

**Watertown Local Development Corporation (WLDC)
2016 Annual Report**

WLDC Mission:

The mission of the WLDC is to foster an environment of cooperation between city governance, economic development agencies and the private sector with the goal of promoting economic prosperity and expansion in the City of Watertown. This is accomplished by using the WLDC resources to leverage other investment with the goal of job creation, retention and elimination of blight.

Loan Programs:

The WLDC has two loan programs which it offers to businesses in and around the City of Watertown. The first is the bank participation program. These loans are generally \$40,000 and over and are structured on a 50/40/10 basis. This means the bank would fund 50% of the project, the WLDC 40% and equity from the borrower of 10%. Under this scenario, the WLDC would take a subordinate lien position to the bank on collateral offered. The second is the Micro Loan Program. These loans are \$40,000 and under and can be done without a bank involved. Under this program, the borrower is required to contribute 10% equity into the project. Because there is no bank involved, the WLDC generally receives a first position on collateral being offered.

From time to time, the WLDC has implemented special loan programs such as the Public Square Reconstruction Program and in 2016, the Factory Street Construction Loan Program. These programs offered loans up to \$10,000 to businesses impacted by street closures and traffic disruption. These loans were designed for easy access to working capital to supplement short term cash flow needs. Loans were made at 3% and require a clean credit history. These loans were unsecured.

In 2016, a total of 23 loans were closed. These loans totaled \$1,222,309 and leveraged private sector investment of \$23,450,000.

City Center Industrial Park (CCIP):

The WLDC is responsible for marketing the CCIP. In 2003, the WLDC took over this responsibility from the City of Watertown by executing an exclusive option on the land in the park. At the time, there was one business in the park. Currently there are seven. Since taking on this responsibility, the WLDC has built two 20,000 sq. ft. spec buildings to stimulate activity. Both were sold to manufacturing entities creating over 80 jobs.

In 2016, Roth Industries, Inc. embarked on a 26,000 sq. ft. expansion to their existing 40,000 sq. ft. facility. The expansion will accommodate a second blow molding machine and add up to 6 new jobs. There is currently approximately 16 acres of shovel ready land available for development. The WLDC markets this property through its website and has engaged Pyramid Brokerage to identify potential prospects.

Franklin Building:

In June 2002, the WLDC, as sole member of Public Square Developers, L.P. began to acquire, hold, improve and develop a parcel of real property in Watertown, NY known as the Franklin Building. In December 2009, the WLDC transferred 100% of the ownership interest in Public Square Developers, L.P. to Neighbors of Watertown, Inc. upon transfer of ownership, the development cost incurred by the WLDC became a loan receivable from Public Square Developers, L.P.

In total, the WLDC invested over \$1,380,000 in the redevelopment. \$636,500 was paid back at the closing for the permanent financing. \$744,000 remains on the books in the form of a loan receivable at 1% interest deferred until 2027.

On February 1, 2011, the WLDC entered into a master lease agreement with Public Square Developers, L.P. for the commercial space located on the ground floor of the building. The term of the lease is 30 years. The WLDC is responsible for the lease up of the commercial space. There is a total of 13 units totaling 9,000 sq. ft. Currently 11 of the 13 units are leased netting a total of \$73,055 in annual income. The annual master lease payment is \$47,577. The WLDC is currently working with a prospect to take the remaining 1,681 sq. ft. this will add an additional \$13,764 in rental income.

Downtown Redevelopment:

Over the last ten years or so downtown Watertown has seen a transformation as evidenced by the completion of the Public Square and Factory Street streetscape and infrastructure projects as well as the redevelopment of prominent historic buildings such as the Franklin Building, Woolworth Building and Lincoln Building. Over this time, the WLDC has continued to look for ways to promote development and investment in downtown. Several financial assistance programs have been rolled out. In 2016, these programs included the Factory Street Construction Loan Program, the Public Square Rent Assistance Program and the development of dedicated downtown website.

Factory Street Construction Loan Program: A total of 9 loans totaling \$90,000 were made under this program in 2016. Funds were used to support cash flow impacted by road construction.

Rent Assistance Program: The goal of this program is to stimulate, enhance and create additional economic activity in the City Center and to spark private sector investment that contributes toward the revitalization of our downtown. The programs also aim to create jobs, increase foot traffic and improve the vitality of existing businesses in downtown. Through this incentive, it is hoped that new and diversified services will be introduced within the program boundary area. In addition, the program aims to attract new businesses to fill previously unoccupied store fronts or buildings that will have a positive economic impact on the downtown and the City of Watertown.

In 2016, the WLDC board approved a maximum of five projects or up to \$60,000 total program cost year one and \$30,000 year two. As of December 216, a total of three projects were approved and funded.

Downtown Website: In 2016, the WLDC Board approved allocating funds for the development of a dedicated website for downtown. The WLDC engage the services of Coughlin Co. to build the website www.arrivedowntown.com. The site contains information related to public and private investment in the downtown and a map of businesses location.

Financial Status:

| | |
|------------------------------|------------------|
| Assets | |
| Cash and Cash equivalents | \$ 463,343 |
| Investments | \$ 4,654,770 |
| Loans Receivable | \$ 5,326,038 |
| Other Assets | <u>\$ 30,881</u> |
| Total Assets | \$10,475,396 |
| Liabilities | |
| Accounts Payable | \$ 7,238 |
| Security Deposits | <u>\$ 6,086</u> |
| Total Liabilities | \$ 13,324 |
| Equity | \$10,462,072 |
| Total Liabilities and Equity | \$10,475,396 |

Statement of Revenue and Expenses as of 12/31/16

| | |
|--|-------------------|
| Interest on Loans | \$ 233,144 |
| Interest from Investments | \$ 106,238 |
| Realized and Unrealized gain (losses) on Investments | \$ 77,154 |
| Rental Income | \$ 69,483 |
| Bad Debt Recovery | \$ 51,399 |
| Other Income | <u>\$ 7,546</u> |
| Total Revenue | \$ 544,964 |
| Expenses | |
| Program Services | \$ 237,225 |
| Management & General | <u>\$ 145,475</u> |
| Total Expenses | \$ 382,700 |
| Non-Operating Expense | |
| Transfer of CDBG Monies to City of Watertown | \$ 117,197 |
| Total Non-Operating Expense | <u>\$ 117,197</u> |
| Total Revenue over Expense | \$ 45,068 |