

# Feasibility Report for an Integrated Chamber for St. Lawrence County



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# Feasibility Report for an Integrated Chamber for St. Lawrence County

## INTRODUCTION

In 2019, a group of stakeholders in St. Lawrence County were exploring the possibility of bringing together five chambers into one organization to best serve the communities throughout the county. The concept arose in recognition that individual community chambers lack sufficient resources (financial, staffing and time) to pursue the full range of services that would benefit the collective businesses in each community. Potentially realized benefits through shared services, streamlined communications, a larger and unified voice for advocacy at the county and state and federal levels, support for community-wide event planning, and regional strategies for marketing and economic development spurred the interest to explore the feasibility of creating an integrated organizational model.

In the last decade, a variety of factors have created a trend towards mergers among chambers and with other organizations (e.g., economic development, downtown Main Street, tourism). The trend is often driven by another trend—regionalism for brand recognition, economic development, and marketing. Site selectors that are helping companies that want to relocate or expand operations don't care about arbitrary municipal boundaries or even state lines. They care about the available work force within a 30-mile drive. Smaller communities can compete more effectively through closer collaboration with other organizations.

As a result of multiple discussions among stakeholder groups, the St. Lawrence County Chamber of Commerce contacted Cathi Hight from the Hight Performance Group (HPG) to discuss a proposed process to conduct a feasibility study to bring together five chambers in the county to create an integrated organization for the region. HPG provided a proposal to conduct a feasibility study to understand the operational, financial and membership implications for the Canton, Massena, Ogdensburg, Potsdam, and St. Lawrence County Chambers of Commerce.

Based on the proposals submitted by the HPG and other organizations, the St. Lawrence County Chamber of Commerce identified and applied for a Rural Business Development Grant (RBDG) from the USDA to fund the feasibility study on March 29, 2019. On August 7, 2019, the grant was approved and HPG's proposal was accepted. Each of the five chambers were notified about the awarded grant and asked to sign a Memorandum of Understanding (MOU) to participate in the feasibility study activities. The project launched in September after all signed MOUs were received.

## PROJECT OBJECTIVES

Identified objectives in the HPG proposal were:

- Collect feedback from key stakeholders on the challenges and benefits of a creating an integrated chamber model for the county;
- Review and identify the financial, programming, and organizational implications of different chambers merging to serve the St. Lawrence County area; and
- Develop a Feasibility Study that highlights the benefits, challenges, recommendations for developing an integrated chamber model and moving forward.

## ACKNOWLEDGEMENTS

This feasibility study conducted by the Hight Performance Group (HPG) could not have been successful without the support of many individuals who should be recognized for their contributions.

We want to recognize the executive directors of the Canton, Massena, Ogdensburg, Potsdam and St. Lawrence County Chambers of Commerce for being open to engaging in the initial discussions about the possibility of exploring the feasibility of an integrated model, engaging their boards of directors to ask for support to conduct a feasibility study, and for identifying stakeholders to provide feedback on the initiative.

We want to recognize the leadership of Brooke Rouse, Executive Director of the St. Lawrence County Chamber of Commerce, for seeing the potential for a countywide collaboration of chambers, identifying and applying for the USDA RBDG grant to fund the feasibility study, and for the support provided to HPG and Engage Strategies during this process. Brooke and her leadership team also reached out to the executive directors and stakeholders to clarify requests and to encourage their participation.

Executive directors, with the support of board leadership, spent countless hours collecting information requested through an HPG checklist of information that included chamber operating documents, financials, programming, and membership lists. The collective information was uploaded to Dropbox folders for each chamber to be reviewed and compared as part of the feasibility process.

We want to thank the twenty-six stakeholders that represented each chamber who agreed to participate in one-on-one phone interviews that HPG conducted. Stakeholders provided their perspectives about the concept for an integrated chamber model including potential challenges and benefits, roles for a countywide organization, and whether their chamber members would support having an integrated chamber to serve them.

We are thankful for George Abar and Sydney Cook from the consulting firm Engage Strategies who were instrumental in analyzing the information submitted by each chamber using the checklist HPG provided. George and Sydney also interviewed key representatives from different chambers to clarify submitted information, analyzed financials to create harmonized financials to incorporate each chamber's unique chart of accounts, compared membership rosters, and created possible scenario options for the chambers to consider.

The time spent and the output of several collaborations provided the information and insights needed to conduct this feasibility study and to create this report.

Sincerely,

Cathi Hight

President, Hight Performance Group, Inc.

## EXECUTIVE SUMMARY

The Executive Summary presented on pages 6 – 12 serve as a condensed version to describe the project, process, findings, considerations and proposed next steps. A more detailed analysis follows the Summary.

Hight Performance Group (HPG) conducted a feasibility study to explore the possibility to bring together five chambers in the county to create an integrated organization for St. Lawrence County. The feasibility study would consider the operational, financial and membership implications for the Canton, Massena, Ogdensburg, Potsdam, and St. Lawrence County Chambers of Commerce and to achieve the proposed objectives:

- Collect feedback from key stakeholders on the challenges and benefits of a creating an integrated chamber model for the county;
- Review and identify the financial, programming, and organizational implications of different chambers merging to serve the St. Lawrence County area; and
- Develop a Feasibility Study that highlights the benefits, challenges, recommendations for developing an integrated chamber model and moving forward.

HPG consultants collected feedback and information from the five participating chambers using three means: 1) phone interviews with chamber stakeholders, 2) checklist of requested information to compare chamber financials and operations, and 3) phone calls with chamber executive directors or designated board members to verify and clarify information needed to create harmonized financials.

### CHAMBER STAKEHOLDER INTERVIEWS

Each chamber executive director was asked to provide a list of five key stakeholders for the Hight Performance Group (HPG) to interview. A list of twenty-six (26) stakeholders were identified all 26 chamber stakeholders participated in the interviews conducted between September 19<sup>th</sup> – October 3<sup>rd</sup>, 2019. Each stakeholder answered the same set of five questions:

- 1) In your opinion, what are the top three challenges facing your community over the next 5 years?
- 2) In your opinion, what are the potential benefits for having a countywide organization to address business needs, promote the different towns and communities, and for operational purposes?
- 3) Name 3 challenges you anticipate in forming a successful countywide organization.
- 4) Do you think the members of your chamber would support the formation of this countywide organization? Yes or No. Please provide additional comments to explain your answer choice.
- 5) For one organization to serve as a countywide organization for Canton, Massena, Ogdensburg and Potsdam, this organization will have roles that distinguish it from other entities that focus on smaller geo-specific constituencies. It must be able to represent the entire county while providing a “sense of place” for each community. Please rate how important it would be for a countywide organization to demonstrate these roles. Use a rating of 1 – 4, with 1 being the lowest and 4 the highest.

Interview responses for each question was typed up and clustered by commonality to create the [Feasibility for Countywide Organization Chamber Stakeholder Interview Appendix](#). Responses were then analyzed to

identify common themes and reported in the [Chamber Stakeholders Interview Summary](#). Here are the key themes for each question:

#### TOP CHALLENGES FACING COMMUNITIES IN THE COUNTY

The most frequently cited challenges were related to *Economic Development* with key themes focused on *Downtown Revitalization*, *Attracting and Retaining Business*, *Job Creation and Retention*, and *Housing and Affordability*.

#### BENEFITS FOR A COUNTYWIDE ORGANIZATION

The most frequently cited benefits were related to *Working Together for the Region* (marketing the county, economic development, collaboration), *Sharing Resources with Cost Savings* (staff, expertise, information, marketing, centralized operations, less duplication), *Larger Impact for the County* (unified voice for advocacy on regional issues, access to state funding, attracting and retaining businesses), and *More for Members* (access to expertise, information, broader marketing reach, access to benefits).

#### ANTICIPATED CHALLENGES FOR A COUNTYWIDE ORGANIZATION

The most frequently cited challenges were related to *Diversity of Communities* (industries, focus, cultures), *Egocentricity of Communities* (town needs and identity versus one county), *Equitable Allocation of Resources* (funding, asset protection/restricted funds, sufficient resources for all communities), *Loss of Identity and Representation* (community brand and uniqueness, decision making), and *Geographic Area* (large county and distance between towns).

#### MEMBER ACCEPTANCE OF COUNTYWIDE ORGANIZATION

Based on individual responses, 61.5% of stakeholders answered **Yes** and thought their chamber members would support the initiative, 19% said **No** as they thought that members would prefer to belong to the chamber in their town, and the remaining 19% stated **Not Sure** and didn't think they had a real sense on how their members would respond.

#### ROLES FOR A COUNTYWIDE ORGANIZATION

Based on the aggregated ratings of all stakeholders, each role received an average rating above 3.0 and the roles ranked by average scores in descending order are:

1. Promote St. Lawrence County to attract visitors, potential new residents, and employers. = **3.81**
2. Promote and protect the interests of each business community on a city/town, county, and state level. = **3.56**
3. Partner to help employers in the county access resources, training and other business needs. = **3.44**
4. Provide opportunities for businesses throughout the county to network, share best practices and do business with each other. = **3.39**
5. Educate business owners and managers on issues that may impact them or their employees. = 3.36

#### REVIEW OF CHAMBER ORGANIZATIONS

The chambers provided HPG a set of financial reports and Engage Strategies (ES) consultants then harmonized the financial reports to address differences in how chambers report revenues, expenses, assets, and liabilities. Consultants then scheduled phone meetings with primary contacts with each participating chamber to review the individual harmonized financials to correct and confirm the information. ES consultants also compared

membership rosters to identify shared members and helped to develop three (3) illustrative scenarios of an integrated chamber model with financial projections for income and expenses based on specific assumptions. The information collection and review meetings took place from November 2019 through January 2020. Events since January 2020 may result in changes to the financial position for each chamber.

## HARMONIZED FINANCIALS

It is important to acknowledge that the chambers track revenue and expenses differently. For example, event and sponsor income is sometimes reported in aggregate and sometimes reported separately. Some chambers listed income such as sponsorship and expenses such as employee benefits that other chambers did not report out in line items or do not have in common. In reviewing the reports and in discussion with the chamber primary contacts, similar revenue and expenses were identified and classified to be able to reflect common categories.

Here is a brief recap of the harmonized income, expenses, and net income for each chamber for FY2018:

St. Lawrence County Chamber of Commerce	Ogdensburg Chamber of Commerce	Massena Chamber of Commerce	Potsdam Chamber of Commerce	Canton Chamber of Commerce
Gross Income: \$630,431	Gross Income: \$94,795	Gross Income: \$138,873	Gross Income: \$101,200	Gross Income: \$45,995
Expenses: \$577,190	Expenses: \$100,756	Expenses: \$137,736	Expenses: \$89,420	Expenses: \$41,695
Net Income: \$53,241	Net Income: - \$5,961	Net Income: \$1,137	Net Income: \$11,780	Net Income: \$4,300

## MEMBERS IN EACH CHAMBER

Based on the membership rosters provided by each of the five chambers, the collective number of members is 1,266 and the breakdown is as follows:

- St. Lawrence County Chamber of Commerce – 400 members
- Ogdensburg County Chamber of Commerce – 213 members
- Massena County Chamber of Commerce – 306 members
- Potsdam County Chamber of Commerce – 197 members
- Canton County Chamber of Commerce – 150 members

Of the 1,266 collective members, 1,059 or 84% of the members belong only to one chamber. There is a 16% overlap among all five chambers in the area, consisting of 207 members. Of this overlap, 153 members belong to two chambers and the remaining 54 members belong to three or more chambers.

## INTEGRATION OPTIONS

Based on the review of information provided and the harmonized financials, three sets of illustrative scenarios were created as a result of a potential integration model of the participating chambers in St. Lawrence County. These scenarios were created under the premise that all chambers would agree to moving forward.

The illustrative scenarios are called *Limited*, *Selective* and *Comprehensive*, respectively, to demonstrate different budget scenarios. Each scenario compares the current, aggregate budget of the five chambers to a hypothetical, new integrated Chamber budget. The scenarios present a progression from a limited integration of administrative, legal, insurance and similar chamber operations to a more comprehensive version of administrative, legal, insurance, offices, employees and more. The scenarios show potential adjustments to



revenue and cost savings due to shared services and present a framework to consider different integrated models. No specific scenario is being recommended in this report.

These proposed elements are common and included in all three scenarios:

- ☑ All members of each individual chamber would become members of the countywide integrated chamber and receive enhanced benefits and exposure throughout St. Lawrence County.
- ☑ Each community would receive support from the ILNY tourism marketing program which the St. Lawrence County Chamber currently manages.
- ☑ A County Calendar would promote all events to increase attendance and reach a larger audience.
- ☑ Programming for all chambers would be reviewed and opportunities to enhance, streamline and sunset programs will be considered to increase efficiencies and member value. Different income and revenue factors could be further analyzed for potential programming realization (e.g., discontinuing some programs, holding one Annual Dinner, expanding events, creating new or larger venues) and for additional cost reductions.
- ☑ Regional marketing could result in new business relocations, attract entrepreneurs, and help to attract and retain residents.
- ☑ Advocacy initiatives at the county, regional, state, and federal level would be a collaborative effort that involves leaders and businesses across the area. Collectively, there would be stronger representation of business, a larger voice, and more effective results.
- ☑ Professional services such as accounting, legal, and marketing would be managed by the integrated county organization and cost savings is estimated to be around 25%. By pulling together all professional services under one contracted source, the larger organization would be able to negotiate services at competitive rates.
- ☑ Employees from all participating chambers would be employees of the new integrated organization.
- ☑ Municipal funding was projected to be maintained based on the assumption that should the chambers integrate or partner, they will continue to provide these community-specific services and would continue to receive the associated funding.

Here are the key differences for the *Limited*, *Selective* and *Comprehensive scenarios*:

**Limited Scenario:** All five chamber offices and ten (10) staff would remain intact and the compensation and office expenses also remain unchanged. This scenario retains presence in each community as it is currently. Although shared services are projected to save about 25% in costs, compensation and office expenses are the same. The small overlap of members among chambers is projected to result in a 5% reduction in dues revenue. St. Lawrence County Chamber of Commerce appears to be only one currently providing employee benefits and this remains unchanged in the scenario. The net projected profit (\$5,904) in this scenario is not sufficient to cover benefits for the additional four employees, however, additional programming efficiencies and cost savings and potential revenue gains could be leveraged to provide benefits for all employees in the new integrated organization.

**Selective Scenario:** This scenario assumes the closure of the Canton Chamber of Commerce office since the St. Lawrence County Chamber of Commerce is also located in Canton. This would eliminate the costs of office expense and associated operating costs, including professional services. Offices in Massena, Ogdensburg and Potsdam would continue to offer the same local presence. The small overlap of members among chambers is projected to result in a 10% reduction in dues revenue. In this scenario, there are four chamber offices and nine staff. The net projected profit (\$27,459) could be used to cover benefits for the additional three employees. St. Lawrence County Chamber of Commerce is the only one that currently provides benefits.

**Comprehensive Scenario:** This scenario reduces the number of office locations to two—one in Canton and the other in Massena since the Massena Chamber owns its building. Although this scenario would not provide the same bricks and mortar presence in each community, there could be presence through a shared space with another organization with office hours a few times each week that would provide the opportunity for face-to-face meetings. One-one-one or group meetings could also take place in each town as a concerted effort. The small overlap of members among chambers is projected to result in a 10% reduction in dues revenue. Town Councils could be established that would facilitate small and regular networking venues in each community, host advocacy discussions, and act as advisory groups to the integrated countywide board of directors. This scenario is based on having seven staff, which is a reduction of three positions and the associated costs. All employees in this scenario would receive benefits for all full-time employees. The scenario offers the highest realization for a net profit through reduction of costs and the net projected profit (\$136,137) could be used to invest in initiatives that would benefit the participating communities and the county overall.

## ANTICIPATED INTEGRATION COSTS

Costs associated to support the *Comprehensive* scenario were identified. These costs would be incurred in the first year (assuming consolidation is complete in one year) of the integration process and would not reoccur. We believe that a less inclusive integration, such as described in the *Limited* and *Selective* scenarios, would cost less.

Item	Amount
Attorney fees	\$6,000
Accounting fees	\$3,500
Web site Design	\$8,000
Advertising/Marketing	\$5,000
Launch Event	\$2,500
Logo/Branding Design	\$5,000
Admin/Operations	\$4,000
Consultants	\$15,000
<b>Total</b>	<b>\$49,000</b>

## OPTIONS FOR AN INTEGRATED MODEL

The illustrative scenarios presented in this report are based on the participating chambers legally operating as one organization, which usually occurs as a result of a merger. Three distinct models are proposed:

1. Full merger among the participating chambers with two options to consider:

- a. Smaller chambers could merge with the St. Lawrence County Chamber of Commerce since its focus is the overall county and already includes County in its name. The Chamber has a larger staff with expertise in various functions, offers employee benefits, manages the tourism contract for ILNY funds and has received other grants for initiatives.
  - b. A new organization could be formed that all chambers will merge with and operate under. Perhaps the word Chamber will not be in the name of the organization and it could be called something else like the St. Lawrence County Alliance or St. Lawrence County Partnership.
2. Aside from a merger, the chambers could use a model that has worked successfully in California where a legal alliance was created to bring together eight (8) nonprofit organizations, including five (5) chambers of commerce to serve the region under a new organization called the [Greater Coachella Valley Chamber of Commerce](#) (GCVCC). GCVCC is the overall governing organization and all other entities maintained their 501(c) corporation, transferred all assets and liabilities to the GCVCC and file a [990-N for Tax-Exempt Organizations](#) as non-transactional organizations. Members all belong to GCVCC under a new membership model developed and receive benefits designed in the new benefits structure. The hope is that after one or two years, the participating organizations would choose to dissolve their corporations after realizing the benefits of the integrated model.
  3. The participating chambers establish a collaborative structure where the larger organization, the St. Lawrence County Chamber of Commerce, would provide shared services such as membership database management, accounting and other financial services (such as membership and sponsorship billing), marketing, contract staffing, and tourism promotion. However, this option may not lend itself to the full potential of integrating all the chambers into one operating and governing model and for developing a membership model that yields the highest amount of benefits for all members of the individual chambers.

The leadership of the individual chambers will need to decide whether they want to move forward towards developing an integrated countywide organization and then determine which operating model is preferred. A full integration or merger is the most common and least complicated option where all entities combine assets and liabilities and are governed through one organization. The second-best option is to follow the model developed by the Greater Coachella Valley Chamber of Commerce.

## NEXT STEPS

Hight Performance Group (HPG) recommends actions to take place after the completion of the Feasibility Study. Although a recommended timeframe is proposed, the leadership of each chamber may choose to accelerate the decision-making actions, or the Advisory Committee may recommend alternative dates:

- **Debrief Feasibility Report (May 2020)**
  - A smaller task force with representatives from each participating chamber's board of directors receive the Report and are invited to a virtual debriefing session. (Week of April 27, 2020)
  - A virtual debriefing session for task force members will be facilitated by Cathi Hight, principal consultant of Hight Performance Group, and include George Abar and Sydney Cook from Engage

Strategies, and Josh Bonner from the Greater Coachella Valley Chamber of Commerce to respond to any questions. (Week of May 4, 2020.)

- The task force should share and discuss the Feasibility Report and serve as liaisons to facilitate dialogs among each chamber's board of directors. (Suggested timeframe: May - June 2020)

➤ **Chamber Decision on Moving Forward (June – July 2020)**

- Each chamber's board of directors decides whether to move forward to develop an integrated countywide organization. This will determine the number of chambers that continue in the dialog. (by June 30, 2020)

➤ **Advisory Committee to Plan Implementation (July – August 2020)**

- Chambers that choose to move ahead each select three (3) representatives to serve on an Advisory Committee to represent the Chamber. The Advisory Committee will consist of representatives from each chamber. They will meet to discuss:
  - The preferred structure of the countywide organization.
  - Action items and timelines to implement over the next 6 months that may include a review of chambers' bylaws, surveys to members to ask for votes to proceed, financial and legal due diligence based on the integrated model selected, defined governance structure, new membership model, and communication plan to members and communities.

## CONCLUSION

We believe that a properly executed integration between the five chambers would provide financial and operational benefits to the chambers and better serve their members and the broader communities of St. Lawrence County.

The outcome of the integration or partnership will depend on how many chambers participate and how they decide to consolidate operations. The value of the illustrative examples is to provide insight into each Chamber's current position, to show potential benefits, and provide a framework to consider different models and partnership structures. We are not predicting or recommending an outcome. Further, economic, and other events, including the spreading of the coronavirus, that have taken place since the drafting of this report may result in changes to the Chambers' financial positions.

Sincerely,

Cathi Hight

Principal Consultant, Hight Performance Group

## PROCESS

Hight Performance Group (HPG) worked with Brooke Rouse and Michael Besaw from the St. Lawrence County Chamber of Commerce to coordinate the activities to collect feedback and information from the Canton, Massena, Ogdensburg, Potsdam and St. Lawrence County Chambers of Commerce that agreed to engage in the feasibility study. Three primary processes were used to collect information from the chambers: 1) phone interviews with chamber stakeholders, 2) checklist of requested information to compare chamber financials and operations, and 3) phone calls with chamber executive directors or designated board members to verify and clarify information needed to create harmonized financials.

## CHAMBER STAKEHOLDER INTERVIEWS

Each chamber executive director was asked to provide a list of five (5) key stakeholders for the Hight Performance Group (HPG) to interview. A list of twenty-six (26) stakeholders were identified (one additional to ensure that the executive director from each chamber was interviewed). A questionnaire was developed to collect feedback from identified stakeholders from each chamber about the benefits, concerns, and expectations for an integrated countywide organization to serve the needs of business communities.

Stakeholders leaders were contacted by email and phone and invited to participate. All **26** stakeholders scheduled and participated in the interviews. Telephone interviews were conducted between September 19<sup>th</sup> – October 3<sup>rd</sup>, 2019. Each interview lasted 20 - 30 minutes and asked the same set of five (5) questions:

- 6) In your opinion, what are the top three challenges facing your community over the next 5 years?
- 7) In your opinion, what are the potential benefits for having a countywide organization to address business needs, promote the different towns and communities, and for operational purposes?
- 8) Name 3 challenges you anticipate in forming a successful countywide organization.
- 9) Do you think the members of your chamber would support the formation of this countywide organization? Yes or No. Please provide additional comments to explain your answer choice.
- 10) For one organization to serve as a countywide organization for Canton, Massena, Ogdensburg and Potsdam, this organization will have roles that distinguish it from other entities that focus on smaller geo-specific constituencies. It must be able to represent the entire county while providing a “sense of place” for each community. Please rate how important it would be for a countywide organization to demonstrate these roles. Use a rating of 1 – 4, with 1 being the lowest and 4 the highest.

Countywide Organization Roles	1 Not Important	2 Fairly Important	3 Somewhat Important	4 Very Important
Promote and protect the interests of each business community on a city/town, county, and state level.	o	o	o	o
Educate business owners and managers on issues that may impact them or their employees.	o	o	o	o
Partner to help employers in the county access resources, training and other business needs.	o	o	o	o

Provide opportunities for businesses throughout the county to network, share best practices and do business with each other.	o	o	o	o
Promote St. Lawrence County to attract visitors, potential new residents, and employers.	o	o	o	o

Interview responses for each question was typed up and clustered by commonality to create the [Feasibility for Countywide Organization Chamber Stakeholder Interview Appendix](#). Responses were then analyzed to identify common themes and reported in the [Chamber Stakeholders Interview Summary](#). A brief summary of the key themes is provided in the next section, Findings. The [Summary](#) and full [Appendix](#) of open-ended interview responses was provided for distribution to the primary contacts for each participating chamber. A copy of both documents is provided in this [Dropbox Folder](#).

## REVIEW OF CHAMBER ORGANIZATIONS

The chambers provided Hight Performance Group (HPG) a set of financial reports. Engage Strategies (ES) consultants then harmonized the financial reports to address differences in how chambers report revenues, expenses, assets, and liabilities. Consultants then scheduled phone meetings with primary contacts with each participating chamber to review the individual harmonized financials to correct and confirm the information. The information collection and review meetings took place from November 2019 through January 2020.

Some of the chambers did not fully participate in this process. The Massena, Ogdensburg and St. Lawrence Chambers provided recent financial reports and reviewed the information with ES consultants. The Potsdam Chamber did not provide internal financial reports but did participate in a review of information that was gathered from the 2017 federal 990 filing. The Canton Chamber provided financial reports but did not participate in an ES review of the information.

ES consultants then utilized the information from each chamber to finalize harmonized financials to compare chambers to one another, compared membership rosters to identify shared members, and helped to develop three (3) illustrative scenarios of an integrated chamber model with financial projections for income and expenses based on specific assumptions. ES review outcomes, harmonized financials for each chamber, and the illustrative scenarios are provided in the next section, Findings.

## FINDINGS

### CHAMBER STAKEHOLDER INTERVIEWS

Key themes for each of the five questions asked of chamber stakeholders is provided as a brief summarization. The more detailed summary is included along with the open-ended responses in the [Appendix](#).

### TOP CHALLENGES FACING COMMUNITIES IN THE COUNTY

Stakeholders were asked to name the top three challenges facing their communities over the next 5 years. When assimilating responses, the most frequently cited challenges were related to *Economic Development* with key themes focused on *Downtown Revitalization, Attracting and Retaining Business, Job Creation and Retention, and Housing and Affordability*. These challenges are intertwined, and each theme impacts one another, and all communities served by the chambers.

## BENEFITS FOR A COUNTYWIDE ORGANIZATION

Stakeholders were asked to state the benefits for having a countywide organization to address business needs, promote the different towns and communities, and for operation purposes. When assimilating responses, the most frequently cited benefits were related to *Working Together for the Region* (marketing the county, economic development, collaboration), *Sharing Resources with Cost Savings* (staff, expertise, information, marketing, centralized operations, less duplication), *Larger Impact for the County* (unified voice for advocacy on regional issues, access to state funding, attracting and retaining businesses), and *More for Members* (access to expertise, information, broader marketing reach, access to benefits).

## ANTICIPATED CHALLENGES FOR A COUNTYWIDE ORGANIZATION

Stakeholders were asked to identify anticipated challenges benefits in forming a countywide organization. When assimilating responses, the most frequently cited challenges were related to *Diversity of Communities* (industries, focus, cultures), *Egocentricity of Communities* (town needs and identity versus one county), *Equitable Allocation of Resources* (funding, asset protection/restricted funds, sufficient resources for all communities), *Loss of Identity and Representation* (community brand and uniqueness, decision making), and *Geographic Area* (large county and distance between towns).

## MEMBER ACCEPTANCE OF COUNTYWIDE ORGANIZATION

Stakeholders were asked to indicate whether they thought their chamber members would support the formation of an integrated countywide chamber. Based on individual responses, 61.5% of stakeholders answered Yes and thought their chamber members would support the initiative, 19% said No as they thought that members would prefer to belong to the chamber in their town, and the remaining 19% stated Not Sure and didn't think they had a real sense on how their members would respond. *Note: A polling of members had not taken place. It's possible that participating chambers may consider asking members for feedback if interest in this initiative moves forward.*

## ROLES FOR A COUNTYWIDE ORGANIZATION

Stakeholders were asked to rate the importance of five roles for a countywide organization using a rating scale of 1 – 4, with 1 being the lowest (Not Important) and 4 the highest (Very Important). Based on the aggregated ratings of all stakeholders, each role received an average rating above 3.0 and the roles ranked by average scores in descending order are:

1. Promote St. Lawrence County to attract visitors, potential new residents, and employers. = **3.81**
2. Promote and protect the interests of each business community on a city/town, county, and state level. = **3.56**
3. Partner to help employers in the county access resources, training and other business needs. = **3.44**
4. Provide opportunities for businesses throughout the county to network, share best practices and do business with each other. = **3.39**
5. Educate business owners and managers on issues that may impact them or their employees. = 3.36

## REVIEW OF CHAMBER ORGANIZATIONS

Specifically, the findings from the review of chamber documents provided an overview of each chamber's financial position as of 2019 and considered the costs and savings of possible merger scenarios. This information will give the leadership of the participating chambers greater insight into their peer organizations and what a potential integration or partnership might look like.



The Ogdensburg, St. Lawrence and Potsdam Chambers reported that they do not anticipate any material changes in their revenue, expenses, and general financial position in the coming year. Massena reported that they do not anticipate any material changes in their overall annual budget, however they anticipate a one-time cost of \$10,000 to \$20,000 for office repairs. Canton has not provided feedback on its revenue, expenses, and general financial position in the coming years.

Each Chamber may find inconsistencies between its financial reports and this report. These inconsistencies are caused by the harmonizing of financial reports among the Chambers and the organization of the underlying reports the Chambers provided. To the extent these inconsistencies exist, it is not believed they are material to the underlying evaluation of a merger or partnership.

This report does not serve as an audit or confirmation of each chamber's finances. The findings are based on information each chamber provided to Hight Performance Group (HPG) and in some cases, public information that was available. There has not been an attempt to verify the information provided by the Massena, Ogdensburg, St. Lawrence, Potsdam, and Canton Chambers of Commerce or to verify information that is publicly available. The information collection and review meetings took place from November 2019 through January 2020. Events since January 2020 may result in changes to the financial position for each chamber.

## DOCUMENTS REVIEWED

Below is a list of the documents Chambers shared with HPG and Engage.

### **Ogdensburg** Profit & Loss January through December 2018

- Balance Sheet as of December 31, 2018
- Trial Balance as of December 31, 2018
- Profit & Loss December 2019
- Profit & Loss January through December 2019
- Balance Sheet as of December 31, 2019
- Trial Balance as of December 31, 2019
- Financial Statement December 2019
- Membership list

### **St. Lawrence** Balance Sheet as of September 30, 2019

- General Ledger as of September 30, 2019
- Profit & Loss October 2018 through September 2019
- Trial Balance as of September 30, 2019
- Budget 2020
- Membership list

### **Potsdam** Form 990- EZ 2016

- Form 990- EZ 2017
- Membership list

### **Massena** General Ledger, January through December 2018

- Statement of Activity, January through December 2018
- Trial Balance, as of December 31, 2018



- Membership list

**Canton** Trial Balance as of December 31, 2017

- Profit & Loss January through December 2018
- Balance Sheet as of December 31, 2018
- Trial Balance as of December 31, 2018
- Profit & Loss January 1 through November 18, 2019
- Balance Sheet as of November 18, 2019
- Trial Balance as of November 18, 2019
- Membership list

## **HARMONIZED FINANCIALS**

The following page includes a spreadsheet of harmonized financial reports of the five participating Chambers.

It is important to acknowledge that the chambers track revenue and expenses differently. For example, event and sponsor income is sometimes reported in aggregate and sometimes reported separately. Some chambers listed income such as sponsorship and expenses such as employee benefits that other chambers did not report out in line items or do not have in common. In reviewing the reports and in discussion with the chamber primary contacts, similar revenue and expenses were identified and classified to be able to reflect common categories.

As noted earlier, the Ogdensburg, St. Lawrence and Potsdam Chambers reported that they do not anticipate any material changes in their revenue, expenses, and general financial position in the coming year. Massena reported that they do not anticipate any material changes in their overall annual budget, however they anticipate a one-time cost of \$10,000 to \$20,000 for office repairs. Canton has not provided feedback on its revenue, expenses, and general financial position in the coming years.

As noted earlier, each chamber may find inconsistencies between its financial reports and this report. These inconsistencies are caused by the harmonizing of financial reports among the chambers and the organization of the underlying reports the chambers provided. To the extent these inconsistencies exist, it is not believed they are material to the underlying evaluation of a merger or partnership among the participating chambers.

**HARMONIZED FINANCIALS FOR ALL CHAMBERS**

Item	St. Lawrence		Ogdensburg		Massena		Potsdam		Canton	
	Oct 2018 - Sep 2019	2020 Budget	Jan - Dec 2018	Jan - Dec 2019	Jan - Dec 2018	Jan - Dec 2019	Jan - Dec 2017	2019 estimates	Jan - Dec 2018	Jan - Nov 2019
Gross Income	\$630,431	\$705,743	\$94,795	\$86,092	\$138,873	\$140,000	\$101,200	\$101,200	\$45,995	\$35,980
Total Events	\$213,685	\$166,650	\$52,835	\$46,593	\$42,485	\$22,000	\$7,994	-	\$15,219	\$14,005
Member Dues	\$71,288	\$74,000	\$14,644	\$15,532	\$28,234	\$33,000	\$32,355	\$32,355	\$16,244	\$14,778
Member Services	\$0	\$0	\$0	\$0	\$630	pass thru	\$0	\$0	\$1,990	\$200
Sponsorships	\$31,000	\$30,000	\$0	\$0	\$4,450	\$4,450	\$0	\$0	\$0	\$0
Donations	\$0	\$0	\$0	\$0	\$1,577	\$3,546	\$0	\$0	\$0	\$0
Municipal Funding	\$0	\$0	\$8,625	\$14,375	\$39,100	\$41,500	\$22,400	\$22,400	\$12,000	\$6,500
Tourism Income	\$266,683	\$362,743	\$0	\$0	\$0	\$0	-	-	\$0	\$0
Sales Revenue	\$0	\$0	\$0	\$0	\$7,083	\$4,700	\$0	\$0	\$103	\$168
Marketing & Advertising	\$0	\$0	\$2,150	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Misc/Uncategorized Income	\$554	\$0	\$10,211	\$5,578	\$16,926	\$0	\$13,400	\$0	\$43	\$330
Expenses	\$577,190	\$664,824	\$100,756	\$90,976	\$137,736	\$142,000	\$89,420	\$89,420	\$41,695	\$32,875
Rent & Utilities (rent, utilities, internet, equipment)	\$25,772	\$25,772	\$9,986	\$13,729	\$5,404	\$5,400	\$10,200	\$10,200	\$1,857	\$438
Admin/Operations (postage, printing, web design)	\$6,240	\$6,240	\$2,062	\$1,868	\$4,555	\$4,555	\$7,206	\$7,206	\$1,636	\$2,502
FTE	5	5	2	1	2	2	1.5	1.5	.5	.5
Salaries	\$188,788	\$235,000	\$47,514	\$39,000	\$43,333	\$67,000	\$39,918	\$39,918	\$22,500	\$16,702
Benefits	\$28,784	\$26,664	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Payroll (workers' comp, disability, payroll taxes)	\$18,063	\$19,700	\$6,090	\$5,197	\$7,236	-	\$1,824	\$4,000	\$2,272	\$1,780
Insurance (liability & business)	\$6,425	\$8,000	\$0	\$0	\$5,928	\$5,928	\$818	\$818	\$674	\$674
Legal & Professional Fees	\$6,125	\$6,125	\$1,050	\$1,945	\$783	\$3,900	\$750	\$750	\$0	\$0
Marketing & Advertising	\$0	\$0	\$2,216	\$1,521	\$1,184	\$1,184	\$4,334	\$4,334	\$0	\$0
Event	\$135,098	\$142,050	\$21,418	\$20,680	\$22,323	\$9,000	\$25,058	-	\$8,778	\$10,252
Member Services	\$0	\$0	\$453	\$1,155	\$205	pass thru	\$0	\$0	\$2,135	\$513
Tourism	\$119,797	\$141,016	\$0	\$0	\$0	\$0	-	-	\$0	\$0
Management Services	\$30,825	\$31,212	\$0	\$0	\$0	\$0	-	-	\$0	\$0
Misc Expenses	\$0	\$0	\$5,453	\$3,062	\$2,843	\$0	\$0	\$0	\$127	\$14
Uncategorized Expenses	\$0	\$0	\$0	\$0	\$23,697	\$0	\$0	\$0	\$0	\$0
Net Income	\$53,241	\$40,919	-\$5,961	-\$4,884	\$1,137	-\$2,000	\$11,780	\$11,780	\$4,300	\$3,105

**OBLIGATIONS**

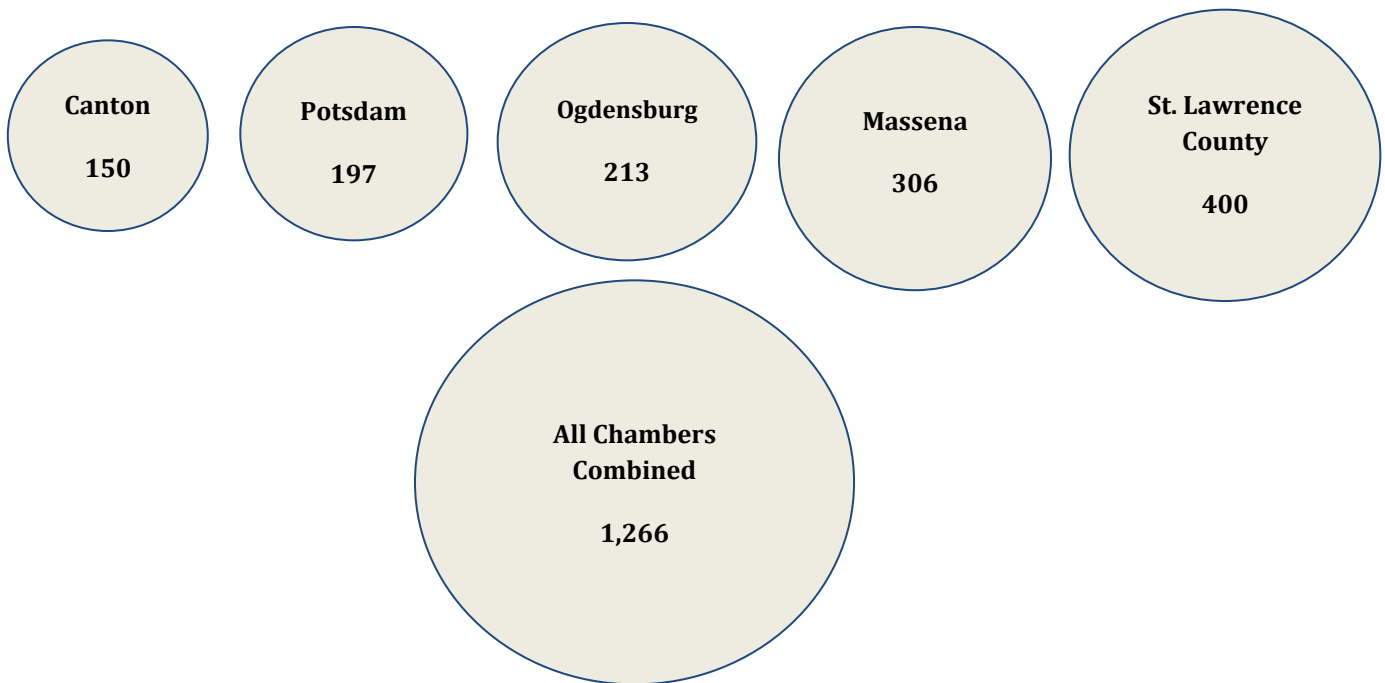
- The Ogdensburg, Potsdam and St. Lawrence Chambers reported having no long-term obligations (i.e. mortgage, contracts) that would prevent a merger or partnership.
- The Massena Chamber owns its office building and has maintenance, repair and other obligations associated with ownership that would need to be addressed in a merger or partnership. Massena anticipates \$10,000 to \$20,000 in repair costs within the next three years. The Massena Chamber reported no other long-term obligations.
- The Canton Chamber did not make this information available.

**ASSETS**

- Massena reported real property (office) valued at \$190,000. This is not an appraised value. Massena did not report additional assets.
- Canton reported checking, savings, and CDs of \$49,163 as of November 2019.
- Ogdensburg reported checking and savings of \$31,020 as of December 2018.
- St. Lawrence reported unrestricted cash of \$16,086 and restricted cash of \$104,616 as of September 2019.
- Potsdam did not report assets.

**TOTAL NUMBER OF MEMBERS IN EACH CHAMBER**

Each of the five participating chambers provided Hight Performance Group a list of its members. Below is the number of members stated for each Chamber at that time of reporting.



**SHARED MEMBERS**

Based on the list of members each chamber provided, common or shared member accounts were identified. A summary of the total number of common members among chambers are reflected below. There is little overlap among chamber memberships. A collective list of all members of the five participating chambers with identified common or shared members noted is included in the Appendix.

1,266 total businesses are a member of one or more Chambers

84% (1,059) of business are a member of only one Chamber

12% (153) businesses are a member of two Chambers

3% (39) of businesses are a member of three Chambers

<1% (8) of businesses are a member of four Chambers

<1% (7) of businesses are a member of five Chambers

## INTEGRATION OPTIONS

Based on the review of information provided and the harmonized financials, different sets of illustrative scenarios were created as a result of a potential collective integration of participating chambers in St. Lawrence County. ***These scenarios were created under the premise that all chambers would agree to moving forward.***

### ILLUSTRATIVE SCENARIOS & ASSUMPTIONS

A set of illustrative scenarios were created and are called *Limited*, *Selective* and *Comprehensive*, respectively, to demonstrate different budget scenarios following an integration among the participating chambers. Each scenario compares the current, aggregate budget of the five chambers to a hypothetical, new integrated Chamber budget. The scenarios present a progression from a limited merger of administrative, legal, insurance and similar chamber operations to a more comprehensive merger of administrative, legal, insurance, offices, employees and more.

The scenarios show potential adjustments to revenue and cost savings due to shared services and present a framework to consider different integrated models. No specific outcome is being recommended in this report. The board of directors for the chambers (or a task force comprised of chamber representatives) would decide the model and which, if any, offices, events, staff, web sites, contractors and other operations are to be consolidated.

To create the scenarios, a set of general and specific assumptions about revenue and expenses were used. These assumptions are listed after each budget scenario. A qualitative description provides additional information about each scenario.

General assumptions, such as a 10% drop in membership dues relative to the current aggregate membership revenue of the five Chambers based on common or shared members, were included to demonstrate how a merger may impact the overall budget for an integrated model. The scenario budgets were created based on financial information provided, such as the known cost of office space leases, utilities, and income and expenses for the reported financial year.

In estimating compensation following integration, two approaches were used: In the *Limited* scenario, where the number of FTEs and offices remain unchanged, the post-merger compensation and payroll expenses and office expenses also remained unchanged. In the *Selective* and *Comprehensive* scenarios, where the number of FTEs and offices were reduced, average compensation and payroll expenses per FTE among all chambers were considered. In the *Selective* scenario, it was assumed that the Canton office closes since both the Canton Chamber of Commerce and the St. Lawrence County Chamber of Commerce are within close proximity to one another in Canton. In the *Comprehensive* scenario, it was based on the closure of the offices for Canton, Ogdensburg, and Potsdam. The cost of employee benefits was calculated using the average cost the St. Lawrence County Chamber of Commerce spends on benefits per FTE since only St. Lawrence Chamber reported providing employee benefits and it assumed that the additional employees in this model would also receive benefits.

Municipal funding was projected to be maintained based on the assumption that should the chambers integrate or partner, they will continue to provide these community-specific services and would continue to receive the associated funding.

In each scenario, the baseline income and expenses reflect the current total income and expenses of the five chambers. Total income and expenses post-integration will be reduced to reflect the changes in specific items identified, such as a reduction in administrative costs through shared services and negotiated rates.

### Limited Scenario Qualitative Notes

In the *Limited* scenario, the five chamber offices and ten (10) staff would stay intact. Presence in each community would offer the same local presence that exists now. Members of each individual chamber become members of the larger, countywide, integrated chamber. This would allow all members to access available benefits, gain visibility throughout St. Lawrence County, and increase opportunities for social connections and business exchange. Programming for all participating chambers would be reviewed and opportunities to enhance, streamline and sunset programs will be considered to increase efficiencies and member value. This scenario also projects a 5% reduction in membership dues revenue due to the amount of common or shared memberships.

Each participating chamber community would also receive support for the ILNY tourism marketing program that the St. Lawrence County Chamber of Commerce manages. A County Calendar could promote events and programs that may increase attendance due to a larger reach and coordinated efforts. Regional marketing could also result in new business relocations, attract entrepreneurs, and help to attract and retain residents. Advocacy initiatives at the county, regional, state, and federal level would be a collaborative effort that involves leaders and businesses across the area. Collectively, there would be stronger representation of business, a larger voice, and more effective results. These efforts would benefit all participating chamber communities.

In this scenario, professional services such as accounting, legal, and marketing would be managed by the integrated chamber organization and cost savings is estimated to be around 25% overall. Participating chambers now incur individual operating costs for internet service, insurance, and software licenses and each chamber manages its own professional relationships and rates. By pulling together all professional services under one contracted source, the larger organization would be able to negotiate services at competitive rates.

Since all ten (10) staff from the participating chamber would be retained, the associated compensation expenses would remain the same. The St. Lawrence County Chamber of Commerce is the only chamber that provides employee benefits. In the *Limited* scenario, employees from all the participating chambers would be employees of the new integrated organization, however, this scenario does not include benefits for all employees. The net projected profit (\$5,904) is not sufficient to cover employee benefits. Different income and revenue factors could be further analyzed for potential programming realization (e.g., discontinuing some programs, holding one Annual Dinner, expanding events, creating new or larger venues) and for additional cost reductions.

The new integrated chamber model would deliver on the benefits envisioned by the chamber stakeholders—***Working Together for the Region*** (marketing the county, economic development, collaboration), ***Sharing Resources with Cost Savings*** (staff, expertise, information, marketing, centralized operations, less duplication), ***Larger Impact for the County*** (unified voice for advocacy on regional issues, access to state funding, attracting and retaining businesses), and ***More for Members*** (access to expertise, information, broader marketing reach, access to benefits).

**ILLUSTRATIVE SCENARIO #1: LIMITED**

Item	Pre-Merger	Post-Merger	Delta Post-Merger
Gross Income	\$1,069,015	\$1,060,532	-\$8,483
Total Events	\$257,242	\$257,242	\$0
Member Dues	\$169,665	\$161,182	-\$8,483
Member Services	\$200	\$200	\$0
Sponsorships	\$34,450	\$34,450	\$0
Donations	\$3,546	\$3,546	\$0
Municipal Funding	\$84,775	\$84,775	\$0
Tourism Income (Restricted)	\$180,000	\$180,000	\$0
Tourism Income (Unrestricted)	\$180,000	\$180,000	\$0
Sales Revenue	\$4,868	\$4,868	\$0
Marketing & Advertising	\$0	\$0	\$0
Misc/Uncategorized Income	\$5,909	\$5,909	\$0
Expenses	\$1,020,095	\$1,005,708	-\$14,387
Rent & Utilities (includes rent, utilities, internet, equipment)	\$55,538	\$55,538	\$0
Admin/Operations (postage, printing, web design)	\$22,371	\$16,778	-\$5,593
Salaries	\$397,620	\$397,620	\$0
Benefits	\$26,664	\$26,664	\$0
Payroll (workers' comp, disability, payroll taxes)	\$37,913	\$37,913	\$0
Insurance (liability & business)	\$15,420	\$11,565	-\$3,855
Legal & Professional Fees	\$12,720	\$9,540	-\$3,180
Marketing & Advertising	\$7,039	\$5,279	-\$1,760
Event	\$207,040	\$207,040	\$0
Member Services	\$1,669	\$1,669	\$0
Tourism	\$141,016	\$141,016	\$0
Management Services	\$31,212	\$31,212	\$0
Misc/Uncategorized Expenses	\$3,076	\$3,076	\$0
Net Income	\$48,920	\$54,825	\$5,904

**Assumptions**

## Revenue:

- Total event revenue unchanged
- 5% reduction in total membership dues from common or shared members
- Total municipal revenue unchanged

## Expenses:

- Total event expenses unchanged
- Total number of FTEs (10) unchanged
- Total payroll costs unchanged
- Total cost of benefits unchanged
- Total cost of membership services remains unchanged
- All current five (5) offices remain open
- 25% reduction in administrative costs
- 25% reduction in professional services costs
- 25% reduction in marketing & advertising costs
- 25% reduction in insurance costs

### Selective Scenario Qualitative Notes

In the *Selective* scenario, the Canton office would be consolidated with the St. Lawrence County Chamber since they are located in the same town and within close proximity of one another. This would eliminate the current Canton Chamber office expense and associated operating costs, including professional services. Existing offices in Massena, Ogdensburg and Potsdam would continue to offer the same local presence.

Members of each individual chamber become members of the larger, countywide, integrated chamber. This would allow all members to access available benefits, gain visibility throughout St. Lawrence County, and increase opportunities for social connections and business exchange. This scenario also projects a 10% reduction in membership dues revenue to offset the common or shared memberships.

Events for both the Canton Chamber and the St. Lawrence County Chamber would be consolidated. Programming for all participating chambers would be reviewed and opportunities to enhance, streamline and sunset programs will be considered to increase efficiencies and member value. Although there is a 10% estimated reduction in overall event income, it is possible that attendance and income could increase with the streamlined programming. Existing signature events in each community may continue.

Each participating chamber community would also receive support for the ILNY tourism marketing program that the St. Lawrence County Chamber of Commerce manages. A County Calendar could promote events and programs that may increase attendance due to a larger reach and coordinated efforts. Regional marketing could also result in new business relocations, attract entrepreneurs, and help to attract and retain residents. Advocacy initiatives at the county, regional, state, and federal level would be a collaborative effort that involves leaders and businesses across the area. Collectively, there would be stronger representation of business, a larger voice, and more effective results. These efforts would benefit all participating chamber communities.

In this scenario, professional services such as accounting, legal, and marketing would be managed by the integrated chamber organization and cost savings is estimated to be around 25% overall. Participating chambers now incur individual operating costs for internet service, insurance, and software licenses and each chamber manages its own professional relationships and rates. By pulling together all professional services under one contracted source, the larger organization would be able to negotiate services at competitive rates.

The new integrated chamber model would deliver on the benefits envisioned by the chamber stakeholders—***Working Together for the Region*** (marketing the county, economic development, collaboration), ***Sharing Resources with Cost Savings*** (staff, expertise, information, marketing, centralized operations, less duplication), ***Larger Impact for the County*** (unified voice for advocacy on regional issues, access to state funding, attracting and retaining businesses), and ***More for Members*** (access to expertise, information, broader marketing reach, access to benefits).

This scenario is based on having nine staff, which is a reduction of one position and the associated expenses. The St. Lawrence County Chamber of Commerce is the only chamber that provides employee benefits. In the *Selective* scenario, employees from the other three participating chambers would be employees of the new integrated organization, however, this scenario does not include benefits for all employees. The net projected profit (\$27,459) could be used to cover employee benefits. Different income and revenue factors could be



further analyzed for potential programming realization (e.g., discontinuing some programs, holding one Annual Dinner, expanding events, creating new or larger venues) and for additional cost reductions.

### ILLUSTRATIVE SCENARIO #2: SELECTIVE

Item	Pre-Merger	Post-Merger	Delta Post-Merger
Gross Income	\$1,069,015	\$1,026,325	-\$42,691
Total Events	\$257,242	\$231,518	-\$25,724
Member Dues	\$169,665	\$152,698	-\$16,967
Member Services	\$200	\$200	\$0
Sponsorships	\$34,450	\$34,450	\$0
Donations	\$3,546	\$3,546	\$0
Municipal Funding	\$84,775	\$84,775	\$0
Tourism Income (Restricted)	\$180,000	\$180,000	\$0
Tourism Income (Unrestricted)	\$180,000	\$180,000	\$0
Sales Revenue	\$4,868	\$4,868	\$0
Marketing & Advertising	\$0	\$0	\$0
Misc/Uncategorized Income	\$5,909	\$5,909	\$0
Expenses	\$1,020,095	\$949,945	-\$70,150
Rent & Utilities (includes rent, utilities, internet, equipment)	\$55,538	\$53,681	-\$1,857
Admin/Operations (postage, printing, web design)	\$22,371	\$16,778	-\$5,593
Salaries	\$397,620	\$357,858	-\$39,762
Benefits	\$26,664	\$26,664	\$0
Payroll (workers' comp, disability, payroll taxes)	\$37,913	\$34,122	-\$3,792
Insurance (liability & business)	\$15,420	\$11,565	-\$3,855
Legal & Professional Fees	\$12,720	\$9,540	-\$3,180
Marketing & Advertising	\$7,039	\$5,279	-\$1,760
Event	\$207,040	\$196,688	-\$10,352
Member Services	\$1,669	\$1,669	\$0
Tourism	\$141,016	\$141,016	\$0
Management Services	\$31,212	\$31,212	\$0
Misc/Uncategorized Expenses	\$3,076	\$3,076	\$0
Net Income	\$48,920	\$76,380	\$27,459

#### Assumptions

##### Revenue:

- 10% reduction in total event revenue from combining Annual Meeting
- 10% reduction in total membership dues from common or shared members
- Total municipal revenue unchanged

##### Expenses:

- 5% reduction in total event expenses from combining Annual Meeting
- Total number of FTEs reduced to nine
- Total payroll expenses reduced 10% to reflect reduction in FTEs
- Total costs of benefits remain unchanged
- Total cost of membership services remains unchanged
- Reduce the number of offices to four, Canton office closes, cost based on 2018 rent and utilities
- 25% reduction in administrative costs
- 25% reduction in professional services costs
- 25% reduction in marketing & advertising costs
- 25% reduction in insurance costs

## Comprehensive Scenario Qualitative Notes

The *Comprehensive* scenario reduces the number of office locations to two—one in Canton and the other in Massena since the Massena Chamber owns the building. Although this scenario would not provide the same bricks and mortar presence in each community, there could be presence through a shared space with another organization with office hours a few times each week that would provide the opportunity for face-to-face meetings. One-one-one or group meetings could also take place in each town as a concerted effort.

Members of each individual chamber become members of the larger, countywide, integrated chamber. This would allow all members to access available benefits, gain visibility throughout St. Lawrence County, and increase opportunities for social connections and business exchange. This scenario also projects a 10% reduction in membership dues revenue to offset the common or shared memberships.

Programming for all participating chambers would be reviewed and opportunities to enhance, streamline and sunset programs will be considered to increase efficiencies and member value. Town Councils could be established that would facilitate small and regular networking venues, host advocacy discussions, and act as advisory groups to the integrated countywide board of directors. Although there is a 10% estimated reduction in overall event income, it is possible that attendance and income could increase with the streamlined programming. This scenario is based on having nine (9) staff, which is a reduction of one position and the associated costs.

Each participating chamber community would also receive support for the ILNY tourism marketing program that the St. Lawrence County Chamber of Commerce manages. A County Calendar could promote events and programs that may increase attendance due to a larger reach and coordinated efforts. Regional marketing could also result in new business relocations, attract entrepreneurs, and help to attract and retain residents. Advocacy initiatives at the county, regional, state, and federal level would be a collaborative effort that involves leaders and businesses across the area. Collectively, there would be stronger representation of business, a larger voice, and more effective results. These efforts would benefit all participating chamber communities.

In this scenario, professional services such as accounting, legal, and marketing would be managed by the integrated chamber organization and cost savings is estimated to be around 25% overall. Participating chambers now incur individual operating costs for internet service, insurance, and software licenses and each chamber manages its own professional relationships and rates. By pulling together all professional services under one contracted source, the larger organization would be able to negotiate services at competitive rates.

The new integrated chamber model would deliver on the benefits envisioned by the chamber stakeholders—***Working Together for the Region*** (marketing the county, economic development, collaboration), ***Sharing Resources with Cost Savings*** (staff, expertise, information, marketing, centralized operations, less duplication), ***Larger Impact for the County*** (unified voice for advocacy on regional issues, access to state funding, attracting and retaining businesses), and ***More for Members*** (access to expertise, information, broader marketing reach, access to benefits).

This scenario is based on having seven staff, which is a reduction of three positions and the associated costs. The St. Lawrence County Chamber of Commerce is the only chamber that provides employee benefits. In the *Comprehensive* scenario, employees from the other participating chambers would be employees of the new

integrated organization and would include benefits for all full-time employees. The scenario offers the highest realization for a net profit through reduction of costs and the net projected profit (\$136,137) could be used to invest in initiatives that would benefit the participating communities and the county overall. Different income and revenue factors could be further analyzed for potential programming realization (e.g., discontinuing some programs, holding one Annual Dinner, expanding events, creating new or larger venues) and for additional cost reductions. Other assumptions not included in this scenario may be proposed to yield efficiencies and gains.

### ILLUSTRATIVE SCENARIO #3: *COMPREHENSIVE*

Item	Pre-Merger	Post-Merger	Delta Post-Merger
Gross Income	\$1,069,015	\$1,026,325	-\$42,691
Total Events	\$257,242	\$231,518	-\$25,724
Member Dues	\$169,665	\$152,698	-\$16,967
Member Services	\$200	\$200	\$0
Sponsorships	\$34,450	\$34,450	\$0
Donations	\$3,546	\$3,546	\$0
Municipal Funding	\$84,775	\$84,775	\$0
Tourism Income	\$362,743	\$362,743	\$0
Sales Revenue	\$4,868	\$4,868	\$0
Marketing & Advertising	\$0	\$0	\$0
Misc/Uncategorized Income	\$5,909	\$5,909	\$0
Expenses	\$1,020,095	\$841,268	-\$178,827
Rent & Utilities (includes rent, utilities, internet, equipment)	\$55,538	\$31,000	-\$24,538
Admin/Operations (postage, printing, web design)	\$22,371	\$16,778	-\$5,593
Salaries	\$397,620	\$280,000	-\$117,620
Benefits	\$26,664	\$36,400	\$9,736
Payroll (workers' comp, disability, payroll taxes)	\$37,913	\$26,600	-\$11,313
Insurance (liability & business)	\$15,420	\$11,565	-\$3,855
Legal & Professional Fees	\$12,720	\$9,540	-\$3,180
Marketing & Advertising	\$7,039	\$5,279	-\$1,760
Event	\$207,040	\$186,336	-\$20,704
Member Services	\$1,669	\$1,669	\$0
Tourism	\$141,016	\$141,016	\$0
Management Services	\$31,212	\$31,212	\$0
Misc/Uncategorized Expenses	\$3,076	\$3,076	\$0
Net Income	\$48,920	\$185,057	\$136,137

### Assumptions

#### Revenue:

- 10% reduction in total event revenue
- 10% reduction in total membership dues
- Total municipal revenue unchanged

#### Expenses:

- 10% reduction in total event expenses
- Total number of FTEs reduced to seven
- Total payroll expenses reduced to reflect reduction in FTEs
- Increase costs of benefits to reflect average costs of benefits for seven FTEs

- Total cost of membership services remains unchanged
- Reduce the number of offices to two. Assume that the St. Lawrence Chamber and Messina Chamber offices remain open.
- 25% reduction in administrative costs
- 25% reduction in professional services costs
- 25% reduction in marketing & advertising costs
- 25% reduction in insurance costs

## ANTICIPATED INTEGRATION COSTS

Costs associated to support the *Comprehensive* scenario were identified. These costs would be incurred in the first year (assuming consolidation is complete in one year) of the integration process and would not reoccur. We believe that a less inclusive integration, such as described in the *Limited* and *Selective* scenarios, would cost less.

### Legal

- Attorney and legal fees including 501c status, bylaws, contractual issues.

### Accounting

- Accounting fees, including taxes, audits, consolidating bookkeeping and reporting.

### Website

- Design and build consolidated web site.

### Advertising & Marketing

- Design and execute marketing campaign to inform current and prospective members.

### Branding

- Design/launch new name, logo, and other brand elements of consolidated Chamber.

### Administration & Operations

- Move office furnishings, equipment, IT, records, and other items. Consolidate databases and other information.

### Launch Event & Ribbon Cutting

- Launch event to open new consolidated Chamber.

### Consultants

- Consultants to facilitate merger planning and execution.

Item	Amount
Attorney fees	\$6,000
Accounting fees	\$3,500
Web site Design	\$8,000
Advertising/Marketing	\$5,000
Launch Event	\$2,500
Logo/Branding Design	\$5,000
Admin/Operations	\$4,000
Consultants	\$15,000
<b>Total</b>	<b>\$49,000</b>

## DISCREPANCIES & ERRORS

It is anticipated that each Chamber may find discrepancies and errors in the financial summaries in this report. The causes of discrepancies and errors include harmonizing financial reporting, errors in the original reporting, and a misunderstanding of the documents on the consultants' part. If an error is material, it will be corrected. However, it is anticipated that any discrepancies will not be material to the overall findings. The intent in this report is to provide insight into each Chamber's current position, to show overall potential benefits, and provide a framework to consider different integration and partnership structures.

## OPTIONS FOR AN INTEGRATED MODEL

The illustrative scenarios presented in this report are based on all five chambers agreeing to legally integrate into one organization, which usually occurs as a result of a merger. Mergers among chambers of commerce and chambers with other organizations that focus primarily on economic development, tourism, downtown or Main Street businesses are fairly common. Mergers occur during strong economic times as well as a result of economic downturns. The primary reasons for mergers include shared missions and visions, to build a stronger voice for the region, develop regional branding to market an area, reduce duplication of services and gain efficiencies and cost savings on operations, and to better align the resources of multiple organizations for collective impact.

If a merger among the participating chambers is favored, there could be two options to consider. One, the smaller chambers could merge with the St. Lawrence County Chamber of Commerce since its focus is the overall county and not a particular town and organization includes County in its name. The Chamber also has a larger staff with expertise in various functions, offers employee benefits, manages the tourism contract for ILNY funds and has received other grants for initiatives. Or the second option is to form a new organization that all chambers will merge with and operate under. Perhaps the word Chamber will not be in the name of the organization and it could be called something else like the St. Lawrence County Alliance or St. Lawrence County Partnership.

Aside from a merger, there are other models that could be developed. One model that has worked successfully in California is the development of a regional alliance where eight (8) nonprofit organizations, including five (5) chambers of commerce, operate under a newly formed organization, the [Greater Coachella Valley Chamber of Commerce](#) (GCVCC) while maintaining their existing presence and organizational names in each community. A main tab on the home page called Our Chambers offers a drop-down list of all the organizations with separate landing pages that describe each individual town and programs.

The GCVCC is the governing organization with full fiduciary responsibility and each of the other organizations have seats on the regional board of directors. Each organization maintained its 501(c) corporation, transferred all assets and liabilities to the GCVCC, and file a [990-N for Tax-Exempt Organizations](#) annually with the IRS as a non-transactional organization. Each organization has a local board of directors that engage with township policymakers and support local programming. Members all belong to the GCVCC under a new membership model developed and receive benefits designed in the benefits structure. All employees from the different organizations work for the GCVCC and support local and regional initiatives.

The *Limited* and *Selective* illustrative scenarios presented would also work for the regional alliance model.

The President of the GCVCC has agreed to share the model with board representatives from the Canton, Massena, Ogdensburg, Potsdam, and the St. Lawrence County Chambers to discuss their model and respond to any questions. The hope is that after one or two years, the participating organizations would choose to dissolve their corporations after realizing the benefits of the integrated model.

And a final possible model would be for the participating chambers to establish a collaborative structure where the larger organization, the St. Lawrence County Chamber of Commerce, would provide shared services such as membership database management (only the St. Lawrence Chamber uses an Association Management System designed specifically for member-based organizations), accounting and other financial services (such as membership and sponsorship billing), marketing, contract staffing, and tourism promotion. However, this option may not lend itself to the full potential of integrating all the chambers into one operating and governing model and for developing a membership model that yields the highest amount of benefits for all members of the individual chambers.

The leadership of the individual chambers will need to decide whether they want to move forward towards developing an integrated countywide organization and then determine which operating model is preferred. A full integration or merger is the most common and least complicated option where all entities combine assets and liabilities and are governed through one organization. The second best option is to follow the model developed by the Greater Coachella Valley Chamber of Commerce where a new organization is formed, all other organizations transfer assets and liabilities (and all fiduciary responsibility) to the new organization while maintaining their separate corporations for local presence and representation for businesses.

## **IMPACT OF COVID-19 AND SUBSEQUENT INTEREST OF PARTIES**

The work conducted to develop this feasibility report occurred prior to the health pandemic and stay-at-home mandates of communities across the state and country. The impact of COVID-19 could affect membership renewals, events and programming attendance, and the financial positions of each chamber of commerce. Right now, the Massena Chamber has ceased operations and the board of directors will need to decide if the organization will continue. Due to government regulations, many businesses are still closed, and the operations of other chambers are managed remotely. Executive committee and board meetings are held virtually.

The illustrative scenarios and suggested integrated chamber models assume that all five chambers will participate going forward. The impact of COVID-19 may present a more compelling and conducive environment for chambers to integrate to develop a larger, collective regional voice and brand, and to gain efficiencies and cost savings operationally. But it is possible that only two or three of the chambers will be interested in moving forward in 2020. The feasibility report should be presented to each board of directors and to ascertain whether there is interest or ability in their chambers to engage further with the initiative to create an integrated chamber model for the county. The outcome of their decisions will determine which chambers will work on the initiative.

When the Greater Coachella Valley Chamber of Commerce model was created in 2016, only three chambers were interested in participating. Over the last four years, five other organizations joined the regional alliance. Perhaps only two or three of the chambers that participated in this feasibility study will move forward. Other chambers in the region may decide to join the initiative after the new model is developed.

Before moving to a merger or regional alliance model, members for each chamber will need to vote to approve the final decision. Prior to that, revised financial scenarios will need to be created to reflect the current situation of the participating chambers (to include membership renewals, events and programs, and liabilities). The support of a CPA and attorney can perform due diligence as needed.

## NEXT STEPS

Hight Performance Group (HPG) recommends the following actions to take place. Although a recommended timeframe is proposed, the leadership of each chamber may choose to accelerate the decision-making actions, or the Advisory Committee may recommend alternative dates:

### ➤ **Debrief Feasibility Report (May 2020)**

- Hight Performance Group sent out email messages to representatives from each participating chamber's board of directors to share this Feasibility Report and Appendices with additional information and invited them to a virtual debriefing session. (Week of April 27, 2020)
- The virtual debriefing session for task force members was facilitated by Cathi Hight, principal consultant of Hight Performance Group, and included George Abar and Sydney Cook from Engage Strategies, and Josh Bonner from the Greater Coachella Valley Chamber of Commerce to respond to any questions. (Week of May 4, 2020.)
- Board representatives are encouraged to share and discuss the Feasibility Report and serve as liaisons to facilitate dialogs among each organization's board of directors. (Suggested timeframe: May - June 2020)

### ➤ **Chamber Decision on Moving Forward (June – July 2020)**

- Each chamber's board of directors should decide whether to move forward to develop an integrated countywide organization. This will determine the number of chambers that continue in the dialog. (by July 31, 2020)

### ➤ **Advisory Committee to Plan Implementation (August – October 2020)**

- Chambers whose leaders decide they are interested in working together should select three (3) representatives to serve on an Advisory Committee to represent the Chamber. The Advisory Committee will consist of representatives from each chamber. They will meet (suggested timeframe is in August) to discuss:
  - The preferred structure of the countywide organization.
  - Action items and timelines to implement over the next 6 months which may include:
    - Review of each Chamber Bylaws to understand role of the board of directors and members in making organizational and legal changes.
    - Survey to members to ask for a vote (recommended for transparency and buy-in to preferred decision of the board of directors).
    - Select and secure finance and legal professional service to conduct current due diligence for assets, liabilities and to develop process for conversion to integrated organizational structure.

- Create a new governance model that has representatives from each chamber on the board of directors.
- Work with the consultant to develop a new tiered membership model that considers the different price points for current membership models for each chamber and leverages collective and new benefits that increase member value.
- Develop communication plan to share information about the new integrated organization and the benefits of representing St. Lawrence County as a region.

## APPENDIX

Additional information is available as separate documents in a [DropBox](#) folder which includes:

- The Feasibility for Countywide Organization\_Chamber Stakeholders Interview Summary
- The Feasibility for Countywide Organization\_Chamber Stakeholders Appendix with open-ended responses from all questions
- Final Consolidated Shared List of Members which shows all current members for each participating chamber and which members belong to more than one chamber.