

# Islip uses zone defense

■ **Negotiates to keep firm in town trade zone**

■ **Construction will be first in area since 1990**

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Construction of a new building in the Town of Islip's Foreign Trade Zone will start this year for the first time since 1990, town officials said.

The 12 buildings now in the trade zone house marketing, distribution and communications companies, said Islip Town Councilman John Cochrane. AA Technology, a current tenant, is investing \$3.6 million in the newest structure, in what town officials said they hope will be a development boom within the zone after years of no growth.

"In 20-some-odd years, we haven't built anything there," Cochrane said. "It wasn't managed the right way."

The zone's manager, Tracey Krut, who became executive director in 2012, has brought "a lot of interest in Islip and the Foreign Trade Zone," Cochrane said.

The trade zone was established by the town in 1981 on 52 acres of publicly owned land along the Veterans Highway business corridor near Long Island MacArthur Airport in Ronkonkoma to encourage interna-

tional trade. Businesses in it receive financial awards, including no property taxes. In offering the incentives, the town looks to retain locally owned companies that will offer jobs to area residents and put money back into the economy, Cochrane said. The new building will bring the trade zone's capacity to 96 percent, the most since it was established.

Businesses favor trade zones because merchandise is considered international commerce and may enter the zone without a formal U.S. Customs declaration and not be subject to some duties or taxes. Islip's trade zone — which has more than 435,000 square feet of warehouse and office space — is the only one on Long Island and is one of 15 throughout New York State.

AA Technology, which provides electronic assembly services and currently has 52 employees, has occupied a building in the zone since 2004. The company, searching for additional space, was awarded a 40-year lease as well as tax incentives that will allow it to build a 36,000-square-foot facility on a 3.61-acre parcel, one of three vacant plots that remain in the

## The Town of Islip's Foreign Trade Zone in Ronkonkoma:

- Began operating in 1981
- Area of land: 52 acres
- Number of businesses: 12
- Current office and warehouse space: 435,000 sq. ft.
- Remaining parcels of land to build on: 2
- Total FTZs in New York State: 15

## AA Technology:

- Investing \$3.6 million to build a new structure on 3.61 acres of land; will be the first new building since 1990
- Expansion more than doubles its current space to 36,000 sq. ft. from 15,000 sq. ft.
- Received \$150,000 in tax breaks from Islip's IDA and no property taxes within the zone
- New jobs added: 48
- Will bring FTZ to 96% capacity, the most since its establishment

zone, Krut said.

AA Technology officials said the company's growth will allow it to add about 48 new jobs. Terms of the agreement require that the new employees come from Suffolk and Nassau counties. Ninety percent of construction workers and materials used in the project must also come from the area.

Krut has asked Rechler Equity, a Plainview-based real estate firm, to help fill the remaining parcels of land, Cochrane said. The real estate company in the coming months will explore options with existing and potential tenants to fill those spaces.

"Foreign trade is just another part of the picture we see in the economic growth in the Town of Islip, being next to the airport and highway corridor," Cochrane said. "It's just a good sign

of positive development of Islip and Long Island."

The firm was looking elsewhere to grow, including purchasing an existing building in the Town of Brookhaven, Krut said, before Islip convinced it to remain within the zone.

AA Technology, through negotiations with Islip Town's Industrial Development Agency, was able to save about \$150,000 through mortgage recording and sales tax breaks, said Bill Mannix, executive director of the IDA.

"All our efforts are intended to provide companies with a foundation for growth, and that's what we're seeing here," Mannix said. "Clearly the benefit of providing job opportunities for our local residents is important as is retaining the existing jobs."



RENDERING

AA Technology plans to expand into a new building, above, in Islip's Foreign Trade Zone, the first such construction in 24 years.