

INDUSTRIAL DEVELOPMENT AGENCIES



PROBLEMS IDAs FACE

Industrial development agencies (IDAs) and development authorities have a lot to juggle in their work with agents, operators, contractors, developers and more on economic development projects to foster economic development in specific localities.

Each IDA-approved project may come with multiple developer/owner responsibilities. For example:

- **Job creation**
- **Average wage paid**
- **Environmental impact**
- **Project operation**
- **Level of investment**

Executive Law Article 15-A, established in July of 2019, was recently extended through 2024. This law is intended to level the playing field for minority- and women-owned businesses (MWBES) in the state of New York, and includes new reporting requirements that directly affect some of the state's IDAs. Important provisions of Article 15-A include:

- Contractors must show a good faith effort to comply with the MWBE requirements of the law;
- Waiver requests will now be posted on the websites of contracting agencies to promote greater transparency and scrutiny, goals for the program are established based on the results of the 2016 disparity study and are effective through 2024;
- The added levels of transparency will necessitate additional outreach and the need for documentation of all activities in order to substantiate a waiver being granted;
- Waivers are subject to audit by the Statewide Advocate as are the agencies under the law;
- Costs are likely to increase due to bidding credits and
- There is increased potential for penalties and liquidated damages.

In order to ensure that these new requirements are met, some IDAs may have to monitor and report on good faith efforts made by their engaged contractors.

WHAT ANCHIN CAN DO

Anchin is experienced in several fields, including integrity monitoring, fraud and waste prevention and detection, auditing and loss prevention and more.

We are able to...

- Implement successful compliance monitoring processes for developer and owner responsibilities that exist under an IDA-approved project;
- Review records and data to ensure compliance;
- Create and monitor individual score cards for projects, or all projects underway for the agency as a whole;
- Make recommendations to ensure developers' demonstration of best efforts to comply with their responsibilities;
- Provide periodic reporting on the status of developers' compliance with the requirements.

OUR EXPERIENCE

Our team has served diverse public sector clients with monitoring services for decades. Our unique experience and insights separate our work and capabilities from our competitors, and enable us to deliver cost-effective solutions.

Our clients have included public entities, Fortune 1000 corporations, Global 100 companies, public-private partnerships, healthcare networks and private ownership groups.

Our team includes many CPAs and CFEs who are well-trained in compliance and investigations. Additionally, our team leader, Brian Sanvidge, is a former Inspector General for the State of New York.

USE CASES

County Economic Development Agency

Our team was engaged as a monitor on a large capital project in the state of New York. Due to funding through the issuance of tax-exempt bonds by an IDA, the utilization of local labor was required for the project. The term “local labor” was defined as laborers residing within nine identified counties surrounding the project location. This requirement was subject to certain permitted exceptions and waivers, which also required audit and verification. Our team utilized certified payroll reports to review and verify laborer’s residence in accordance to IDA requirements. Additionally, our team issued letters to all project contractors to ensure they were aware of the requirements and potential penalties if non-compliant. Furthermore, our team worked with contractors to provide additional resources and access to waivers, as necessary. Our team conducted local labor audits throughout the duration of the project and made stakeholders aware of any non-local labor. Upon identifying non-local labor, our team issued letters to the contractors documenting their non-compliance and requiring corrective actions within seven days to ensure the project’s success.

City Economic Development Agency

We were engaged by a New York Statebased IDA to develop and implement an ongoing, interactive monitoring approach to track and improve developers’ compliance with an Economic Opportunity and Nondiscrimination policy (the Policy). Within the Policy, it states that the developers working on the project must track their good faith efforts, and that of their contractors, as it relates to the use of city residents, city-based businesses, MWBEs and apprentices. Our team developed a concise and effective reporting system to present periodic reports to relevant stakeholders. We were also able to identify inconsistencies between the Policy and the required reporting documentation and make recommendations for improvement regarding compliance with the Policy in the future. Given Anchin’s industry knowledge and experience, we are confident that our expertise in the industry, the experience of our team, our professional approach, and specialized services will serve to ensure that the projects bonded by your IDA will meet the state’s MWBE requirements.



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