has maintained a county manager form of government, with a county legislature and an appointed county executive (called the manager) who appoints upon confirmation all the county's department heads. Prior to 2002, the County Legislature consisted of 13 members, and now after a reapportionment, consists of 15 members, all who are elected from four at large districts. Such districts include: Three members from district one (Population of 30,000 within the city of Schenectady), Three members from district two (Population of 30,000 within the city of Schenectady), Five members from district three (Population 50,000 within the towns of Niskayuna and Glenville) and Four members from district four (Population 40,000 within the towns of Rotterdam, Princetown and Duaneburg, see the Charter of the County of Schenectady, <http://www.schenectadycounty.com/content/Charter-Print%20version.pdf>

17. Records of the Capital District Regional Planning Commission, Census Data Profiles, <http://www.cdrpc.org/DPS/DPS.html>.

18. [http://www.schenectadycounty.com/2010\\_Operating\\_Tentative\\_Budget\\_with\\_message\\_and\\_cover\\_gNm8i.pdf](http://www.schenectadycounty.com/2010_Operating_Tentative_Budget_with_message_and_cover_gNm8i.pdf).file

## B. Schenectady's Early History

Schenectady County was chartered by the State of New York in 1809, the city however dates back far further to 1661.<sup>19</sup> The name of the community was derived from a Mohawk Indian word that referred to "the land beyond the pines".<sup>20</sup> Located along the Mohawk River a few miles west of what is now referred to as the Albany Pine Bush, the first settlers erected their homes in close proximity, encircling them in stockades.<sup>21</sup> Portions of this early community are recognized today, as the area received one of the first historic district designations given by New York State, and is known today as the "Stockade District of the City of Schenectady".<sup>22</sup>

In 1690, the city was burnt to the ground, upon a raid by French and Indian troops, giving rise to the famous legend of Lawrence the Indian, a Christian Mohawk who reportedly walked barefoot through the snow to Albany after the Schenectady massacre, in order to warn the residents of what had happened to the Schenectadians.<sup>23</sup> After the hardy settlers rebuilt their community, they erected a statue to honor Lawrence, which is prominently placed at the center of today's stockade historic district.<sup>24</sup>

In 1797, a Dutch reformed minister founded Union College, which would remain Schenectady's great claim to fame until the arrival of Thomas Edison in 1886.<sup>25</sup> Accordingly, Schenectady remained a "sleepy little Dutch town" until the Erie Canal and the railroads infused some degree of commercial vitality, but still maintaining a population of as little as 15,000 as late as 1880.<sup>26</sup>

## C. The Development of a Company Town

When Thomas Edison decided to relocate his Edison Machine Works to Schenectady, however, all that would begin to change, and a "golden era" would begin for what was to become known as the "Electric City."<sup>27</sup>

By 1901, ten years after Edison's Machine Works developed into the General Electric Company, the American Locomotive Works (ALCO) was founded just north of GE, giving Schenectady the logo of "the City that lights and hauls the world".<sup>28</sup> The growth of these two businesses attracted thousands of Italian and Polish immigrants to work in these manufacturing facilities, causing the population of the city to explode. The city's population grew to 31,682 in 1900, then to 72,826 in 1920, then to 95,692 by 1930.<sup>29</sup>

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19. Website of the Schenectady County Historian, maintained by the Schenectady County Library, <http://www.schenectadyhistory.org>.

20. Website of the Schenectady County Historian, maintained by the Schenectady County Library, <http://www.schenectadyhistory.org>.

21. Website of the Schenectady County Historian, maintained by the Schenectady County Library, <http://www.schenectadyhistory.org>.

22. Website of the Schenectady County Historian, maintained by the Schenectady County Library, <http://www.schenectadyhistory.org>.

23. Website maintained by the Schenectady Historical Association, <http://www.schenectadians.info/pre-schenectadians/Lawrence/index.htm>.

24. Website maintained by the Schenectady Historical Association, <http://www.schenectadians.info/pre-schenectadians/Lawrence/index.htm>.

25. Website of the Schenectady County Historian, maintained by the Schenectady County Library, <http://www.schenectadyhistory.org>.

26. Website of the Schenectady County Historian, maintained by the Schenectady County Library, <http://www.schenectadyhistory.org>.

27. Website of the Schenectady County Historian, maintained by the Schenectady County Library, <http://www.schenectadyhistory.org>.

28. Website of the Schenectady County Historian, maintained by the Schenectady County Library, <http://www.schenectadyhistory.org>.

29. Website of the Schenectady County Historian, maintained by the Schenectady County Library, <http://www.schenectadyhistory.org>.

Correspondingly, housing developed in the city and county, with tight knit neighborhoods, with small, attractive houses, appearing all over the city, and development starting to occur in the outlying suburbs of Scotia, Glenville, Rotterdam and Niskayuna.<sup>30</sup>

The affluence and activity that accompanied the jobs and growth of GE and ALCO was pronounced. Land use and public infrastructure became top priorities, as Schenectady developed a major downtown commercial shopping district, a renowned central park, a magnificent Proctor's theater,<sup>32</sup> the first commercial radio station<sup>31</sup> as well as the first commercial television station.<sup>32</sup>

As the Second World War produced a need for armaments and technology, both GE and ALCO responded. During the War, the General Electric Company, whose general offices and largest manufacturing plant were located in Schenectady, was called upon to produce a greater variety of complex war equipment, and to solve a greater diversity of difficult technical problems, than any other manufacturing concern in the country.<sup>33</sup> ALCO transformed as well, manufacturing tanks and armaments for the Army, and military engines for the USSR.<sup>34</sup>

In the years immediately before the war, about 24,000 persons were employed at the Schenectady main GE plant, and in the company's general offices.<sup>35</sup> At the height of the war activity, the number swelled to approximately 50,000.<sup>36</sup> ALCO also saw a significant increase of employees, (although but a fraction of GE) which together GE, caused a significant labor shortage in Schenectady.<sup>37</sup>

The tremendous increase in the number of employees at these businesses placed a heavy burden on Schenectady's infrastructure, housing and schools.<sup>38</sup> Operating on a 24 hour basis with three shifts, GE jobs were plentiful and labor was in great demand.<sup>39</sup> As a result, General Electric, began to infuse itself into all segments of Schenectady society. Lawyers, real-estate agents, insurance salesmen, store clerks, ministers, teachers, students and many others, did factory work after hours.<sup>40</sup>

It was at this time, that every institution of Schenectady, from government to hospital boards, from rotary clubs to science fairs, from chambers of commerce to local banks, from retail establishments to church groups, began to be inculcated with a GE mentality.<sup>41</sup> Every one either worked for the General Electric Company, made their living off of people who worked for GE, or had family or friends that worked for the GE.<sup>42</sup> By the end of the second world war, Schenectady was completely transformed into a company town.<sup>43</sup>

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30. Website of the Schenectady County Historian, maintained by the Schenectady County Library, <http://www.schenectadyhistory.org>.

31. WGY Radio, at Schenectady New York (WGY - W: for Wireless, G: for General Electric, and Y: for the last letter in Schenectady)

32. Website of the Schenectady County Historian, maintained by the Schenectady County Library, <http://www.schenectadyhistory.org>.

33. During the Second World War, GE crowded 12 years of production into four. Performing \$4 billion dollars in war contracts, the company produced a vast variety of war equipment, ranging from turbines for battleships to delicate instruments for airplanes and mass spectrometers for the atomic bomb project. See, Website of the Schenectady County Historian, maintained by the Schenectady County Library, <http://www.schenectadyhistory.org>.

34. Website of the Schenectady County Historian, maintained by the Schenectady County Library, <http://www.schenectadyhistory.org>.

35. Website of the Schenectady County Historian, maintained by the Schenectady County Library, <http://www.schenectadyhistory.org>.

36. Website of the Schenectady County Historian, maintained by the Schenectady County Library, <http://www.schenectadyhistory.org>.

37. Website of the Schenectady County Historian, maintained by the Schenectady County Library, <http://www.schenectadyhistory.org>.

38. Website of the Schenectady County Historian, maintained by the Schenectady County Library, <http://www.schenectadyhistory.org>.

39. Website of the Schenectady County Historian, maintained by the Schenectady County Library, <http://www.schenectadyhistory.org>.

40. Website of the Schenectady County Historian, maintained by the Schenectady County Library, <http://www.schenectadyhistory.org>.

41. Website of the Schenectady County Historian, maintained by the Schenectady County Library, <http://www.schenectadyhistory.org>.

42. Website of the Schenectady County Historian, maintained by the Schenectady County Library, <http://www.schenectadyhistory.org>.

43. Website of the Schenectady County Historian, maintained by the Schenectady County Library, <http://www.schenectadyhistory.org>.

After the war, with the return home of millions of young men, and the expansion of the post war economy, the growth of GE's main plant in the city of Schenectady was not its only activity. Establishing a world class research and development laboratory in the suburb of Niskayuna in 1950, and several satellite manufacturing facilities in Rotterdam, GE's growth overtook all of Schenectady County.<sup>44</sup>

From this time forward Schenectady became dependent on GE. This fact was encouraged by the General Electric Company, who had invested much in the local workforce and who wanted to reap the benefits that company loyalty and labor stability provide.

For generations families began to look at GE as a permanent, career employer. A job opportunity that would always be there. They looked at Schenectady as linked to GE and at GE as linked to Schenectady. In the public mind, the two were inseparable. GE encouraged this mind set, and the public acted and relied upon it.

But like many things, this codependent relationship was not bound to last forever.

#### **D. The Downsizing of GE and Loss of ALCO**

By the late 1960's this mind set was about to change. International competition and the beginning of the development of a global market place required world class companies, like GE, to expand and diversify. With Schenectady no longer their sole base of operations, with a nationwide and growing world wide set of production facilities, Schenectady, New York became of less importance.<sup>45</sup>

1969 saw two significant developments for the change of Schenectady's economic fortunes.

The first was the closing of the American Locomotive Company Works Facility.<sup>46</sup> After being purchased by Studebaker earlier in the decade, a combination of the decline in national rail transport usage, as well as the declining sales in the parent automotive car company (later to become AMC motors), lead to a company decision to cease Schenectady operations.<sup>47</sup> This caused thousands of factory workers to become unemployed and in search of new jobs.<sup>48</sup>

At the same time, growing fears that General Electric company might reduce its workforce due to expansion of its other world wide operations led to significant labor unrest. Accordingly, a strike occurred beginning in October of 1969 and lasting until February of 1970, dramatically soured labor relations, causing General Electric Corporate leaders to start to look to other facilities, where labor costs would be more manageable.<sup>49</sup>

Within the decade, major downsizing was occurring at General Electric's Schenectady operations.<sup>50</sup> By 1986 Schenectady's main plant was reduced to less than half its workforce (16,500) and by a decade later, in 1996, it was reduced to less than ten percent of what it had at its height (4,700).<sup>51</sup> It was at this time, that GE was to strike its final major blow to its Schenectady relationship.

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44. Website of the Schenectady County Historian, maintained by the Schenectady County Library, <http://www.schenectadyhistory.org>.

45. Website of the Schenectady County Historian, maintained by the Schenectady County Library, <http://www.schenectadyhistory.org>.

46. Website of the Schenectady County Historian, maintained by the Schenectady County Library, <http://www.schenectadyhistory.org>.

47. Website of the Schenectady County Historian, maintained by the Schenectady County Library, <http://www.schenectadyhistory.org>.

48. Website of the Schenectady County Historian, maintained by the Schenectady County Library, <http://www.schenectadyhistory.org>.

49. Website of the Schenectady County Historian, maintained by the Schenectady County Library, <http://www.schenectadyhistory.org>.

50. Website of the Schenectady County Historian, maintained by the Schenectady County Library, <http://www.schenectadyhistory.org>.

51. Website of the Schenectady County Historian, maintained by the Schenectady County Library, <http://www.schenectadyhistory.org>.

## **E. The Final Wake Up Call - GE moves its Corporate Employees to Atlanta**

In December of 1997, the final blow in the deteriorating relationship between GE and Schenectady was levied, by a company announcement that they would be reducing its Schenectady based workforce yet again.<sup>52</sup> What made this blow the worst yet, was the fact that these jobs were white collar professional sales jobs, which had to be located in the United States, and were not manufacturing jobs, that could be done far cheaper in foreign countries which had low labor costs.<sup>53</sup>

Despite the fact these jobs could be located anywhere in the nation, and despite pleas from United States Senator Alfonse D'Amato, Congressman Michael McNulty, Governor George Pataki, State Senate Majority Leader Joseph Bruno, State Senate Majority Whip Hugh Farley, and Assemblymen James Tedisco and Paul Tonko, as well as a choir of local elected officials, Schenectady General Electric Head Robert Nardelli told these leaders and the community at large, "Not only isn't there anything you can do, there is nothing you could have done, to prevent GE from moving these jobs from Schenectady".<sup>54</sup> These words clearly telegraphed that the General Electric Company did not ever see a major future again in Schenectady.

This cold assessment, from a high ranking a Corporate General Electric officer, finally made Schenectady realize that their economic future could not be centered upon the return of GE. Whereas previously, throughout the course of the GE downsizing, like children struggling with the divorce of their parents and wishing for their marriage to return, political leaders and average citizens would focus all their debate and efforts on how they could get General Electric to return, rehire and rebuild its operations in Schenectady. Schenectady, with the self image of a company town, could not see how it could restore its past glory and prosperity, with out General Electric. Now, after this December 1997 announcement, however, it finally began to sink into the public's mind set, that Schenectady needed to rebuild its economic future on its own.

It was in this environment that the Schenectady Metroplex Development Authority was born.

### **Part Two: The Players**

There were several people who were instrumental in the creation of the Schenectady Metroplex Development Authority. These people included:

- Neil Golub, President of the Golub Corporation (Price Chopper Supermarkets) and Principal Founder of Schenectady 2000.
- Roger Hull, President of Union College and Founder of Schenectady 2000.
- George Robertson, President of Schenectady Economic Development Corporation.
- Robert Farley, Schenectady County Legislator and Chair of Committee on Rules, County Sponsor, and Author of the Schenectady Metroplex Development Authority Act.
- Governor George Pataki, Governor of the State of New York.
- Senator Hugh T. Farley, Majority Whip of New York State Senate and Senate Sponsor of the Schenectady Metroplex Development Authority Act.
- Paul Tonko, Assembly Sponsor of the Schenectady Metroplex Development Authority Act.
- Francis Potter, Chairman of the Schenectady County Legislature.
- Albert Jurczynski, Mayor of the City of Schenectady.

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52. Cheryl Clark, Daily Gazette Newspaper, GE Confirms Move of Nearly 1000 Jobs, March 4, 1998, Page A1.

53. Cheryl Clark, Daily Gazette Newspaper, GE Confirms Move of Nearly 1000 Jobs, March 4, 1998, Page A1.

54. Cheryl Clark, Daily Gazette Newspaper, GE Confirms Move of Nearly 1000 Jobs, March 4, 1998, Page A1.

## Part Three: The Birth of Metroplex

### A. What is Metroplex?

Metroplex is the Schenectady Metroplex Development Authority. It is a locally appointed public authority, created by an act of the New York State Legislature, in 1998. Such act is entitled the Schenectady Metroplex Development Authority Act, and is a state statute which seeks to provide a local tool, to promote both economic development and directed land use, through out Schenectady County.

Drafted into state legislation from a resolution of the Schenectady County Legislature, it is the first such public authority in New York State, which legally empowers an 11 member board, with economic development and land use authority, as well as provides a dedicated annual revenue stream, of 70 percent, of the county's one half of one percent, annually collected sales and use tax.<sup>55</sup>

### B. Schenectady 2000 - Business Leaders Take a Role

In 1992, William Golub, a founder of Price Chopper Supermarkets, passed away and left in the care of his son Neil, a sum of \$1 million, to use for the betterment of the City of Schenectady.<sup>56</sup> Neil Golub (President of the Golub Corporation - the parent corporation of the 108 chain of Price Chopper Supermarkets), took the gift, and in 1993, with fellow business leaders Wally Graham (Chairman of Schenectady International) and Roger Hull (President of Union College), formed Schenectady 2000, a civic organization to foster improvement programs for the City of Schenectady.<sup>57</sup>

For five years, Schenectady 2000 worked with community groups and state and local governmental leaders, to arrest Schenectady's economic and social decline.<sup>58</sup> Their efforts gained notice and community respect, but when the announcement came in December of 1997, that General Electric Company was again reducing its work force, they knew they had to do more.<sup>59</sup> Accordingly they went to the City Council and Schenectady County Legislature to form the Business and Government Alliance Task Force.<sup>60</sup>

### C. The Business and Government Alliance Task Force

In December of 1997, a newly established Task Force consisting of 5 delegates from the County Legislature, 5 Delegates from the City of Schenectady and 5 delegates from the Business Community, began to meet at Union College to discuss strategies to revitalize Schenectady.<sup>61</sup> After months of meeting, and discussing possible revitalization strategies, County Legislative Delegation Chair Robert Farley, Business Delegation Chair Neil Golub and Business Delegate George Robertson, suggested the creation of a funded public authority, to perform economic development and land use functions, in an effort to improve Schenectady's future.<sup>62</sup> After tasking Robert Farley, who was also a counsel in the State Senate, with drafting this proposal, such a draft was considered and approved by the task force, and its basic terms were released to the media on February 10, 1998.<sup>63</sup>

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55. Schenectady Metroplex Development Authority Act, Title 28 B, New York State Public Authorities Law, Sections 2650 to 2674, et. seq., Chapter 124 of the Laws of 1998.

56. Iver Peterson, New York Times Newspaper, Two Men with A Plan: Revitalizing Schenectady, November 23, 1998, Page B6.

57. Iver Peterson, New York Times Newspaper, Two Men with A Plan: Revitalizing Schenectady, November 23, 1998, Page B6.

58. Iver Peterson, New York Times Newspaper, Two Men with A Plan: Revitalizing Schenectady, November 23, 1998, Page B6.

59. Iver Peterson, New York Times Newspaper, Two Men with A Plan: Revitalizing Schenectady, November 23, 1998, Page B6.

60. Matthew Roy, Daily Gazette Newspaper, Schenectady Officials to Brainstorm Ideas for Revitalization, December 11, 1997, Page B1, Members of the task force included Five County Legislators (Including Robert Farley - Chair of the County Delegation), Four City Council members and Schenectady Mayor Albert Jurczynski (Chair of the City Delegation) and Neil Golub (Price Chopper Supermarkets), Wally Graham (Schenectady International), Harry Apkarian (Protors Theater), Roger Hull (Union College) and George Robertson (Schenectady Economic Development Corporation)..

61. Matthew Roy, Daily Gazette Newspaper, Schenectady Officials to Brainstorm Ideas for Revitalization, December 11, 1997, Page B1.

62. Matthew Roy, Daily Gazette Newspaper, Authority Would Oversee Schenectady Redevelopment, February 10, 1998, Page A1.

63. Matthew Roy, Daily Gazette Newspaper, Authority Would Oversee Schenectady Redevelopment, February 10, 1998, Page A1.

## D. Consideration by the County Legislature

After receiving approval of the Task Force, the draft proposal was introduced by County Legislator Robert Farley for consideration by the County Legislature. The Schenectady County Manager (Robert McAvoy), the Chairman of the County Legislature (Francis Potter), and eight additional county legislators (out of a total of 13) were opposed to the proposal. Of the seven votes needed to pass the proposal, upon its introduction, only three members announced their support for the plan and one member was undecided.

The legislation, which would create a state public authority, with a board appointed by the local governments within the county, would dedicate a new one percent county sales tax to fund the projects and operations of the Authority.<sup>64</sup> Some of the county legislators opposed the plan because it would levy a new dedicated sales tax, some opposed it because they did not want to create a public authority, but most opposed it on the grounds that the county manager or legislature did not get to make all the appointments to the board. The public, however, which was desperate for a vehicle to improve their community, were strongly in support of the idea.

After fourteen public hearings, dozens of meetings, and countless redrafts and compromise proposals (including the reduction of the sales tax dedication to ½ of one percent), the Chair of the County Legislature finally agreed to offer the legislation up for a vote.<sup>65</sup> On Saturday April 4, 1998, the vote was finally held, and after a four hour debate, before a County Legislative Chamber packed to overcapacity with the public, the Schenectady County Legislature approved the proposal, as amended, by a 13-0 vote.<sup>66</sup>

## E. Consideration by the State Legislature

Immediately after the vote of the County Legislature, on April 7, 1998, the proposed bill was introduced in the State Senate by Schenectady Senator Hugh Farley, and introduced into the Assembly by Assemblyman Paul Tonko (who represented part of Schenectady County) and was cosponsored by Assemblyman James Tedisco (who represented the other part of Schenectady County).<sup>67</sup>

As few pieces of legislation are ever without obstacles, upon introduction of the bill into the state legislature, County Legislative Chairman Francis Potter and County Manager Robert McEvoy renewed their prior objections to the bill, and worked tirelessly behind the scenes to kill it.<sup>68</sup>

After months of negotiations between the state legislators and county leaders, and between the Republican Controlled State Senate and Democratic Controlled State Assembly, and over 70 redrafts of the proposed legislation, on June 12, 1998 a final amended version of the bill was introduced in both the Senate and Assembly, and on June 16, 1998, the Schenectady County Legislature enacted a home rule message to allow the state legislature to pass the amended bill.<sup>69</sup>

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64. Matthew Roy, Daily Gazette Newspaper, Authority Would Oversee Schenectady Redevelopment, February 10, 1998, Page A1.

65. Matthew Roy, Daily Gazette Newspaper, County Oks Metroplex Plan, April 5, 1998, Page A1; and Arthur Clayman, Daily Gazette Newspaper, Unanimous for Schenectady, Gazette Editorial, April 5, 1998, Page F2.

66. Matthew Roy, Daily Gazette Newspaper, County Oks Metroplex Plan, April 5, 1998, Page A1; and Arthur Clayman, Daily Gazette Newspaper, Unanimous for Schenectady, Gazette Editorial, April 5, 1998, Page F2.

67. Paul Foy, Daily Gazette Newspaper, Metroplex Bill Introduced in Legislature, April 8, 1998, Page B1

68. Arthur Clayman, Daily Gazette Newspaper, Clouds Over Metroplex, Gazette Editorial, April 10, 1998, Page B14.

69. Matthew Roy, Daily Gazette Newspaper, Schenectady County Lawmakers Give Mixed Signals on Metroplex, June 17, 1998, Page A1



In one last attempt to kill the bill, the Chairman of the County Legislature enacted by a 9 to 4 vote (with the members who were originally opposed to the proposal upon its introduction into the County Legislature, a home rule message on a chapter amendment introduced by Assemblyman Tonko that would have effectively emasculated the all the legal powers given to the new public authority under the bill.<sup>70</sup>

On June 19, 1998, the last day of the legislative session, the State Senate passed the bill 61-0 and the State Assembly passed the bill 118-29.<sup>71</sup> As the Senate refused to introduce the chapter amendments offered by the County, they did not pass that house.<sup>72</sup>

## F. Consideration by the Governor

On June 30, 1998, in a ceremony in the Chambers of the Schenectady County Legislature, Governor George Pataki signed the Metroplex Development Authority Act into law as Chapter 124 of the Laws of 1998.<sup>73</sup> Upon signing the legislation, the Governor commented that "this is not the end, but the beginning of revitalization in Schenectady".<sup>74</sup> The Governor further state that what has been created by the bill is "vehicle" and now it's up to county, city and state leaders to keep that vehicle on the road, and forge ahead to make a better future for Schenectady.<sup>75</sup>

In the photograph that appeared on the front page of the July 1, 1998 Daily Gazette Newspaper, showing Governor Pataki signing the bill, standing behind him with smiling faces are all those County Legislators who opposed the bills passage. Witnessing this fact, the Gazette Editorial that appeared in that same day's paper declared:

***"While many people had a hand in the creation of Metroplex, the major credit belongs to state Sen. Hugh Farley and his son Robert, a county legislator, along with Schenectady 2000."***<sup>76</sup>

## G. Subsequent Amendments

Since its original enactment in 1998, there have been five amendments to the Schenectady Metroplex Development Authority Act, all sponsored by Senator Farley and Assemblyman Tonko, and sponsored and supported by Robert Farley for home rule on the Schenectady County Legislature. These amendments include Chapter 388 of the Laws of 1999 (which added certain By law and additional public reporting requirements of the public authority), Chapter 402 of the Laws of 1998 (which made technical amendments to advance the time for the collection of the sales tax revenue), Chapter 631 of the Laws of 2002 (Which provided more time for the authority to provide their annual report), and Chapter 468 of the Laws of 2008 (Which raised the authority's bonding limit in consideration of the projects they have performed).<sup>77</sup>

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70. Matthew Roy, Daily Gazette Newspaper, Schenectady County Lawmakers Give Mixed Signals on Metroplex, June 17, 1998, Page A1

71. Matthew Roy, Daily Gazette Newspaper, Metroplex Bill Passes - Pataki to Sign It, June 20, 1998, Page A1

72. Matthew Roy, Daily Gazette Newspaper, Metroplex Bill Passes - Pataki to Sign It, June 20, 1998, Page A1

73. Arthur Clayman, Daily Gazette Newspaper, Only the Beginning, Gazette Editorial, July 1, 1998, Page B 10.

74. Arthur Clayman, Daily Gazette Newspaper, Only the Beginning, Gazette Editorial, July 1, 1998, Page B 10.

75. Arthur Clayman, Daily Gazette Newspaper, Only the Beginning, Gazette Editorial, July 1, 1998, Page B 10.

76. Arthur Clayman, Daily Gazette Newspaper, Only the Beginning, Gazette Editorial, July 1, 1998, Page B 10.

77. Schenectady Metroplex Development Authority Act, Title 28 B, New York State Public Authorities Law, Sections 2650 to 2674, et. seq., Chapter 124 of the Laws of 1998, Chapters 388 and 402 of the Laws of 1998, Chapter 631 of the Laws of 2002, and Chapter 468 of the Laws of 2008.

## Part Four: Statutory Analysis - Schenectady Metroplex Development Authority Act

### A. Generally

First and foremost the Schenectady Metroplex Development Authority Act is a statute that seeks to promote beneficial economic development and land use. Schenectady, as was aforementioned, was a community of great economic and social challenges. Even during its prosperous times, its land use was at best haphazard and unplanned. Economic development and land use go together, because with out attention to either one, the other will suffer. The development of this statute recognized this, and incorporated it into its design.

Both economic development and land use are effected under this statute by means of the "projects" that Metroplex performs pursuant to Sections 2655 and pursuant to the expenditure of revenues that the authority receives under the 70 percent of the ½ of one percent of the dedicated county sales tax.

### I. Constructing the Statute

The fundamental concept of the Schenectady Metroplex Development Authority was a novel one, but the legal pieces used to construct it were not. Parts of other public authorities, such as the Development Authority of the North Country, the Thruway Authority, the New York State Olympic Regional Development Authority, The Dormitory Authority, the Saratoga Springs City Center Authority and the Urban Development Corporation, were used as models, and pieces from them derived. Similarly, other public benefit corporations such as industrial development corporations and regional planning entities were also examined for applicability.<sup>78</sup>

In constructing a public authority it was useful to review their history. The first public authority in New York State, indeed in the United States, was the Port Authority of New York and New Jersey. Modeled after the successful Port of London Authority in England, the Port Authority of New York and New Jersey is a bi-state authority, first authorized by Congress and then chaptered by the Legislatures of the State of New York and the State of New Jersey in 1921.<sup>79</sup> Intended to combine the powers and abilities of government, with the flexibility and administration of a corporation, the public authority concept proved highly successful in efforts to build and maintain infrastructure such as ports, highways, bridges, airports, housing, dormitories, rail networks, park facilities and energy facilities.

Reaching the height of their popularity during the great depression, at one point, Robert Moses (the famed Power Broker and public authority master) was the simultaneous head of over 30. In 1938, during the State Constitutional Convention (which produced much of our current state constitution) fearing abuse of the public authority concept, New York Assemblyman (and Chair of the Ways and Means Committee) Abbot Low Moffat of Manhattan, made a major attempt to reform public authorities in the state constitution. As Robert Moses, who had just made an unsuccessful bid for Governor, was a lead delegate, however, Moffat did not get too far in his efforts. He was able, however to add what is now Article 10, Section 5 to the state constitution, that provides that no public authority may be created with out an act of the state legislature, and that the state of New York shall not be liable for any debt issued by a public authority.<sup>80</sup>

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78. The first draft of the statute was written during the evening while on a long weekend ski trip to Gore Mountain in February 1998. Thanks should be given to John T. Casey, Jr., a fellow Senate Counsel, and the son of a former Appellate Division Judge, who joined us on that trip, and who provided able and insightful suggestions when legal issues that might arise were discussed.

79. The Compact Between New York and New Jersey Creating Port Authority of New York and New Jersey, Sections 6401-6423, et. seq., Chapter 154 of the Laws of 1921.

80. Article 10, Section 5 of the New York State Constitution, adopted after a vote of the people on November 8, 1938, and effective January 1, 1938.

Traditionally, public authorities have been used to construct, operate and maintain facilities. They tend to have bonding, or financing authority<sup>81</sup> which are backed by tolls, fares or user fees. As such they can be self sustaining entities which need not rely upon annual budget appropriations from the state legislature. It is this independence, however that has caused the legislature, as well as the public, to be nervous about their use of power.

Accordingly, viewed by some as unaccountable, there have been several efforts to reform public authorities since they were first created in 1921. Attempts in 1930's, 1950's, 1970's and 1990's all proved fairly unsuccessful. In 2005, however, the legislature did pass a major reform act, known as the Public Authorities Accountability Act of 2005.<sup>82</sup> As one of the most recent public authorities created in the state, however, the Schenectady Metroplex Development Authority Act contains the safeguards necessary that the 2005 Public Authority Accountability Act seeks to inculcate through out the state.

## II. The Statutory Provisions

Title 28-B of the Public Authorities Law, the Schenectady Metroplex Development Authority Act, contains 31 Sections of Law (Sections 2650 to 2674). They are as follows:

### 2650 - Short title.

This section merely provides that the title of the Act shall be known and may be cited as the "Schenectady Metroplex Development Authority Act". These terms have meaning and were chosen for a reason.

The word Schenectady was included because the act was all about the community and it was felt that it was important for both pride and identification to have the community's name in both the title of the Authority and the Act which established it.

The word Metroplex is actually a synthesis of two words, "Metropolitan" and "complex", and was added to illustrate that the authority was created as a solution to the complex problems facing the metropolitan area of Schenectady.

The word Development was added to illustrate the dual purposes of economic development and land use of the statute and the public authority it creates.

Lastly, the word authority was chosen specifically to convey power and progress. The entity created under this act is not merely a public benefit corporation, but rather a full fledged, state enacted public authority with all the powers of finance, bonding and operations that are provided to modern public authorities under the law.

### 2651 - Statement of legislative findings.

This section is one of the most important sections of the statute. For although it has little legal implication, as it just speaks to general legislative intent of the statute, this section does lay out the vision and purpose of both the statute and the public authority created thereunder.

This section sets forth the vision of the Metroplex. It tells the story as to why the statute, and the public authority established thereunder, was created. It openly recognizes the immediate need for economic development and land use planning and regulation in Schenectady County, specifically citing the area of the Metroplex Service District (the Route 5 and Route 7 corridors) and downtown Schenectady.

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80. The term "authority" in public authority comes from the original act of parliament creating the Port of London. Because the statute said that the "corporation shall have the 'authority' so many times, lawyers because to refer to the corporation by that short hand name.

81. Public Authorities Accountability Act of 2005, Chapter 766 of the Laws of 2005. As Chief Counsel to the Senate Standing Committee on Corporations, Authorities and Commisisions, I was responsible after serving as senior staff at several state wide public hearings, for the drafting of a large part of the original bill which became this statute. Many of the reform provisions that were included in the Reform Act were first considered and included in the Schenectady Metroplex Development Authority Act.

This section further declares the statute's purpose to provide the state and county with a tool to effectively and efficiently develop, renovate and optimize the economic and social activities of the Metroplex Service District.

This section also describes the types of projects envisioned for the public authority to undertake the development of, including facilities for conventions, trade exhibitions, public shows, public entertainment, hotel accommodations, transportation, historic preservation, tourism, sporting events, social and educational centers, and retail, business, commercial and government office space.

This section also justifies why the construction and operation of new facilities would generate business, create employment opportunities, provide new sources of tax revenue, and promote effective and orderly redevelopment in the Metroplex Service District.

This section additionally describes the importance of land use regulation, declaring that the area in the Metroplex Service District is characterized by deteriorated industrial and commercial structures, uncoordinated and incompatible commercial uses, inadequate public facilities, and substandard conditions, all of which are detrimental to the economic and social well-being of New York State and county residents.

It lastly declares that the construction and operation of such new facilities in such area will serve as a catalyst for redevelopment, and a rejuvenation of civic pride and accomplishment, and will help to eliminate substandard conditions in, and will address the immediate needs of the people in, the Metroplex Service District.

## **2652 - Definitions.**

This section provides for the definition of 24 terms used under the provisions of the statute. Such definitions include "authority", "board", "person", "service district", "bonds", "state", "governor", "comptroller", "director of the budget", "municipality", "county", "county legislature", "city", "mayor", "city council", "metroplex facility", "park district", "construction", "real property", "personal property", "cost", "project", "revenues", and "United States".

## **2653 - Schenectady Metroplex Development Authority**

This section establishes the governing board of the public authority. Such board would consist of 11 members, who must be residents of Schenectady County. These members are appointed as follows:

- One upon nomination of the mayor of the city of Schenectady;
- One upon nomination of the Schenectady City Council;
- One each upon nomination of the supervisors of Niskayuna, Glenville, and Rotterdam;
- One each upon joint nomination of the supervisors of Princetown and Duanesburg;
- One upon nomination of the Minority Leader of the County Legislature;
- Two upon nomination of the Chairman of the County Legislature; and
- Two upon the joint nomination of the County Legislature.

This section also provides that the following people may not be appointed to the board:

- Any person holding an elected or management/confidential-exempt county position, except for the county commissioner of economic development and planning.
- Any member of the state legislature.
- Any person holding, or who within the last 4 years has served as a political party chair.

Pursuant to this section, representatives appointed by the county would serve for terms of five years, and municipal representatives would serve for terms of four years. Board members may engage in private employment, or in a profession or business. Such Board members are not, however, entitled to any compensation for their board service.

This section would further provide, that both the chairman and vice-chairman would be designated by the Board, and would serve as such until their terms expire as members.

The chairman would be the chief executive officer of the authority, would be primarily responsible for the discharge of its administrative function. He can appoint an executive director, with advice and consent of the board, to whom such administrative functions may be delegated.

The section also requires that the principal office of the authority must be located in Schenectady county.

This section would lastly authorize the state comptroller to conduct periodic audits of the authority and report the results to the governor, the chairman of the senate finance committee, and the chairman of the assembly ways and means committee.

### **2654 - Schenectady metroplex service district**

This section established the boundaries of the Schenectady metroplex service district, which was the geographical area in which the public authority had legal authorization to operate. Such district was a corridor along state route 5 and state route 7, which formed the principal commercial areas of the county.

This section also provided a procedure whereby any locality in Schenectady county could expand the borders of the service district within their municipality by local law. It should be noted that due to the success of Metroplex, most localities have expanded the service district to include most if not all of their locality.

In order to accommodate requests of citizens at public hearings, who were concerned that Metroplex might promote commercial development in their residential neighborhoods, certain residential areas were expressly excluded from the service district. Accordingly no parcel of real property, in the city of Schenectady, upon which a non-multiple dwelling residence is located, may be included with the service district within the boundaries of:

- The historic GE realty plot district,
- The Union College Triangle,
- The Mont Pleasant neighborhood association, or
- Any defined neighborhood within the Schenectady united neighborhood associations.

Additionally, the Stockade Historic District is expressly included within the Service District only for the limited purposes of projects involving:

- Transportation and parking facilities;
- Historic preservation facilities and parks;
- Tourism facilities and parks;
- Sporting event facilities and parks;
- Special entertainment facilities and parks;
- Educational facilities and parks;
- Cultural and social facilities and parks; and
- Infrastructure facilities;

This section specifically seeks to provide guidelines for the Metroplex Development Authority's activities with respect to land use. By designating what types of activities can occur in certain geographical areas, and by authorizing municipal governments to amend the service district boundaries upon local need, this statute seeks to provide a major step forward in improving Schenectady's land use practices.

## 2655 - General purposes and powers of the authority

This section outlines the general purposes and powers of the authority.

The purposes are to design, develop, plan, finance, create, site, construct, renovate, administer, operate, manage, and maintain all metroplex facilities and parks within the service district.

To accomplish these purposes the authority has the following broad grant of powers:

- To sue and be sued;
- To acquire, hold and dispose of real and personal property for its corporate purposes;
- To have a seal and alter the same at pleasure;
- To borrow money and issue bonds for any of its corporate purposes;
- To make by-laws for the management and regulation of its affairs;
- To appoint officers, agents and employees;
- To describe their qualifications and fix their compensation;
- To make contracts and leases, and to execute all instruments;
- To design, develop, plan, finance, create, site, construct, renovate, administer, operate, manage and/or maintain such buildings, parks, structures, and other facilities as may be necessary or convenient, specifically, but not limited to:
  - trade exhibition facilities;
  - public show facilities;
  - public entertainment facilities and parks;
  - hotel and overnight accommodation facilities;
  - transportation and parking facilities;
  - historic preservation facilities and parks;
  - tourism facilities and parks;
  - sporting event facilities and parks;
  - special entertainment facilities and parks;
  - educational facilities and parks;
  - cultural and social facilities and parks;
  - infrastructure facilities;
  - industrial and manufacturing facilities and parks; and/or
  - business, commercial, retail, and/or government office space, buildings or facilities;
- To collect revenues, dues, costs, assessments, rentals, fees and other charges for the use of real or personal property and/or facilities and parks of the authority;
- To contract for the services of architects, engineers, consultants, lawyers, financial and other professional advisors, developers, contractors, vendors, concessioners, tenants, facility and/or park users, occupants and managers and other professional consultants and service providers, and to fix their compensation;
- To declare, designate, establish, design, create, site, construct, develop, plan, finance, operate, renovate, administer, manage and/or maintain parks and park districts within the service district so as to establish parks and/or park districts for historic preservation, educational entertainment, and/or recreation;
- Upon the resolution of a municipality, to avoid, and be exempt from, zoning and/or planning requirements, laws and/or regulations established, created or enacted;
- To designate the depositories of its money;
- To establish its fiscal year;
- To appoint such officers, employees and agents as the authority may require for the performance of its duties and to fix their qualifications, duties, and compensation;
- To retain or employ counsel, auditors, engineers and private consultants on a contract basis or otherwise for rendering professional, management or technical services;
- To receive and consider reports and recommendations from any advisory councils or boards as may be established by local law, ordinance, or resolution; and
- To do all things necessary, convenient or desirable, including ancillary and incidental activities, to carry out its purposes and to exercise the powers granted in this title.

## **2655-A - Bylaws, 2655-B - Public hearings, 2655-C - Capital plan, and 2655-D - Reports**

These sections are procedural and disclosure requirements placed upon the Metroplex Development Authority, pursuant to the 1999 amendments. They require the authority to make by-laws and provide for the parameters thereof, authorize and require the authority to hold public hearings under certain circumstances, require the authority to draft and present annually a five year capital plan; and require the authority to draft and present certain reports and public disclosure.<sup>83</sup>

## **2656 - Contracts**

This section governs the contracts of the Metroplex Development Authority.

It requires that the authority comply on its projects with the state Wicks law, in that it separately bid out certain contracts for plumbing, heating and electrical work.

It further requires the authority to submit its projects to competitive bid.

This section further requires the authority to pay prevailing wage, pursuant to the provisions of the state labor law,<sup>84</sup> and comply with the provisions of Article 15-A of the state executive law to encourage contracts with women and minority owned businesses.

## **2657 - Employees, civil service**

This section provides civil service protections to all non-exempt/non-management confidential employees of the Schenectady Metroplex Development Authority. As such these employees are also afforded transferability protections under the civil service law.

Employees of the Metroplex Development Authority are thereby considered government workers under the civil service and retirement and social security law, and as such, are eligible for the benefits which accrue from that status. Accordingly, although the staff of the authority is extremely small (5 people) any non management confidential employee would be entitled to unionize under the state's Taylor law.

## **2658 - Code of ethics**

This provision establishes a Code of Ethics for Authority board members and employees to prevent conflicts of interest.<sup>85</sup> Members and employees are considered public officers under the public officers law, and as such are required to file state financial disclosure documents, and are subject to the ethics provisions of 73, 73-a and 74 of that act.

## **2659 - Acquisition of land**

This provision grants the authority the legal power to acquire sell, lease or otherwise dispose of real property located within the service district by purchase, lease or condemnation to accomplish its lawful purposes. The authority is also given the power to use the proceeds of such sale, rentals or other monies derived from the disposition of its property for its lawful purposes. As can be seen, the authority does have the power of eminent domain, upon a resolution approved by a two-thirds majority of the board.

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83. It should be noted that these are many of the reforms that would be required in all public authorities six years later pursuant to the public authorities accountability act of 2005.

84. It should be noted, that at the request of the local trades union, in 2002, the original language of the statute concerning prevailing wage, to address concerns that this section was not being enforced. Sometime after the amendment had taken effect, however, the same people who had requested the change in language, stated that they wished such change had not been made, because they believe the original language was better. We warned them of this fact at the time, but they did not listen. As the authority seems to be complying with section 220 of the labor law, however, there has to date been no effort to revert back to the former statutory language.

85. Once again, it should be noted that the reform of a code of ethics, and the requiring that board members and employees of an authority file financial disclosure and be subject to the provisions of the public officers law, were again one of the reforms that would be required in all public authorities pursuant to the public authorities accountability act of 2005.

## **2660 - Request for state assistance and 2661 - Request for municipal assistance**

These sections authorize the Schenectady Metroplex Development Authority, through the chairman of its board, to request and receive, financial assistance from state or local governments.

## **2662 - Private donations**

This section authorizes the Schenectady Metroplex Development Authority, to accept a financial gift from a private individual.

## **2663 - Monies of the authority**

This section governs the authority's management and holding of its finances.

Pursuant to this section, all monies of the authority shall be paid to its treasurer and shall be deposited forthwith in a bank or banks designated by the authority. The monies in such accounts shall be paid out or withdrawn on the order of persons authorized to do so by the authority. The banks in which the authority deposits such monies must be secured by obligations of the United States or of the state or of any municipality of a market value equal at all times to the amount on deposit.

This section further provides that to the extent practicable, consistent with the cash requirements of the authority, all monies shall be deposited in interest bearing accounts.

This section also grants the authority the power to contract with the holders of any bonds as to the custody, collection, security, investment and payment of any authority monies.

This section additionally provides that all monies held in trust for the authority may be secured in the same manner as monies of the authority and all banks and trust companies are authorized to give such security for such deposits.

This section also provides that any authority monies that not required for immediate use or disbursement, may, at the authority's discretion, be invested in accordance with the provisions of the state finance law and pursuant to guidelines established by the authority.

This section also requires that the authority to prescribe a system of accounts.

Finally, this section provides that all tax revenues received by the authority pursuant to the dedicated revenue stream from the 70 percent of the  $\frac{1}{2}$  of one percent of the county sales tax, shall be applied in the following order of priority:

1. The authority's contracts with bondholders;
2. To pay the authority's operating expense not otherwise provided for, and
3. To the balance of such taxes not required to meet contractual or other obligations of the authority, which shall be deposited in the general fund of the authority.

## **2664 - Return of moneys to the county of Schenectady**

This section provides, that in the event that the revenues of the authority exceed its current liabilities by more than ten percent at the end of its fiscal year, that the authority shall return 75 percent of the surplus amount of the dedicated sales tax moneys it so maintains, back to Schenectady County. This return is after a lawful deposit in its reserve fund of not less than five percent of its revenues, and after a lawful deposit into its construction and development account in the amount necessary to provide payment for the anticipated projects of the next fiscal year.



### **2665 - Bonds or notes of the authority**

This section authorizes the Schenectady Metroplex Development Authority to issue bonds and notes up to a cap of \$75,000,000.<sup>86</sup>

This section further establishes the technical requirements for such bonds and notes and their issuance by the authority.<sup>87</sup>

### **2666 - Bonds; legal investment for fiduciaries**

This section designates Metroplex Development Authority bonds as securities, and authorizes state government entities, including municipalities, to invest in, or deposit, them.

### **2667 - Tax exemption and tax contract by the state.**

This section designates the Schenectady Metroplex Development Agency as a tax exempt entity under the law. Accordingly this section provides that:

- The property of the authority, its income and operations shall be exempt from taxation, assessments, special assessments and special ad valorem levies;
- That the authority shall not be required to pay any state or local fees, taxes, special ad valorem levies or assessments of any kind;
- That bonds issued by the authority, together with the income therefrom shall be exempt from taxation.

This section also legally deems the creation of the authority, and the carrying out of its corporate purposes, to be in all respects for the benefit of the people of the state of New York and is a public purpose, and shall be regarded as performing an essential governmental function in the exercise of the powers conferred upon it.

Accordingly this section provides that notwithstanding the fact that the authority is tax exempt, it may enter into agreements with the county or any municipality to pay, a payment in lieu of taxes (PILOT).

Additionally, this section further provides, that certain projects undertaken by the Metroplex Development Authority shall be exempt from real property taxation, on a sliding scale schedule, calculated not to exceed the following:

- ten years of full exemption;
- followed by one year of exemption from eighty percent of such taxation,
- followed by one year of exemption from sixty percent of such taxation,
- followed by one year of exemption from forty percent of such taxation,
- followed by one year of exemption from twenty percent of such taxation.

### **2668 - Remedies of bondholders**

This section provides the legally authorized remedies for persons or institutions who purchase bonds issued by the Schenectady Metroplex Development Authority can exercise for repayment of such obligations. These remedies are fairly standard among all public authorities and are drafted in a manner as to make the bonds marketable.

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86. It should be noted that this bond cap, which was ordinally \$50 Million was just increased to \$75 Million in 2008, pursuant to Chapter 468 of the Laws of 2008, in order to accommodate the authority which was nearing the \$50 Million limit due to its financing of outstanding projects.

87. The bond and note regulation language in this section is identical to nearly every public authority which maintains the legal authority to issue bonds and notes pursuant to the public authorities law. Indeed, this language is fairly standard across the nation among all public authorities, due to market requirements to make these bonds and notes marketable.

## **2669 - State, county and municipalities not liable on bonds**

This section, consistent with Article 10, Section 5 of the State Constitution, provides that the State of New York, the County of Schenectady, and all of its municipalities, shall not be liable for the debt incurred by the authority.

### **2669-A - Agreement with state**

This section requires the Schenectady Metroplex Development Authority to place on the face of its bonds and notes that neither the state, the county, nor any municipality therein, shall be liable on such bonds or notes.

### **2669-B - Agreement with county**

This section requires the Schenectady County that it will not take action to in any way alter, limit or impair the rights hereby vested in the authority to purchase, construct, own and operate, maintain, repair, improve, reconstruct, renovate, rehabilitate, enlarge, increase and extend, or dispose of any project, or any part or parts thereof, for which bonds of the authority shall have been issued.

This section, however, expressly states that it in no way shall be deemed to restrict the right of the county to repeal additional  $\frac{1}{2}$  of one percent sales and compensating use tax which is dedicated to the authority

This section finally provides that nothing in this title shall be deemed to obligate the county to make additional payments or impose any taxes to satisfy the debt service obligations of the authority.

## **2670 - Actions against authority**

This sections provides for municipal notice of claim procedural requirements for civil actions brought against the authority or its board members or employees acting in such capacity. It further venues all actions against the authority in the Supreme Court of Schenectady County and provides a preference on such court's calendar for the resolution of such suits.

## **2671 - Limitation of liability; indemnification**

This section provides for a limitation of liability, for authority board members or employees, acting within the scope of such capacity. Pursuant to such limitation such persons shall not be subject to any personal liability resulting from carrying out any of their expressly given or authorized powers.

This section further provides that such persons shall be eligible for representation and indemnification in connection with any and all claims, demands, suits, actions or proceedings which may be made or brought against any of them arising out of any determinations made or actions taken or failed to be taken in compliance with any obligations under or pursuant to the terms of this statute.

## **2672 - Assistance by state officers, departments, boards and commissions**

This provision authorizes state officers, departments, boards and commissions to render such services as they may wish to the authority within their respective functions as may be requested by the authority.

## 2673 - Audit, annual report, county approval of certain projects

This section provides that:

- All accounts of the Schenectady Metroplex Development Authority are subject to the supervision of the state comptroller<sup>88</sup>
- That the authority shall provide for an annual audit to be performed by an independent certified public accountant.<sup>89</sup>
- The authority must annually submit a detailed report of its operations and finances to:
  - the county legislature,
  - the governor,
  - the state comptroller,
  - the chairperson of the senate finance committee, and
  - chairperson of the assembly ways and means committee.

This section also requires County Legislative approval, by a majority vote, of any project of the Schenectady Metroplex Development Authority, with certain exceptions, when the direct expenditure of funds used to complete such project is anticipated to exceed ten million dollars in funds derived from the authority's share of the dedicated sales tax.

## 2674 - Separability

This section provides a separability clause for the statute.

### Part Five: Effectiveness of the Statute

The Schenectady Metroplex Development Authority Act is now in its 11<sup>th</sup> year, and a little more than one third into its legally authorized thirty year life span.<sup>90</sup> During that time Schenectady County, which as aforementioned was facing some very hard times, has seen a real renaissance, especially in the areas targeted as the service district and in the legislative intent of the enabling statute. From improving land use to spawning economic development, the quality of the community has been improved.

#### A. The Route 5 Corridor

One of the critical areas sought to be addressed by the Metroplex is the Route 5 Corridor, especially, the section which proceeds through downtown Schenectady.

Some of the successful projects include:

1. The Schenectady Streetscape Project, where millions have been spent to upgrade the attractiveness of the downtown street infrastructure, including granite curbs, new sidewalks, brick pathways, new bus portals, bridge facades, and other aesthetic improvements to make the main thoroughfare through the city of Schenectady much more attractive and inviting.

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88. I should be noted once again that the designation of the power of the office of the state comptroller and be subject to his audits are also another example that would be required in all public authorities pursuant to the public authorities accountability act of 2005.

89. Additionally this requirement of an independent audit of the authority also another example that would be required in all public authorities pursuant to the public authorities accountability act of 2005.

90. Although the statute provides for an indefinite, perpetual length of the authority, the sales tax dedicated revenue stream was originally scheduled to sunset thirty years after the initial effective date of the act. This date has already been extend once, to meet bonding considerations in 2008, and may be extended again.

2. The Development of a New Arts, Entertainment and Commercial District in Downtown Schenectady. From shopping to entertainment, from commerce to business, the downtown portion of the Route 5 corridor has come to life with the actions of Metroplex.

Since its inception, Proctors, the jewel of Schenectady has undergone a multimillion dollar expansion to accommodate major Broadway shows, and adding a big format (imax) screen theater in addition to its shows and movies.

At the top of State Street hill MVP constructed its new corporate headquarters and parking garage saving 300 jobs for Schenectady.

A new six screen, stadium seating Bow Tie Cinema, on the corner of State and Broadway, bring young people and entertainment seekers to a new 18 hour downtown.

A new 30 million dollar state office building to house region 2 of the NYS Department of Transportation, across the street from Bow Tie, bring 600 State jobs to Schenectady.

A newly transformed Center City Office Complex, and next to it a revitalized State Office Building for the Commission on quality care, bringing another 100 state jobs to Schenectady.

A facade improvement program to enhance the attractiveness of the buildings in the arts and entertainment district, leading to the opening of 3 new high end restaurants and two medium priced restaurants.

3. The Development of the Broadway Corridor. Long a neglected site in the City of Schenectady, this cross street to the Route 5 corridor has now come to life. With a new four story parking garage to serve downtown, to the new Mallozzi's Italian Bake and Sweet shop, to the four story John Roth Complex with satellite low rise offices, to the renovated Board of Elections Building, to the brand new Marcella's building to the newly revitalized office complex at the former Schenectady International Building, this targeted corridor has also seen great success.

4. The Erie Boulevard Corridor has also seen significant development. From the quarter billion investment at the GE works to transform its lower Erie location into a 21<sup>st</sup> century business campus, and its location of a new battery plant and wind turbine facility, to the Lower Erie Circle Development including the newly renovated Zone 5 Police Academy building, to the planned Trustco Building Redevelopment at Erie and State, to the renovation of the Historic Elizabeth Gillette House at the gateway to the Stockade, to the new \$40 million dollar Golub Corporation six story office complex being constructed at upper Erie and Nott Street at the former Big N Plaza, the corridor too has seen significant revitalization.

5. The former Union College Triangle has also seen a big transformation. In partnership with union College the housing revitalization program and Seward Place street scape have transformed the neighborhood. In addition to the renovation of the former Ramada Inn on Nott Street to become a Union College dormitory and catering facility, the new high grade soccer stadium has become a viable landmark. The new 4 story Union College Graduate Building on the Nott Terrace and the revitalization of the Schenectady Museum have also begun to bring this area back to life.

6. Metroplex has also assisted in the preservation and redevelopment of one of Schenectady's strongest commercial neighborhoods in Upper state street. The Union Street Corridor, its Professional District and Commercial District have never been stronger.

All these efforts have been targeted to improve the land use and economy of Schenectady County.

But Metroplex has not stopped its efforts just at the City of Schenectady.

In Niskayuna Planned Development has lead to the civic improvement of the Balltown Road Corridor, From a new world headquarters for Schenectady International, to the \$120 Million expansion at GE Research and Development, to the new Niskayuna Sports Complex, to the St. James Square development, to Niskayuna High School renovations to the new major shopping destination at Mohawk Commons, Niskayuna too is seeing redevelopment and commercial growth.

In the Town of Glenville, Metroplex has led to the creation of a complete new town master plan for the first time in the community's history. Glenville has seen dramatic investments into its infrastructure with major highway corridor improvements on Freeman's Bridge Road, a new multimillion dollar sewer district to serve and provide expansion for its Commercial district, a new Walmart and Lowes Retail Plazas, the development of a waterfront park and restaurant at the Lighthouse at Water's Edge, and a new commercial development at Wendy's Plaza. In the vicinity of the Airport, Glenville has seen the construction of a new world headquarters office building for Fortitech, the expansion of the Empire State Aerosciences Museum, a new Ice Arena, and a commercial-shopping plaza at Socha Plaza.

Rotterdam too has seen great growth, and planned development since the enactment of metroplex. From the new Time warner building bringing 200 jobs to Schenectady, to a series of new sewer and water line expansions, to the explosion of Shopping at the Altamont Avenue Corridor (Walmart and Staples Plaza) to the major expansions of Mallozzi's catering house and Tops dinner, Rotterdam too has seen help in changing land use and economic development.

## **Conclusion**

As Governor Pataki declared when signing the Schenectady Metroplex Development Authority Act into law, Metroplex is a vehicle and Schenectady is at the beginning of this process of trying to improve itself, not at its end.

Metroplex was so popular when it was first presented to the public, because it offered some very important concepts to the people of Schenectady: Hope, promise, self sufficiency and change.

It is perhaps even more popular today after its host of successes in the community. One can not venture down the street and not prove witness to the positive change that has occurred.

What will be its future? Will it prove a model for other communities? Time will tell. For once again, we are only at the beginning.