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## County IDA pays firm \$150 hourly fee for PR

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The Erie County Industrial Development Agency is paying \$150 an hour for a public relations consultant that is performing work that most similar agencies are handling in house.

The ECIDA's current public relations firm, Travers Collins and Co., does a lot of routine work, such as writing news releases, and last year played a central role in the agency's efforts to defuse criticism of its decision to give a \$50,000 loan to One Sunset without vetting the restaurant's application.

The ECIDA paid an even higher fee — \$190 an hour — to its previous public relations consultant, Eric Mower Associates.

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That's about what the agency pays for legal help. Harris Beach, the agency's law firm, charges \$125 an hour for the time of associate attorneys. The going rate for partners in the firm is \$150 to \$175 an hour.

County Comptroller Mark Poloncarz is among those who believe that the agency's contract with public relations consultants is an unnecessary expense.

"It doesn't seem to me they need to retain a public relations firm to do what a high-level member of their staff ought to be doing," he said.

"Considering it's an entity that's supposed to be developing business, you'd like to think it's spending its resources developing business rather than defending its actions," he added.

ECIDA officials defend their use of public relations consultants, saying that, among other things, they help facilitate media coverage that informs businesses of what the agency has to offer.

“To get the message out, we need some help. We don’t have the staff time to do it,” said Al Culliton, the agency’s executive director, who said the ECIDA’s staff has dropped from more than 25 to 16 in recent years.

John Cappellino, executive vice president, defended the \$150-an-hour rate. “That’s what the market gets,” he said.

Even at \$150 an hour, agency officials maintain that a public relations firm is an economical alternative to hiring a full-time staff person. However, the Travers Collins contract caps spending at \$2,500 a month, or 16.6 hours of work, suggesting the agency would need an employee for an average of less than five hours a week.

The Buffalo News surveyed nine other economic development agencies, both locally and in comparable metro regions, and found none retains consultants to handle routine media matters, a primary function of Travers Collins for the ECIDA. Most IDAs have their staff deal with the media, draft releases and devise strategies on how to publicize programs, or they share that work with their county government.

“We’re so frugal and fiscally conservative, we’re trying to do everything we can with staff,” said Kim Hall, management analyst with the Onondaga County Industrial Development Agency in Syracuse. “We’re all taxpayers here, and we’re trying to get the most bang for the buck.”

Jim Allen, executive director of the Amherst Industrial Development Agency, the region’s second-largest IDA after Erie County’s, said his agency hasn’t used a public relations firm in about a decade. “It’s nice to do it, but it isn’t really all that effective,” he said.

Over the past decade, the ECIDA has alternated between using staff members, freelancers and consultants to deal with media and marketing issues.

The agency retained Eric Mower Associates in January 2007. Over the next 22 years, the ECIDA paid Mower \$101,870, including \$50,809 in fees billed at \$190 an hour. The balance was paid to cover advertising and marketing materials.

The agency solicited qualifications from firms last April for a new contract. The same month, Travers Collins made a \$1,000 contribution to the campaign committee of County Executive Chris Collins, who controls the ECIDA through his appointment of board members.

William Collins, a principal in the firm, said that the timing was coincidental and that his firm contributes to many political campaigns. “It comes with the territory,” he said.

A review of Board of Elections records shows Travers Collins was the only one of the five firms that submitted their qualifications to contribute to the county executive during this period.

Payments to the firms are capped at \$2,500 a month — “good for us from a budget

perspective,” Cappellino said.

A Buffalo News examination of monthly bills obtained under the Freedom of Information Law shows Travers Collins billed for the maximum fee for each of the first seven months of the contract and is on pace to collect \$30,000 for the first year of its contract.

Some months, the firm’s billable hours exceeded the cap, meaning Travers Collins, in effect, provided some services free of charge.

“We think we give them good value,” Collins said.

A member of the Travers Collins staff typically attends monthly board meetings, writes news releases, deals with reporters and advises agency officials on how to handle media matters. It also advises on marketing issues, such as preparation of brochures and development of a newsletter.

A May 2009 News investigation found that the failed One Sunset restaurant on Delaware Avenue in Buffalo was launched with the help of \$110,000 in city loans and grants and was later kept afloat by a \$50,000 loan approved by the ECIDA in August 2008.

The restaurant was on the brink of financial ruin when the ECIDA loan was approved, a fact not disclosed by city officials who served on an agency advisory panel.

A subsequent audit released by City Comptroller Andrew SanFillipo in August 2009 found wholesale problems with the way the Buffalo Economic Renaissance Corp. dealt with the restaurant, which it provided with loans and grants.

The audit also found the ECIDA did little to scrutinize One Sunset’s application beyond running a personal credit check on restaurateur Leonard Stokes, despite a paper trail of public records that showed the restaurant had fallen behind in paying its sales tax receipts to the state and had been the target of lawsuits, liens and judgments.

Release of the comptroller’s audit promoted criticism of the ECIDA by Mayor Byron W. Brown.

“At the end of the day, the Erie County IDA had a responsibility to provide oversight and review of any loans that were being made, and I think there was some due diligence there that needed to kick in as well,” the mayor said.

The agency sprang into action the day The News reported Brown’s comment.

On the afternoon of Aug. 21, the same day Brown’s critical comments were reported in The News, Travers Collins issued a news release on behalf of the ECIDA that stated the loan application had been the subject of a “stringent review,” that the ECIDA’s handling of One Sunset “adhered to loan review guidelines” and that “due diligence is a way of life for us.”

Only when pressed in an interview with The News did Culliton concede that the agency's scrutiny was limited to a personal credit check and interview with Stokes. A subsequent audit by SanFillipo found that Stokes' credit score was so low that it should have disqualified him from obtaining a government loan for the restaurant.

Bills submitted by Travers Collins show it spent 14 to 17.5 hours dealing with One Sunset issues over the course of the month, much of that time presumably related to the audit and continuing media coverage. That work, coupled with other tasks, amounted to hours valued at \$3,525 for the month, of which the ECIDA was billed for its cap amount of \$2,500.

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## Comments

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