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The Authorities Budget Office Issues Report on Troy Local Development Corporation

The Authorities Budget Office released its report on the operating practices and governance structure of the Troy Local Development Corporation (TLDC), a not-for-profit corporation formed to promote economic development and job creation within the City of Troy.

The review found that TLDC is not independent of the City, but is highly reliant on Troy for its staff, operational support and to define its mission and vision. The TLDC appears to have taken an informal approach to economic development. It has not established formal procedures for the City employees, who are responsible for TLDC operations, to follow, and does not consistently apply criteria for evaluating and providing loans. In addition, TLDC has not established a plan to undertake and manage large-scale economic development projects. As an example, the ABO's review found that TLDC received \$5 million in federal funds in 2006 to clean up and re-develop a major brownfield site along the south Troy waterfront. The funding application submitted by the City outlined a plan to acquire and remediate the property and to encourage industrial companies to relocate to the remediated area. Yet, little progress has been made in 7 years, although most of the \$5 million has been spent, and TLDC has received over \$3 million in additional revenues generated from the property. It appears that the original plan for the use of the funds has been abandoned, as TLDC has no plan in place to develop the site in the absence of these federal funds.

The ABO's review found that TLDC failed to follow and enforce the provisions of its lease and loan agreements. As a result, TLDC lost more than \$67,000 in rental and loan repayment income. The report also noted that two loans totaling \$250,000 were made to a business, even though the business consistently failed to meet the requirements established by TLDC to receive the funds. Although the purpose of these loans was to acquire equipment needed for the business, almost \$25,000 was spent on other purposes.

The ABO's report also made recommendations for improving TLDC management practices. The ABO noted that TLDC began making improvements in the management of its leases and loans as a result of its review.

A copy of the full report is available at www.abo.ny.gov.