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Enterprise Zone Renewal
August 2008

Background

The enterprise zone was created by Ordinance 724 in 1993 by the Board of Representatives for a period of ten years. In November 2003, the Board of Representatives extended the program for an additional five years to midnight December 31, 2008. As part of this effort, the Board asked for a program review, twice yearly reports and a reactivation of the community enterprise zone board.

Pending as of August 2008, is Board of Representatives Resolution SC27.028 authorizing a five year renewal of the program.

Program Review

The city commissioned a review of the enterprise zone's performance in 2004. The final March 2005 report by Harrall Michalowski Associates looked at over 75 project files, compared the economic base of the South End and Waterside communities to the city as a whole, and evaluated job generation and industry attraction. Among the report's findings:

- The Enterprise Zone was responsible for a modest but noticeable increase in the assessed value of the EZ area.
- The EZ provided an economic development catalyst to the two neighborhoods returning a net fiscal positive to the city.
- Based on an analysis of SICs and NAICs (the classification systems for business) the type of firms that have located in the EZ were firms that paid good wages that could be earned by employees without a need for advanced degrees, specialized skills and extensive training. In essence, this was a surrogate measure attempting to link the jobs to neighborhood residents.
- The EZ has been helpful in diversifying Stamford's commercial base.

Program Management

The city's Office of Economic Development is responsible to manage the enterprise zone program and since the program's renewal it has undertaken the following administrative tasks:

- Re-energized the Enterprise Zone Community Board by new appointments and regular quarterly meetings.
- Conducted visits to each enterprise zone firm to ensure compliance with application and to maintain contact with the firms in order to assist them with expansion or to counter problems at their locations.
- Increased coordination with the Tax Assessor office and the Office of Administration – Finance to ensure accuracy in tax reporting and reimbursement from the State for their share.

The Connecticut General Assembly passed a series of Enterprise Zone amendments in 2006 increasing the reporting and monitoring requirements of the program effective with new applications. Practically speaking, this greatly increases the ability of the city to evaluate the types of jobs, salaries and benefits being produced by the participating firms. The new reporting requirements for each year during the five year term are:

- Job creation (full time, part time, and by residency)
- Wages, Benefits, Training program
- Square footage of space occupied
- Facility and Equipment investments

The Stamford program now has five firms subject to this requirement and as terms expire and new companies join, all participating companies will need to report this data in order to continue with the benefits.

Enterprise Zone Program Today (August 2008)

While nearly 100 firms have participated in Stamford's enterprise zone program, there are 36 such firms active today (up from 32 in 2007 and 28 in 2006). These 36 firms employ in excess of 1900 people and occupy over 800,000 square feet of commercial space. The program's current annual real estate tax subsidy for the city's share is \$674,376, slightly higher than one year earlier but significantly below its peak cost of \$1.56 million in 2006.

Of particular note, manufacturers still make up a noticeable portion of the participating firms (Carolee – jewelry, Fuji Film, Creative Metals); with financial firms (Olympus, Bank of Ireland) and increasingly, entertainment based companies (Verses, Televersemedia) filling out the portfolio.

It is important to note that the South End is going through a dramatic change from the industrial character it had at the start of the enterprise zone program. However, the

program still is critical to numerous commercial properties in the neighborhood and its abutting Waterside community. Its existence does trigger other program eligibilities which have been used by the city to retain and grow business as well.

Why Extention?

The Enterprise Zone has been instrumental in tipping corporate decisions to locate in Stamford and encouraging the relocation from other communities in other states, New York being the most obvious. Relocating companies from New York include Artha Capital and Merrimac Corp. Locating from outside the metro area include Robert Baird (Chicago) and Entergy (New Orleans). Moving to Stamford from Greenwich includes such firms as Altrinsic Global Advisors, Bank of Ireland, Carolee, and Olympus Capital. In addition, the program has made Stamford corporate space more competitive with other spaces owned by the same corporation in Manhattan including such companies as Thomson, Jefferies and Legg Mason.

Further, the Enterprise Zone program maintains a competitive balance for Stamford when competing with other Connecticut cities such as Norwalk and with nearby Westchester County communities such as New Rochelle, Mt. Vernon, White Plains, Yonkers and Port Chester.

The Enterprise Zone program existence qualifies Stamford as a “Targeted Investment Community” within the state law and in doing so, qualifies the city to participate in the following state programs:

- Entertainment District – offering incentives to such companies as Verses, Visual EFX, Televersemedia
- Urban Jobs – offering the means to attract United States Tobacco and Carolee during 2007. As critical, the Urban Jobs program allowed for the expansion of EZ firms, Fuji Film and Creative Metals within the city when they could not find available space within the actual enterprise zone.
- Urban and Industrial Site Reinvestment Act – providing the economic stimulus package that secured the RBS deal for Stamford and more recently to keep GenRe Insurance within the city.

The Enterprise Zone program qualifies the city to increase the city’s Conveyance Tax levy from .11 to .35, translating into over \$5million in tax revenue to the city general fund in fiscal year 2007-08 and representing \$3 million in additional revenue within the current 2008-09 budget.

Noting that the EZ program ‘cost’ the city \$674,000 in forgone tax revenues in the current year, but by its existence, allows the city to trigger the higher conveyance tax and thereby generate an additional \$3 million, the program is highly tax efficient and could be supported on this result alone.