



Southern Tier West Regional Planning & Development Board
4039 Route 219, Suite 200, Salamanca, NY 14779

2008 Southern Tier West Region

Comprehensive Economic Development Strategy

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Introduction and Executive Summary

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Introduction and Executive Summary

Introduction

This document, known as the **2008 Comprehensive Economic Development Strategy (2008 CEDS)**, is the current economic development strategy for the Southern Tier West Region. This region includes Allegany, Cattaraugus and Chautauqua Counties of New York State. The Southern Tier West Regional Planning and Development Board (herein "Southern Tier West" or "Southern Tier West Board") annually prepares this Comprehensive Economic Development Strategy (CEDS) under a contract with a federal agency, the US Department of Commerce Economic Development Administration (EDA). This document also fulfills Southern Tier West's statutory obligation to prepare a regional comprehensive plan. The CEDS suggests goals, objectives, strategies and projects for regional economic development, and evaluates the region's success in recent years in implementing programs and projects to achieve the region's goals.

Southern Tier West prepares the CEDS document in conformity with EDA requirements concerning planning process and document format and content. In 2006, EDA promulgated new CEDS planning process, format, and content requirements, and beginning with the next CEDS to be published, the **2007 CEDS**, Southern Tier West revised its CEDS planning process and format and content in order to conform to these new requirements. As a consequence, in comparison with the **2006 CEDS**, the **2007 CEDS** and subsequent annual CEDS documents should be seen as entirely new planning documents, rather than as simple updates of the 2006 CEDS document. In fact, the **2006 CEDS** actually was comprised of three separate documents (the **2006 Regional Development Strategy**, the **2006 Comprehensive Project List**, and the **2006 Statistical Abstract**). The **2006 CEDS** was prepared under the prior (then effective) EDA CEDS planning process, format, and content guidelines, and it contained additional content that was not strictly required by the CEDS requirements, being not limited strictly to economic development (e.g., also including topics such as community development, quality of life, environment, rural government, etc.). The **2007 CEDS** was the first CEDS document that was limited strictly to economic development planning content. The **2008 CEDS** is an update of the **2007 CEDS**.

Relationship of the 2008 CEDS to Other Southern Tier West Planning Documents

Interested readers are directed to the Commission for the Future's economic development planning documents, the **Regional Economic Development Strategic Plan**, for a broad, policy-based perspective on a regional economic development strategy. Southern Tier West prepared this document for the Commission for the Future in 2000, updating it in 2001. The **2008 CEDS** incorporates much of the strategic thinking embedded in this document. This document is available as a free download from the Southern Tier West web site (www.southerntierwest.org).

Interested readers also are directed to the Southern Tier West Board's other three planning documents, the **Regional Development Strategy**, the **Comprehensive Project List**, and the **Statistical Abstract**, for a broader, more comprehensive planning outlook that is not strictly limited to economic development topics. The current (most recent) versions of these documents are available as free downloads from the Southern Tier West web site (www.southerntierwest.org).

- The **Regional Development Strategy** provides a comprehensive development strategy, including regional priorities and organizational data.
- The **Comprehensive Project List** contains a comprehensive listing of all projects proposed for the region. Southern Tier West obtained project information for this document from project sponsors, county planning and health departments, and other third party sources (e.g., NYS Environmental Facilities Corporation Drinking Water and Clean Water Intended Use Plans).
- The **Statistical Abstract** contains selected statistical data and maps for the region.

Relationship of the 2008 CEDS to the Planning Documents of Other Regional Organizations

EDA's CEDS guidelines require that Southern Tier West utilize the planning documents of other regional organizations in preparing the CEDS. Specifically, EDA requires that in Chapter 2 of the CEDS (i.e., Analysis of Economic Development Problems and Opportunities), Southern Tier West must:

- Provide an in-depth analysis of the economic development problems and opportunities that identifies strengths and weaknesses in the regional makeup of human and economic assets, and problems and opportunities posed by external and internal forces affecting the regional economy.
- Identify past, present, and projected future economic development investments in the region.
- Identify and analyze economic clusters within the region.

In satisfying these planning requirements, EDA requires that Southern Tier West incorporate relevant material from other government-sponsored or supported plans and demonstrate consistency with applicable State and local workforce investment strategies.

Executive Summary

As we move into 2008, the domestic economy – including the economy of rural southwestern New York – is on the edge of at least a mild recession, whose duration and severity are not known. Although Congress and the Federal Reserve have taken steps to mitigate or even avoid the recession, our region will doubtless show its cyclical sensitivity, with layoffs, higher unemployment, and perhaps business closures and even outmigration. Data on these impacts will be available over time, and a review of the economic implications will be provided in future editions of this document.

However, the rural Southern Tier West region has been economically distressed for decades. Data consistently indicate that the region is more economically distressed than either New York State or the nation. This situation has not improved in the last year. Unemployment continues to be well above State and national averages; incomes continue to be below State and national incomes; incomes fail to keep pace with inflation; and businesses and residents continue their migration out of the region. Global competitiveness continues to be a critical issue for the region's economy. The region faces significant ongoing challenges to both its economic health and its quality of life.

As regards its economic health, the region continues to experience a long-term transformation from a manufacturing-based economy into a service-based economy. We face the challenge of maintaining and growing the value-added sectors of our regional economy, be they manufacturing, service, or agricultural sectors, and working toward a net-regional-export-surplus position. As a region, we need to seize opportunities in clusters where our regional economy may enjoy competitive advantages, where there is potential for significant economic growth, and where the region is likely to be able to withstand global competition.

The region faces several immediate and long-term critical regional problems, including:

- The decline of the region's manufacturing sector, including the outsourcing of production and jobs both domestically and overseas,
- The lack of global competitiveness of certain significant portions of the region's manufacturing sector,
- The failure of the region's economy to create high-skill high-wage jobs in a diverse portfolio of industry classifications,
- The historically observed net outmigration of population, and especially the skilled and young population, and net population decline,
- More rapid aging of the region's population, straining the health system and fiscal capacity of local

governments.

- The apparent declining relative productivity of the region's work force, and the need to train the region's labor force in the skills of tomorrow,
- A widening gap in college completion over the last decade as compared with metro areas,
- A growing demand for a wider range of educational services for youth, displaced workers, older workers and immigrants,
- Increasing public assistance/income assistance burdens,
- The failure of the region's private and public sectors to adopt the technologies of the future,
- The failure of the region's private sector to embrace the global marketplace,
- Inadequate infrastructure (e.g., availability, capacity, and competitive rate structures), including water and wastewater systems, natural gas and electric service, broadband telecommunications, etc.,
- Inadequate transportation infrastructure, including mainline and shortline railroad, air transportation, public transit, and federal, State and local highways and bridges, and
- The unfavorable business climate in New York State, including tax climate, workman's compensation, and other business cost drivers.

Threats to the region's quality of life include:

- Unemployment rates that are higher than State and national rates,
- Deteriorating per capita personal incomes,
- Increasing municipal operating costs,
- Flat or declining municipal tax bases,
- The critical juncture in which the region finds itself as regards its health care system,
- The need for the replenishment of the region's housing stock,
- The need to continue to invest in the region's education system,
- The need to continue to follow sound environmental and conservation practices,
- The need for investment in the region's infrastructure, and
- Homeland security, man-made disaster, and natural disaster issues.

In the chapters that follow, this document provides a statistically based description of the region and its economic condition, an analysis of the economy of the region, and a statement of economic goals and objectives. It contains two lists of projects, a suggested projects list and a vital projects list, which both contain economic development projects that are planned for implementation over the next year to effect regional economic development goals. It contains a proposed implementation strategy, a proposed method for evaluating economic development and planning activities, and a review of lessons learned.

In response to the economic problems and threats that the region faces, and in cooperation with its constituent counties and municipalities, development organizations, service agencies, business community, and resident population, the Southern Tier West Regional Planning and Development Board has devised this Comprehensive Economic Development Strategy, which is intended to be a dynamic plan for regional economic recovery through the implementation of the strategic initiatives contained herein. Southern Tier West is pleased to play a leadership role in helping chart the region's future.

- June 2008

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Chapter 1: Background

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Chapter 1: Background

This chapter of the CEDS provides a background description of the region that paints a realistic picture of the current condition of the region. This chapter includes a discussion of the economy, population, geography, workforce development and use, transportation access, resources, environment, and other pertinent information.

This chapter provides an evaluation of the region through an analysis of selected statistical and other data. The analysis in this chapter is based upon certain 1990 Census Summary Tape File 3 data, certain 2000 Census Summary Tape File 1 and 3 data, and data from other sources, all of which is reproduced in tabular and graphic form in the companion Statistical Abstract document.

Succeeding chapters of this CEDS document are based on the analytical evaluation contained in this chapter.

1.1 Economy

General indicia of the state of the region's economy include employment trend analysis, relative unemployment rates and trends in unemployment rates, relative per capita income levels and trends in per capita income, trends in number of persons receiving public assistance and amount of public assistance expenditures, relative average wage rates in different industry sectors, and changes in industry sector income levels. This section examines these data sets, with the general conclusion that the region's economy is somewhat depressed when compared with the State as a whole and with the nation as a whole.

The analysis of **gross regional employment trends**, by County and for the region as a whole, is somewhat complicated by the changeover in 2001 from the use of the SIC classification system to the NAICS classification system for classifying industries. The consequence of this changeover by federal and state data sources is that data beginning in 2001 is not comparable with data in years prior to and including 2000. Accordingly, we must look separately at employment trends prior to 2001 and employment trends subsequent to 2001, to insure that we are using comparable data to make inferences.

Accordingly, the following table presents (SIC-based) gross employment data for 1980 and 2000, with the local maximum employment year (1997) highlighted:

	Number of Persons Employed		
	1980	1997	2000
Allegany County	19,300	20,900	21,300
Cattaraugus County	33,400	38,300	37,200
Chautauqua County	63,500	66,700	62,600
Southern Tier West Region	116,200	125,900	121,100

Overall, net employment at the regional level increased from 1980 to 2000. However, employment did reach a peak in 1997, and since 1997, Cattaraugus and Chautauqua Counties both have experienced decreases in employment.

Next, the following table presents (NAICS-based) gross employment data for selected years between 2001 and 2007:

Number of Persons Employed

	<u>2001</u>	<u>2003</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Allegany County	22,100	21,800	22,300	22,300	22,200
Cattaraugus County	39,300	39,800	40,200	39,700	39,200
Chautauqua County	64,300	63,000	64,100	64,100	63,700
Southern Tier West Region	125,700	124,600	126,600	126,100	125,100

There appears to have been a drop in employment between 2001 and 2003, then a rebound, to a peak in 2005, followed by an annual decline in employment in each of 2006 and 2007. This decline in employment since 2005 was experienced in all three counties, but the largest absolute loss was in Cattaraugus County, which lost 1,000 jobs between 2005 and 2007.

It must be noted that in both of these tables, and in the sector data tables below, employment data may not add to total employment indicated because of rounding error.

The Southern Tier West region's **unemployment rate** has been above both the State and national unemployment rates in almost every year since 1980. The three individual counties, the region, the State, and the federal government each reached a high annual unemployment rate for the 1990's in 1992, with the annual unemployment rates generally decreasing thereafter at all levels. The most recent annualized unemployment rates are as follows:

	<u>Unemployment Rate, 2004</u>	<u>Unemployment Rate, 2005</u>	<u>Unemployment Rate, 2006</u>	<u>Unemployment Rate, 2007</u>
Allegany County	6.3%	5.5%	5.3%	5.5%
Cattaraugus County	6.1%	5.4%	5.3%	5.1%
Chautauqua County	5.5%	4.9%	4.6%	4.5%
Southern Tier West Region	6.2%	5.5%	4.9%	4.9%
New York State	5.8%	5.0%	4.6%	4.5%
USA	5.5%	5.1%	4.6%	4.6%

Note: Southern Tier West data above is weighted average, weighted by population.

Historically, the region has lagged State and federal recoveries, and the region's continuing unemployment rates in excess of State and national rates in 2007 after three straight years of national economic recovery indicates continuing regional economic distress. Between 2005 and 2006, the region's unemployment rate continued to be 300 basis points above both the state and federal rate (6.5% higher). In 2007, this differential between the regional and federal rates remained constant, but owing to an improvement in the State economy, the differential between the regional and State rates increased by 100 basis points.

Allegany County also seems to be experiencing circumstances slightly different from the other two counties. Although the unemployment rate declined in all three counties in both 2005, and 2006, the unemployment rate in Allegany County actually increased in 2007, while in the other two counties it continued to decline. In 2007, Allegany County's unemployment rate was fully 900 basis points above the federal rate (19.6% higher than the federal level), suggesting significant relative economic distress and establishing the region's eligibility for EDA funding.

The data indicate a long-term decline in the **region's per capita income** relative to State per capita income.

**Southern Tier West Region Per Capita Income as a
Percentage of New York State Per Capita Income (real dollars)**

<u>1980</u>	<u>1985</u>	<u>1990</u>	<u>1995</u>	<u>2000</u>	<u>2005</u>
71.69%	66.66%	61.90%	62.95%	59.70%	61.96%

**Growth in Per Capita Income
(real dollars)
1980 – 2005**

Southern Tier West Region	43.6%
New York State	66.2%

This ongoing decline is a function of the State’s real per capita percentage income growth rate being almost double that of the region. This is even more telling because the region’s base income figure is 71.69% of the State’s base income figure. That is, the State’s real per capita income grew by \$8,539 over this period, while the region’s real per capita income grew by only \$4,035 over the same period. These data are consistent with the perception that the Southern Tier West Region did not share in the economic recovery of the late 1980's and 1990's, as did the rest of Western New York and New York State as a whole.

There is a significant disparity between the three Southern Tier West counties in terms of per capita incomes.

	Per Capita Income as a Percentage of New York State Per Capita Income, 2000	Per Capita Income as a Percentage of New York State Per Capita Income, 2005
Allegany County	54.90%	54.29%
Cattaraugus County	59.99%	65.95%
Chautauqua County	61.28%	61.34%

The data indicate that Cattaraugus County has made some great strides between 2000 and 2005. This phenomenon is difficult to explain, but it does coincide with the flatness of the number of manufacturing jobs in Cattaraugus County between 2001 and 2005, versus the decrease in manufacturing employment in both Allegany County and Chautauqua County over the same periods. Also, this provides some justification for continuing to focus economic development attention on the region’s manufacturing sector, and on other sectors that provide value-added net exports from the region. However, since the domestic macro-economy is shifting away from manufacturing and toward a knowledge-based value added service economy, perhaps the region should be especially attentive to encouraging high wage segments of the knowledge-based value added service sector.

The overall implication for economic development activity is that jobs must increasingly provide higher wage levels so that the region may keep its quality employees and maintain an acceptable quality of life for the region’s residents. To achieve this, the region must invest in the education and skill levels of its labor force, so as to make the labor force more productive. Further, the region’s businesses must improve the productivity of both their operating and marketing activities. Global competitiveness will require efficient, productive workplaces utilizing skilled employees for our regional economy to be sustainable, to grow, and to pay higher wages.

The data indicate that the Southern Tier West region is continuing to experience economic and social problems to a degree not shared by the rest of the State, including the Buffalo metro area. This is borne out in the data relating to **public assistance and income assistance**.

	<u>Number of Persons Receiving Income Assistance, 1974 – 2002</u>	<u>Dollars of Total Public Assistance Expenditures, 1974-2002</u>
Southern Tier West Region	30.14% decrease	82.81% increase
5 County Western New York Region	45.71% decrease	38.87% increase
New York State	54.20% decrease	10.32% increase

While the number of persons receiving public income assistance is decreasing in the Southern Tier West region, the 5 county region, and the State as a whole, this decrease is much faster in other parts of the state, and the difference in this rate of decrease has been increasing in recent years. That is, other regions in the State are growing faster than is the Southern Tier West region. Additionally, while total public income assistance expenditures are growing across the State, the rate of growth in the Southern Tier West is almost eight times the State rate, indicating an inability for the economy of the Southern Tier West to provide jobs for the region's population.

This situation also implies a public fiscal problem for the Southern Tier West region. The failure of the region's economy to recover to the point of reducing public and income assistance at the same rates as other regions of the State will continue to place stress on the region's at-capacity social service delivery system, create problems with the adequacy of the region's housing supply, burdens an overtaxed unemployment system, and continue to make the region economically uncompetitive with the rest of the State in terms of cost burdens. The cost burden ultimately is borne by the region's taxpayers, making the region less attractive as a place to live and operate businesses. The long-term effect, all other elements remaining equal, may be increased outmigration of productive individuals and firms from the region. Additionally, the availability of relatively accessible income assistance in the State could lead to increased in-migration of less productive individuals and firms. Philosophically and practically, there is an imperative to reduce public assistance costs by providing maximum opportunities for gainful employment and economic self-sufficiency for all individuals capable of such activity.

The health of the region's economy also can be evaluated in terms of the **average wage in various industry sectors**. Because data is now being reported using the NAICS classification system, as opposed to the SIC system historically used, data prior to 2000 are not comparable with data after 2000. Accordingly, the companion Statistical Abstract document table, "Average Wage Per Worker By Industry Sector" shows time series for 2000 through 2004. The companion table, "Average Wage Per Worker By NAICS Industry Sector" represents these nominal dollar wages in terms of percentages of State averages by sector for 2004, the most recent year for which data is available. In 2004, each of the three Southern Tier West region counties had average wages in most sectors that are lower than (and in many sectors, are considerably lower than) the average wage earned Statewide in those sectors. A rough measure of this is a straight average – counting each sector equally, irrespective of wage levels or numbers of workers in each segment at the County or State level, which shows that the average NAICS sector employee in Allegany County was paid a wage that was 47.0% of the State average in that sector (down from 56.2% of the State average in that sector in 2002), while the wage level was 55.6% and 48.3% in Cattaraugus and Chautauqua Counties, respectively, compared to 60.5% and 61.2%, respectively in 2002. Relative wages in industry sectors in the Southern Tier West region continue to become even smaller as a percentage of wage rates in the same sectors in other parts of the State.

The companion Statistical Abstract document table, "Historical Civilian Labor Force and Employment Data" for the Southern Tier West region shows that the five most important sectors of the region's economy in terms of employment in 2003 (in descending order) were Government; Manufacturing; Trade, Transportation and Utilities; Education and Health Services; and Agriculture. Data was not available for the government sector, and manufacturing sector employees in the region enjoyed a relatively favorable 92.5% of the State average wage in that sector, not accounting for relative manufacturing employment levels in the region, which should in fact skew the actual percentage

somewhat higher. It is difficult to prepare a statistical comparison of relative average wage levels in the trade, transportation and utilities sector, but a straight average, again not accounting for employment level differences in either the sub-sectors or in the counties, was 70.1% of the State average wage in that sector. The average worker in the region’s education and health services sectors earned 58% of the average wage earned by workers across the State in those sectors – again not accounting for employment level differences in either the sub-sectors or in the counties – but here a closer examination of the data indicates that the average worker in the region’s education sector earned 50.7% of the average wage earned by workers across the State in the education sector. Finally, in agriculture, the average worker in the region’s agriculture sector earned 70.5% of the average wage earned by workers across the State in the agriculture sector.

In summary, the Southern Tier West region's per capita incomes and average wages both are below State averages. See the companion Statistical Abstract document for information on average wage earnings by workers, per capita income data, and employment data, for each of the three counties and New York State.

The region has experienced significant **changes in sectoral personal income** as a consequence of the restructuring of the regional economy away from a manufacturing-job-centered economy. The region’s manufacturing sector has experienced a significant decrease in the percentage share of total personal income between 1970 and 1999, both in the region, but especially state-wide, as follows:

	Percentage Change in Total Manufacturing Sector Personal Income	
	<u>1970 – 1998</u>	<u>1970 - 1999</u>
Allegany County	(20.5%)	(22.8%)
Cattaraugus County	(27.5%)	(27.2%)
Chautauqua County	(25.3%)	(25.2%)
New York State	(53.0%)	(55.6%)

In terms of personal income, the manufacturing sector has decreased much more significantly in terms of its relative importance in overall personal income than the manufacturing sector in the Southern Tier West region. Further, in 1999, the last year for which data has been available, the manufacturing sector in Cattaraugus and Chautauqua Counties actually seems to have experienced a minimal growth in terms of this statistic. This contrasts with recent year-to-year data for the Southern Tier West region, where each county’s experience has been that of Allegany County’s. It also is important to note that at the State level, the more dramatic decrease in manufacturing income as a percentage of total income also may be attributed in part to a simultaneous increase in income in other sectors (e.g., the higher-wage-firm metropolitan finance sector), a phenomenon not present in the Southern Tier West region. Thus, the decline in manufacturing income in the Southern Tier West region can be said to be exclusively a function of a decline in manufacturing sector employment.

1.2 Population

The region’s population provides useful and interesting baseline data regarding the region’s economy. This section examines trends in population size, migration versus natural changes in population, age of the population and trends in the dependent population, diversity of racial composition, and educational attainment.

The following data summarize the decrease in the region’s population between 1980 and 2000:

	<u>1980</u> <u>Population</u>	<u>1990</u> <u>Population</u>	<u>2000</u> <u>Population</u>	<u>1980 - 2000</u> <u>Summary</u>
Allegany County	51,742	50,470	49,927	3.51% decrease
Cattaraugus County	85,697	84,234	84,234	2.03% decrease
Chautauqua County	146,925	141,895	141,895	4.88% decrease
Southern Tier West Region	284,364	276,599	273,632	3.77% decrease
New York State	17,558,072	17,990,455	17, 558,185	0.00% change

Over this period, the Southern Tier West region's population decreased, while New York State's population has increased and then decreased back to its 1980 level. The companion Statistical Abstract document contains historic population tables prepared for each of the region's three counties, prepared at the Minor Civil Division level. The following data summarizes the net population changes for the region's primary population centers between 1990 and 2000.

	<u>1990</u> <u>Population</u>	<u>2000</u> <u>Population</u>	<u>Net</u> <u>Change</u>	<u>Percentage</u> <u>Change</u>
City of Jamestown	34,681	31,730	(2,951)	(8.5%)
City of Olean	16,946	15,347	(1,599)	(9.4%)
City of Salamanca	6,566	6,097	(469)	(7.1%)
City of Dunkirk/Village of Fredonia	24,425	23,837	(588)	(2.41%)
Town and Village of Wellsville	8,115	7,678	(438)	(5.4%)

The data indicate that the region's population centers have lost population while the other more rural areas of the region have gained population. At the regional level, however, the historical long-term trend has been a decline in population. Should this trend continue, the negative consequences to the region would include negative impact on the region's economy, labor force, and tax base; threats to the stability and vitality of the region's communities; and loss of congressional representation.

Net Migration Rate
1980 - 1997

Allegany County	-6.79%
Cattaraugus County	-7.77%
Chautauqua County	-9.18%
Southern Tier West Region	-8.32%
New York State	-6.46%

The net migration statistic indicates the component of population change over a period that cannot be explained by the net of births less deaths. The Southern Tier West region is experiencing almost a 29% higher net outmigration in the region rate than the State as a whole (including the Southern Tier West region) is. The popular expectation of continued net outmigration is a consequence of expectations of the continuing stagnation of the Western New York economy. Continued loss of manufacturing jobs in the region will lead to outmigration of the region's skilled laborers. Further, white collar/professional workers and college graduates also are leaving the region to seek employment. The data shows that a high percentage of the outmigration from the Southern Tier West region has been made up of the young working-age (15-29) population. This group is comprised of the most likely candidates in the region for

leadership, managerial, and administrative roles in the future.

Southern Tier West is including in its companion Statistical Abstract document population projections for the region prepared by New York Statistical Information System, CISER, at Cornell University. The planning horizon for these projections is 2000 to 2030, and indicates a flat regional population over this period. However, there is some aging of the population as late baby boomer generations age, and as overall longevity increases.

The productivity of the region's labor force is in part a function of the age of the labor force, which is directly related to the **age of the region's population**. The region's population appears not only to be aging, but aging at a faster rate than the State as a whole. Further, the region's median age is higher than that of the State as a whole.

	Median Age of Population (in "years of age")		
	<u>1980</u>	<u>1990</u>	<u>2000</u>
Southern Tier West Region	30.3	33.4	37.2
New York State	33.4	33.8	36.9

The region finds itself in the position of supporting a (percentage-wise) larger dependent population than does the State as a whole. The dependent population may be defined to include all people from 0 to 17 years of age and all people 65 years of age and older. This definition may not be entirely accurate, since many persons aged 65 and older are independent, and since it fails to account for dependent (i.e., non-independent) handicapped and disabled individuals and other miscellaneous dependents. However, it perhaps is the best approximation available for an otherwise unobtainable data set.

	Dependent Population (as a % of Total Population)
	<u>2000</u>
Southern Tier West Region	40.21%
New York State	37.62%

The region's population also is changing in terms of its age, in ways that are not encouraging for the region's economy.

	Population in Selected Age Groups as a Percentage of Total Population, Southern Tier West Region	
	<u>1960</u>	<u>2000</u>
Population aged 0 to 17 years	35.04%	24.99%
Population aged 65 and older	<u>11.99%</u>	<u>15.22%</u>
Total Dependent Population	47.03%	40.21%

On one hand, overall dependency rates have declined in the region since 1960. However, the lack of "replenishment" of the productive segment of the region's population (i.e., the results of the downward trend in the segment from 0 to 17 years of age), and the overall graying (aging) of the region's population, may make for a smaller labor force in the future.

The increased incidence of single parent families and the graying of the population indicate a need for more child and elder day care services in the region.

As mentioned above, has included in its companion Statistical Abstract document population projections by age cohort for the region prepared by New York Statistical Information System, CISER, at Cornell University. The planning horizon for these projections is 2000 to 2030, and indicates some aging of the population as late baby boomer generations age, and as overall longevity increases.

The racial composition of the region's population also is changing. The US Census has changed definitions and classification rules for racial classification. Accordingly, 2000 Census racial population data are not comparable to data from prior Censuses. Further, the 2000 Census data relating to the racial composition of the region's population is difficult to interpret.

However, two trends are apparent. First, the region's minority population appears to continue to be a relatively small portion of the region's population. Fully 94.76% of the region's population in 2000 classify themselves as "white people of one race." Second, it also appears that the minority population of the region, and of each county in the region, expressed as a percentage of the total population, has been growing since 1970.

The following data summarizes the percentage data in the 2000 Census for the largest population groups for those persons declaring themselves to be of one single race, as a percentage of the entire regional population:

	<u>Racial Segments of the Region's Population</u>
White	94.76%
Black	1.57%
American Indian	1.07%
Asian (total)	0.46%

However, the 2000 Census data also seem inconsistent in some respects. For example, a seemingly much higher percentage of persons consider themselves to be of more than one race than would be consistent with the above data. Also, the 2000 Census does not report Hispanic population under the above category, so the percentage of Hispanic population in the region cannot be determined. Many Hispanics report themselves to be of more than one race, and are not identified in the above data table.

The productivity of the region's labor force is in part a function of the educational attainment of the labor force, which is directly related to the educational attainment of the region's population. Census data indicate that the educational attainment level of the region, as well of the State, has risen from 1970 to 2000.

	Percentage of Population that are either High School Graduates or have 1 to 4 Years of College or More			
	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>
Southern Tier West Region	53.6%	65.9%	74.8%	81.5%
New York State	52.7%	66.3%	68.5%	79.1%

This increase in educational attainment is a positive development, as a highly educated high-skilled workforce is essential over the long run for our region's economy to stay competitive. Further, the region's business community has indicated over time, and continues to indicate to this day, that despite the strides in educational attainment indicated in the data above, it continues to require an even more highly educated, more highly skilled labor force than currently exists in the region. Accordingly, education and labor force training remain choices for primary economic development activity.

The data above also indicated that the region's annual rate of increase in educational attainment in the 1980's was 13.5%, while the State as a whole lagged at 3.3%. However, in the 1990's, the State's overall rate of increase in educational attainment was 15.5%, while the region lagged at 9.0%. This may indicate that the region has not continued to maintain the same focus on educational attainment, as have other parts of the State. If this is true, this is a challenge to our educational and training community, as well as to the region's families. Continued focus on education and training will be essential to a globally competitive knowledge-based regional economy.

1.3 Geography

The Southern Tier West region is located in the southwestern corner of New York State, and is comprised of three counties: Chautauqua, Cattaraugus, and Allegany. The region is essentially rural with small urban areas. To the south and west, the Commonwealth of Pennsylvania provides a common and continuous border for the region. Lake Erie, metropolitan Erie County, and rural Wyoming and Livingston Counties border to the north. To the east, rural Steuben County borders Allegany County.

Allegany County is the eastern-most county in the region. The total land area of the county is approximately 1,047 square miles. It is the least industrialized of the three counties. Cattaraugus County is in the geographic center of the region, and in the middle in terms of the degree of infrastructure and industrial development. The total land area of the county is approximately 1,340 square miles. Chautauqua County is the western-most county in the region. The total land area of the county is 1,080 square miles.

Chautauqua County is the most urbanized and developed of the three counties in the region. Two of the region's four urban centers are located in Chautauqua County: the cities of Jamestown and Dunkirk. Jamestown, located in the southern portion of Chautauqua County, is the region's largest urban and industrial center. The home of two community colleges, it is the region's most populated municipality, and, along with its surrounding towns and villages, it has been designated as a primary development area. The City of Dunkirk and the Village of Fredonia together have been designated as a secondary development area. They are located in the northern portion of Chautauqua County, and together have an industrial base, commercial centers, a community college, a State University campus, and a waterfront area.

There are two additional small cities located in the southern part of Cattaraugus County: Olean and Salamanca. Olean is the larger, more industrialized, and more urbanized of the two. Olean is the home of the County's largest industrial employers. Olean also is the County's retail commercial trade center, and the Olean area is the home of three post secondary educational institutions. Olean and Salamanca each have been designated as secondary development areas.

Allegany County is the least developed county of the region, and is comprised of rural villages and townships. The Village of Wellsville is the most urbanized and industrialized municipality in Allegany County, and has been designated as a secondary development area. Allegany County is home to four post secondary education institutions.

The Southern Tier West region is home to three territories (also known as "reservations") of the Seneca Nation of Indians. The Seneca Nation of Indians exercises direct control of more than 60 square miles of reservation land in the region. Development activities on Seneca lands are permitted by agreements between the developer and the Seneca Nation. The Allegany Reservation is entirely within Cattaraugus County. Most of the City of Salamanca is located within the Allegany Reservation. The Cattaraugus Reservation is located along the borders of Cattaraugus, Erie and Chautauqua Counties. The Oil Spring Reservation includes lands in both Cattaraugus and Allegany Counties. In 2004, the Seneca Nation took possession of the Oil Spring Reservation lands from leaseholders.

Three geological features distinguish the region: the Lake Erie Plain, the Escarpment Slope and the

Appalachian Plateau. The Lake Erie Plain, a coastal lowland, forms the northwestern boundary of Chautauqua County, and occupies a strip of land varying from 4 to 9 miles in width. In some areas, there are cliffs of 80 feet or more separating the plain from Lake Erie. The Lake Erie Plain has a mean elevation of 573 feet at the shore of Lake Erie. Adjacent to the Lake Erie Plain lies the Escarpment Slope. The escarpment begins at an elevation of approximately 800 feet and rapidly rises to an elevation of approximately 1000 feet. The Escarpment Slope parallels the Lake Erie Plain and is approximately 1 to 2 1/2 miles in width. The Appalachian Plateau covers the remainder of the region. Elevations range from approximately 1000 feet above mean sea level to over 2500 feet.

Three major valleys exist in Chautauqua County: the Chautauqua Lake Valley, Cassadaga Valley and the Conewango Valley.

In Cattaraugus County, the plateau contains numerous valleys and streams. The Allegany River Valley in the southern portion of the county flows in a crescent pattern from Portville to the head waters of Kinzua Reservoir where it enters Pennsylvania (where it is known as the Allegheny River). Ischua Creek flows into the Allegany at Olean and drains a section of eastern Cattaraugus County. Cattaraugus Creek is the northern boundary of the County and flows through the steep-banked Zoar Valley.

Allegany County is bisected by the Genesee River, which flows north from Pennsylvania and creates a large central valley. Streams running east and west of the river have eroded the plateau and created a ridge and valley topography common to most of the County.

Four major watersheds drain the region: Lake Erie, the Allegany River, the Genesee and the Tioga River Basins. The Lake Erie Basin drains the north and western part of the region, while the Allegany drains most of central and southern Chautauqua and Cattaraugus Counties and a portion of southwest Allegany County. The Genesee River drains central Allegany County and a small portion of northeastern Cattaraugus County. The Tioga River drains a portion of eastern Allegany County.

The region consists primarily of rural, undeveloped land. Over half of the region is covered by forests and woodlands, with less than 28% remaining in active agriculture and with a little more than 7% in urbanized areas, rights of way, and rural residential uses. The remaining land is outdoor recreation (3%), fallow lands (5%), and water wetlands (3%). Data separating the urbanized/developed land into component parts of residential, commercial, industrial use and public services land usage is not available.

Most of the region's land use data dates back to the late sixties and seventies, when many of the region's land use plans were developed. There have not been major significant changes in these land use patterns since the development of this information. Minor changes include a decrease in active agricultural land acreage, an increase in maturing forestland acreage, and an increase in the number of recreational lots. There also has been an increase in development around the recreational centers of Ellicottville, and Chautauqua Lake, and on the perimeters of the established urban areas. Residential development is spilling out of the region's cities and villages into the more rural areas of the region, along highway routes. As a consequence, population densities within the region's cities and villages generally are decreasing, while population densities in the more rural townships generally are increasing.

As regards public control of land, New York State owns a significant amount of land in the region. The Allegany Region of the New York State Office of Parks and Recreation and Historical Preservation controls 65,515 acres of state parks in the region (including the 64,800-acre Allegany State Park). The New York State Department of Environmental Conservation manages approximately 94,501 acres of state forests and 8,800 acres of wildlife management areas. The state also owns a 3,300-acre nuclear fuel reprocessing facility in Cattaraugus County.

Allegany, Cattaraugus and Chautauqua Counties each own various tracts of forest and open lands. The combined total of these holdings is approximately 6,300 acres.

Lake Erie borders the northwest portion of the region, and Kinzua Reservoir and the Chautauqua, Cassadaga, Cuba, Findley, Lime and Rushford Lakes are the significant lakes in the region. Several notable wetlands exist in the region. These are located in the towns of Poland, Kiantone, Harmony, Ellicott, Cherry Creek, Busti, Mina, Mayville, Stockton, and Villenova in Chautauqua County. In Cattaraugus County, notable wetlands exist in the towns of Dayton, Leon, Conewango, Randolph, Otto, East Otto, Ellicottville, Machias, Farmersville, and along various sections of the Allegheny River and its tributaries. In Allegany County, wetlands exist in the towns of Birdsall, Grove, New Hudson and Andover as well as along sections of the Genesee River. Other smaller wetland areas exist throughout the region.

The region's forest cover and waterway system historically had led to the development of the primary (growing and harvesting) forest products industry in the region. In the early and mid-1900's, a secondary forest products industry, involved in dimensioning, furniture manufacture, cabinetmaking, etc. was a strong portion for the regional economy. A rail system was developed in the region, both to serve long haul freight and passenger travel between Chicago and New York, and to serve this blossoming forest products industry.

As a consequence of the existence in the region of particular soil types, topography, certain localized climates, and the regional climate, certain lands in the region have been designated as prime or unique farmland. The three county legislatures each have designated certain specific lands of this type as Agricultural Districts. However, these districts by no means comprise the majority of exceptional farmlands. There are 12 districts in Chautauqua County, 9 districts in Cattaraugus County, and 4 districts in Allegany County.

Agricultural Districts are designated primarily to protect the farmer and to insure that prime farmland is preserved for agricultural pursuits. Designation as an agricultural district keeps property assessments and taxes low; controls and hence relieves pressures from urban/suburban areas for expansion; keeps government from exercising eminent domain; restricts certain kinds of development; and keeps nuisance laws in check (e.g., crop spraying is not prohibited in Agricultural Districts).

The region experiences a temperate northeastern **climate**, with a short 5-6 month growing season and frequent harsh winters. Often, the region (especially the western portion of the region) is buffeted by precipitation and winds generated by Lake Erie. This has impacted the region's economy in both positive and negative ways.

The region's agricultural sector is constrained by the short 5-6 month growing season. However, while certain agricultural crops are not appropriate to the region's climate, others, such as grapes, dairy, maple syrup, etc. have flourished in the region's climate. The region has been rather successful in developing a value-added regional-export secondary food processing industry cluster that takes advantage of the region's primary agricultural production.

The climate also has provided an ideal environment for the development of certain species of hardwoods, resulting in the development of a strong primary (growing and harvesting) forest products industry. However, in recent decades, the region has been relatively unsuccessful in developing and retaining the value-added regional-export secondary forest product industry cluster.

The region's tourism sector also has been molded by the region's climate. The region's attractive yet short summers provide for numerous outdoor recreational tourism activities, and the region has developed a winter-based recreational tourism industry (skiing, snowmobiling, hunting, etc.) that is very healthy.

1.4 Workforce Development and Use

This section discusses several issues relating to workforce development and the use of the workforce in the region, including labor force size, participation rates, changes in industrial employment sector, skill set characteristics of the unemployed, and the regional training network.

The region has experienced **fluctuations in the size of the regional labor force**. In 2000, the NYS Department of Labor indicated that the region's civilian labor force was 128,200 and the US DOC Bureau of the Census indicated that the region's population was 273,632, for a labor force participation rate of 46.9%. Intercensal population estimates are not available to extrapolate labor force participation rates since 2000, although the civilian labor force had grown as large as 133,900 by 2004. However, by 2006, the last year for which data was available, the labor force had shrunk to 132,700 persons.

The region's labor force declined from a peak of 126,900 persons in 1980 to a low of 118,200 in 1987. Then the region's labor force began a general pattern of increasing, excepting a general period of fluctuation between 1992 and 1995, peaking in 1997 at 134,200 persons. Note that the region's labor force in 1997 was larger than at any other time during the period beginning in 1980. Cattaraugus and Chautauqua Counties also experienced their largest labor force in 1997, as compared to any other year beginning in 1980. However, Allegany County's labor force peaked in 1996 and actually declined in 1997 (with a corresponding increase in the County's unemployment rate in 1997).

Data are less complete and/or accurate for the agricultural sector, various professions, and small retail and service establishments where owner/proprietors perform much of the labor, than for other sectors. Of all of these types of businesses, the highest quality data is available in the agricultural sector, where employment in the region is significant.

Data describing the **region's long-term unemployed population** are not available. Those citizens who are not part of the labor force could be considered the long-term unemployed, although such an assumption would include the child-age, elderly, or incapacitated residents as part of the labor force. Regardless, under such a formulation, in 1980, the region's long-term unemployed population stood at 157,464 persons, while the analogous figure for 1990 was 148,099. (Data for 2000 are not yet available at the time of publication.) Defined as such, this decrease in the number of long-term unemployed is a positive sign.

Similarly, **data on the extent of under-employment in the region** are not available. One might expect that in an economy such as that of the Southern Tier West region, in which there had been significant restructuring away from high-skilled, high-pay industrial jobs, there would be a relatively high amount of under-employment (i.e., people in jobs that do not take maximum advantage of their skills and experience). Further, the region has a large unskilled or semi-skilled service sector, and because of the region's relatively high unemployment rate, one might expect that there would be a number of persons under-employed in these job categories.

Accurate data regarding the **individual characteristics of the region's unemployed population** also are unavailable. However, there is some indication that the unemployed population may have skills relating primarily to the trades and traditional blue-collar occupations.

Accordingly, given the region's informal understanding about the region's unemployed and under-employed population, without significant effort directed toward training, it may be relatively more difficult to promote economic development in industries requiring skilled labor. Industries requiring such technical skills and job experience include "back office" enterprises (e.g., financial and insurance) and technical (e.g., engineering, computing/software, internet, and ceramics/materials technologies) industries.

There is a **training network for the development and implementation of vocational training projects** in each county of the region. These networks work effectively with the private sector (labor and management) in the region to provide and broker training services. The individual training entities identify company needs, prepare specific training proposals for companies, provide the actual training to employees, provide training and placement to unemployed individuals, identify and implement secondary school vocational training programs, and network training activities with other entities. As used herein, "training" includes basic skills, vocational, skills upgrade, and workplace literacy training. This network

works actively with the Workforce Investment Boards operating in the three counties.

The **region's economy had experienced a dramatic restructuring** between 1980 and 2000. Since 1980, there have been dramatic decreases in employment in the agricultural and manufacturing sectors of the region's economy. Again, however, the region's agricultural sector reached an employment peak in 1997, and has lost more than 50% of its employment since 1997. On the other hand, although the region's manufacturing sector lost significant employment between 1980 and 2000 (24% of the employment in that sector was lost over these two decades), the loss occurred before 1997. There also have been smaller decreases in employment in the region's finance, insurance and real estate and mining sectors.

	Net Job Gain/Loss by Sector, Southern Tier West Region	
	<u>1980 – 2000</u>	<u>1997 – 2000</u>
Agricultural	9,000 decrease	10,800 decrease
Manufacturing	7,200 decrease	0 change
Construction	400 increase	300 decrease
Transportation and Utilities	100 increase	100 decrease
Trade	4,500 increase	600 decrease
Finance, Insurance and Real Estate	600 decrease	100 increase
Services	12,700 increase	2,800 increase
Mining	200 decrease	100 increase
Government	2,400 increase	3,300 increase
Net Jobs Gained/Lost	4,900 increase *	4,800 decrease *

* Data do not sum to total due to rounding errors in primary data.

Employment in the services, wholesale and retail trade, and government sectors increased dramatically over this period (but note the significant decrease in trade employment since 1997), with less significant changes in employment in the construction and transportation and utilities sectors.

Using the newer NAICS code data, we can track changes in employment by the new sector classifications between 2001 and 2006. It is useful to note that the new NAICS classification can be read as implying a focus on business sectors that are beginning to become more important at the national or macroeconomic level, that is, the “Professional and Business Services” category and the “Education and Health Services” category. This NAICS category change reflects the transformation of our economy from a manufacturing-based economy to a services-based economy, and allows us to examine in more detail the changes within specific categories of service business categories.

Although the five-year time frame is not long enough to pick up long-term trends, this data does reinforce certain understandings regarding ongoing economic changes. First, agricultural employment has increased by 2,800 persons over this period, representing a 17.7% increase in employment in this sector since 2001. Second, manufacturing employment has decreased by 3,100 persons over this period, representing a 14.5% decrease in employment in this sector since 2001. Third, education and health services employment has increased by 1,000 person over this period, representing a 5.9% increase in employment in this sector, and government employment has increased by 800 persons over this period, representing a 3.2% increase in employment in this sector since 2001.

These changes are consistent with the overall trend in employment in the region, which in sum may be thought of as a long-term shift from a manufacturing-based economy with a strong agricultural

**Net Job Gain/Loss by Sector,
Southern Tier West Region**

	2001 – 2005
Agricultural	2,800 increase
Manufacturing	3,100 decrease
Natural Resources, Mining, and Construction	200 increase
Trade, Transportation, and Utilities	500 decrease
Financial Activities	100 increase
Professional and Business Services	100 decrease
Education and Health Services	1,000 increase
Government	800 increase
Net Jobs Gained/Lost	600 increase *

* Data do not sum to total due to rounding errors in primary data.

component to a services-and-trade-based economy. Certain service jobs (especially non-value-added and non-regional-export service jobs) often have lower wages and benefits (in some cases translating to part time jobs) than the lost manufacturing jobs. Additionally, some of the region's larger manufacturing firms have begun to use temporary or part time workers (similar to retail and commercial trade employers), who may be paid lower wages and benefits. Thus, the data overstate the impact of the gains in service sector employment and understate the impact of the losses in manufacturing sector employment. This restructuring thus represents both a net social loss and an economic loss to the region. As incomes erode, the standard of living erodes. As compared to New York State as a whole, this erosion is indicative of the region's weaker economy. As education and health services and government employment become more important components of the regional economy, these typically higher-skill, higher-wage, higher-benefit jobs will offset some of this loss from manufacturing. However, for there to be new wealth creation in our regional economy, these sectoral growths need to be regional exports, not just re-circulation of existing wealth within the region.

A brief description of the **sectoral employment situation within each of the three counties** follows.

In **Allegany County**, the labor force, number of employed, and number of unemployed has remained fairly flat between 2001 and 2006. However, the unemployment rate increased from a low of 4.8% to a high of 6.4% and 6.3% in 2003 and 2004, respectively, before falling to 5.5% in 2005 and 5.1% in 2006. This improvement in the last two years' data is representative of the improving national economy during this period, but the prior year unemployment peaks are representative of the restructuring of the County's economy.

Between 2001 and 2006, the County's manufacturing sector has a loss of 300 jobs, or 11.1% of that sector's employment. Employment in all other sectors of the County appears relatively flat, or marginally positive, including education and health services and agriculture.

As of 2006, the four largest employment sectors in Allegany County are agriculture (5,300 persons), government (4,800 persons), education and health services (4,600), and manufacturing (2,400 persons). The County appears to be losing manufacturing employment, while there is some growth in education and health services and agricultural employment.

Cattaraugus County has experienced slightly more growth than has Allegany County, but in some ways the story is much the same. Between 2001 and 2006, the County's labor force had increased by 1,200 persons, a 2.9% increase, although the labor force decreased in size by 500 between 2005 and 21006, leaving a net 700 person increase between 2001 and 2006, a .17% increase. During that period, employment had increased by 700 persons, while unemployment had remained flat (though showing

variability over that period). These are relatively flat numbers. However, much the same as Allegany County, the unemployment rate peaked in 2003 and 2004 (5.9% and 6.1% respectively), before falling back to 5.4% in 2005 and 5.0% in 2006.

Cattaraugus County also has experienced sectoral employment trends that are similar to those experienced by Allegany County between 2001 and 2006. During this period, manufacturing employment fell by 1,200 persons (a 21.1% decrease), while agricultural employment grew by 1,100 persons and government employment grew by 1,400 persons (a 22.5% increase and a 15.6% increase respectively). Education and health care employment grew by a more modest 300 persons (a 5.7% increase). Smaller employment sectors experiencing small changes in growth, no change, or decline (yet large percentage changes, because of their small size), are the natural resources, mining and construction (a 200 person, or 25.0% increase in employment), the financial activities (no change in employment), and the professional and business services (a 300 person, or 17.7% decrease in employment) sectors.

As of 2006, the five largest employment sectors in Cattaraugus County are government (10,400 persons), agriculture (6,000 persons), trade, transportation and utilities (5,700 persons), educational and health services (5,600 persons), and manufacturing (4,500 persons). No other sector employs more than 1,400 persons.

Chautauqua County also mirrors Allegany County in several ways. In Chautauqua County, the labor force, number of employed, and number of unemployed has remained fairly flat between 2001 and 2006. However, also similar to Allegany County, the unemployment rate increased from a low of 4.86 to highs of 5.6%, 5.8%, and 5.5% in 2002, 2003, and 2004, respectively, before falling to 4.9% in 2005 and 4.5% in 2006.

In terms of sectoral analysis, again, Chautauqua is somewhat similar to the other two counties between 2001 and 2006. Chautauqua's agricultural sector has experienced a gain of 1,500 jobs, or a 25.9% increase in that sector's employment. Meanwhile, manufacturing employment decreased by 1,600 person, or 12.3% of that sector's employment. However, there have been some interesting qualitative differences between Chautauqua and the other two counties. While the financial activities sector employment has increased by 7.7%, employment in this sector is so small that this represents only 100 additional jobs. Similarly, professional and business services employment has increased by 200 persons and educational and health services employment has increased by 300 persons, which represent 6.7% and 4.1% gains respectively. Employment in the natural resources, mining and construction sector and the trade, transportation, and utilities sector has been flat over this period. The most interesting divergence is that of the government sector, which experienced a decrease of 700 persons employed, or 6.0% of sectoral employment. This perhaps can be attributed to cutbacks of employment, primarily at the County level.

The major employment sectors in Chautauqua County in 2005 were the manufacturing sector (11,400 persons), government sector (10,900 persons), trade, transportation and utilities sector (10,000 persons), education and health services (7,700 persons), and agriculture (7,300 persons). Taking the long-term view, we again see a restructuring in Chautauqua County away from manufacturing and toward services, trade, and agriculture.

Returning to a regional perspective, data is not available for seasonal employment by SIC code or type of industry. The NYS DOL has advised that data for employment relating to seasonal industries (e.g., winter recreation and tourism-based industries) are contained within data fields for other employment sectors (e.g., the service sector). Thus, because seasonal employment data is not available and the seasonal industries are not broken out individually, little analysis can be done in this area. It can be said, however, that there is a relatively large employment base relating to seasonal agriculture (farming and processing operations) and recreation/tourism (where activity in both summer and winter seasons is an important contributor to regional employment).

The implication for economic development activity is that the region must develop net export activity in its value-added private sector, whether it is manufacturing or service activity. To accomplish this, and be successful in a global economy while paying wage rates competitive with other areas of the state and nation, the region must develop areas where it holds or can hold a competitive advantage. The region must capitalize on its natural resources, mix of private enterprise, skills of its labor force, and locational advantage. (These areas of competitive advantage are detailed in Chapter 2, Section B.1.) Further, the private sector must be encouraged and provided incentives to increase its productivity to compete in global markets. The skills and the educational background of the region's labor force must be upgraded to enable the region's employers to compete in those same markets.

1.5 Transportation Access

A region's transportation infrastructure can either support or constrain a region's economic performance and economic development. This is particularly true of a region such as southwestern New York State, for two reasons. First, the region is spread over a large geographic area, making travel an issue for the workforce and for businesses accessing customers and suppliers. Second, the region is rural, and is located at significant distances from metropolitan markets and global transportation access points (ports, international airports, etc.). The following narrative reviews the impact of the region's transportation infrastructure on its economic performance, economic development, and quality of life. This section discusses the following types of regional transportation infrastructure: highways and bridges, railroad, and air transportation infrastructure.

As a rural region, adequate transportation access, both within our region and with respect to locations outside our region, is critical to our region's economy and quality of life. Cost effective transportation infrastructure connecting our rural region to domestic and global markets is essential for encouraging private sector investment and commerce in the region, and ultimately, for maintaining and growing a competitive regional economy. Accordingly, Southern Tier West advocates a transportation-infrastructure-based approach to regional economic development as a central tenet of its regional economic development strategy. The result will be the retention, new location, and growth of companies that are sensitive to efficient and effective transportation capacity.

Southern Tier West is undertaking one initiative with respect to transportation infrastructure that could hold potential for additional economic development within the region, the development of a multimodal freight transfer facility / manufacturing center, and has discussed evaluating another potential initiative, the development or upgrading of port facilities / marinas on the Lake Erie shoreline. The former initiative would enable the region to capture the potential of the proximity of various modes of transportation infrastructure (highway, rail, air and potentially water) within the region, a potential which is greater due to the region's geographic location and infrastructure connectivity with respect to Canada, eastern ports, the mid-western cities, and the Great Lakes. The latter initiative similarly would enable the region to capture the potential of the extensive Lake Erie shoreline, coupled with nearby highway, rail, and air transportation, a potential which again is greater due to the region's geographic location and infrastructure connectivity with respect to Canada, eastern ports, the mid-western cities, and the balance of the Great Lakes / St. Lawrence Seaway.

In the spring of 2006, New York State Department of Transportation offered Southern Tier West a role in rural transportation planning for the region, which should begin in 2007. The function of this new role is to prepare a strategic transportation plan for the region. Inasmuch as the region is the only area of the state without a metropolitan planning organization (MPO), which are urban-based transportation planning organizations, the region has been without such planning capacity. Accordingly, this new relationship could elevate transportation planning for the region to a more effective, higher impact status.

Highway Transportation System

Interstate I86 (also known as US Route 86, and formerly New York State Route 17) is the primary east-

west highway traversing the entire region. NY Routes 60, 16, and 19 and US Routes 219 and 62 are the primary north-south highways in the region. The interstate I90 (also known as US Route 90) is a primary highway that can be thought of as being both east-west and north-south, but it transverses only the western and northern edge of Chautauqua County. Similarly, US Route 20 and NY Route 5 traverse the northern part of Chautauqua County and can be thought of as being both principal east-west and north-south arterials. NY Routes 394 and 417 also are principal east-west arterials. Both I86 and I90 are four-lane limited access highways; the others mentioned here are two-lane highways.

The region's highest highway system priority is the completion of US Route 219 as a four-lane highway. The region also promotes appropriate development at interchanges along I86, I90, and US Route 219, and development along these corridors. Cattaraugus County has undertaken corridor economic development and land use planning along the US Route 219 and the NY Route 16 corridors. Allegany County has begun interchange planning for I86, and similar planning and development initiatives should be undertaken at the other I90 interchanges. In conjunction with NYS Department of Transportation, Southern Tier West also is working to improve maintenance and development of the I86 highway itself.

The status of certain regional highway corridors (e.g., US Route 62; NY Routes 60, 16, and 19; and Allegany County Route 16) constrains development. The upgrade of these corridors has varying priority at the county, region and state levels, but in all cases their improvement would spur development.

In 2002, there was renewed sentiment for construction of an improved highway connector between I86 at Falconer, New York, and Warren, Pennsylvania. This connector highway has been proposed variously as a four lane or as an upgraded two-lane highway (with new connecting sections added). This proposed connector highway would promote commerce between the Warren and Jamestown/Falconer communities; provide Warren with better access to the interstate highway system; provide better interstate access for the industrial community in Falconer, Ellicott, and Jamestown; and help remove common carrier traffic from streets in Village of Falconer and the hamlet of Frewsburg. This is viewed as a long-term project. A future phase of the project, which would stretch northward from the Falconer I86 interchange and connect with NY Route 60 in Gerry, NY, also would act as a bypass around the steep highway incline on NY Route 60 just north of Jamestown. This is viewed as a still longer-term project.

The absence of public transportation in the region's more rural areas also constrains access and hence worker job opportunities, thus constraining economic development. As economically feasible, this situation should be addressed by public transportation systems.

The maintenance of the region's existing bridges and secondary roads is another highway transportation issue. The long-term health of the region's economy is at risk unless this infrastructure is maintained. A number of the region's bridges have been posted for weight limits or closed altogether, and some roadways and bridges have been scheduled for closure. This can pose a public safety and health problem if and when the result is access problems for emergency vehicles.

Development along secondary roads, an emerging issue, results in the lowering of speed limits and hence constrains cost-effective commercial transportation in the region. The region has begun to discuss smart growth concepts as regards feeder-road development.

Railroad Transportation System

The region must have a comprehensive rail system in place, and since the economics of surface travel are subject to change over the long term, the region's rail system must be maintained and upgraded.

Rail service in the region is provided primarily on several mainlines and shortlines. The mainlines include Norfolk Southern's Southern Tier Extension Mainline (not currently in service as a mainline), the Lake Erie Mainlines, and Buffalo-Keating Mainline, and CSX's Lake Erie Mainline. The shortlines include the New York and Lake Erie Railroad and the Buffalo and Pittsburgh Railroad.

After a period of many years in which much of the region's primary east-west mainline railroad line, the

Southern Tier Extension, had been unused, this railroad line has been reborn through the efforts of Southern Tier West, Norfolk Southern, Allegany County, Cattaraugus County, Chautauqua County, Steuben County; STERA (i.e., the Chautauqua, Cattaraugus, Allegany and Steuben Southern Tier Extension Railroad Authority), the New York State Department of Transportation, and the Western New York and Pennsylvania Railroad. This line runs between Corry PA and Hornell NY, and traverses all three counties in the region.

In February 2001, Norfolk Southern conveyed the Southern Tier Extension to STERA for a term of nine years, during which time STERA leased the line back to Norfolk Southern, to facilitate a tax abatement incentive program to redevelop the line. Simultaneously, Norfolk Southern subleased the Southern Tier Extension to the Western New York and Pennsylvania Railroad Company, a short line that proposed to redevelop and operate the line. In 2001, Southern Tier West, STERA, the New York State Department of Transportation, and the Western New York and Pennsylvania Railroad began a multi-year, multi-phase program or rehabilitating the long-neglected railroad line. During this process, the Western New York and Pennsylvania Railroad Company acquired a connecting line running between Corry PA and Meadville PA. In late 2003, the last section of dormant railroad line between Corry PA and Hornell NY was re-opened, allowing freight service and through traffic along the entire line.

Current efforts are focused on continued rehabilitation of the entire line and on building traffic. The region is focusing on obtaining State and federal investment for line rehabilitation, and for developing one or more intermodal or multimodal facilities, rail sidings, and manufacturing centers and distribution centers.

In 2007, STERA agreed to enter into a similar transaction with Norfolk Southern and the Western New York and Pennsylvania Railroad for the north-south railroad between Machias Junction in Cattaraugus County and Driftwood, Pennsylvania. The parties believe that this relationship will lead to economic development along this north-south railroad corridor.

Integrated into the mainline rail system, the region's shortline rail system also faces challenges, including traffic volumes, rehabilitation cost issues, and potential abandonment of portions of the system.

There are critical repair, maintenance, and service level issues at both the mainline and shortline levels. New York State and the federal government must continue to play an active role in the retention of mainline and short line rail service and in the funding of mainline and short line railroad rehabilitation and maintenance. Additionally, the Commonwealth of Pennsylvania has a role in terms of the portion of the Southern Tier Extension that lies in Pennsylvania. Southern Tier West and the region's counties also have an active role to play in this process as well.

Air Transportation System

Primary air access in the region is at the Chautauqua County Airport in Jamestown, with secondary air transportation service available at the Dunkirk, Olean, and Wellsville airports.

In the late 1990's, Southern Tier West completed an air travel study that indicated that air travel from the region is not cost competitive with that of air travel from airports outside the region. Even more recently, Cattaraugus County completed a study that compared upgrades to the Olean Airport to the construction of a new airport north of Salamanca. The County Legislature has voted not to build the new airport.

The inadequacy of the region's passenger air transportation system is a major constraint to economic development. The region has lost several businesses over the past several years because the nearest common air carrier was an hour or two drive away. Whereas this drive is no longer than it often is for travelers who live near metropolitan airports, the distance is perceived negatively. The region's business community also feels disadvantaged by the lack of cost-competitiveness of the passenger service that is available within the region (e.g., Jamestown) as compared to service available outside the region (e.g., Buffalo, Rochester, and Erie).

The region's current top short-term aviation system priorities are the maintenance and upgrade of the region's existing airports and the improvement of air transportation capacity.

1.6 Resources

Historically, much of the Southern Tier West region's manufacturing and agricultural sectors developed from the region's natural resources: forest products, oil, gas, gravel, river transportation, water, and the favorable soils and climate for agricultural production. Unfortunately, many of these historically important economic sectors have declined with changing markets and depletion of the resource base. However, certain industries (e.g., the forest products, dairy, and grape industries) thus far continue to enjoy a sustained vitality that is not constrained by the capacity of the region's natural resource base.

Forest products, dairy and grapes currently are the major agricultural products of the region. Along the Lake Erie Shore, the climate and soils are particularly advantageous for grape production. However, the rolling topography and soils of the region limits the size of agricultural operations. Gravel and loamy type soils persist in wider valleys, facilitating larger scale agricultural operations. Smaller scale operations are prevalent on the steeper slopes and in narrow valleys. One of the challenges of the larger scale dairy/beef operations is to find enough contiguous cropland within a reasonable driving distance to effectively support herds. Smaller farms must implement innovative farming practices to remain competitive with the larger units in other regions of the State and country. Two other environmental impediments to agriculture are acid rain and the length of the region's growing season.

The region's specific soil and climate help to produce several species of hardwood timber that are unequalled in other parts of the world, including maple, ash, red oak and black cherry. The estimated annual net growth of timber amounts to over 1.6 million tons a year. At present, about one third of this amount is being removed through harvesting, leaving a significant potential for future economic development, including the potential for increased domestic secondary use and export use.

The region possesses an abundant supply of surface and sub-surface water. There are approximately 120 square miles of surface water and wetlands existing in the three county region. This constitutes 3.5% of the region's total land use. Additionally, the potential of Lake Erie for economic development must be developed.

The region is part of three of the major river systems of the eastern United States: the Mississippi River system, the Great Lakes/St. Lawrence system and the Chesapeake Bay system. The region is broken into four major watersheds: the Lake Erie-Niagara River Basin (feeding into Lake Erie), the Allegheny River Basin (feeding the Ohio/Mississippi system), the Genesee River Basin (feeding into Lake Ontario) and the Tioga River Basin (feeding the Chesapeake Bay System).

Two of the top ten primary aquifers in New York State are located in the region: the Jamestown and the Olean/Salamanca aquifers. These aquifers are heavily used as public water supplies. Together they provide the water needs to thirteen communities and service approximately 68,000 people. The region also contains a number of highly productive principal aquifers, located mainly in the region's valley areas, which currently are not widely used as public water supplies. These aquifers have potential for future development in the region.

Water quality is an issue for certain industries requiring pure process water. Both point source and non-point source pollution can be problems for these types of manufacturing operations. Municipal water infrastructure issues relating to economic development are discussed elsewhere in this document.

The region has significant natural gas and petroleum resources in all three counties. The largest sources are found in the municipalities listed below, while smaller fields exist in the following locations throughout Allegany and Cattaraugus Counties:

Chautauqua County: Towns of Busti, Charlotte, Cherry Creek, Clymer, Ellery, French Creek, Gerry, Kiantone, North Harmony and Sherman.

Cattaraugus County: Towns of Allegany, Ashford, Carrollton, Dayton, Ellicottville, Farmersville, Freedom, Great Valley, Humphrey, Olean, Persia and Yorkshire.

Allegany County: Towns of Alfred, Alma, Amity, Andover, Bolivar, Caneadea, Clarksville, Friendship, Genesee, Granger, Independence, Scio, Ward, Wellsville and Wirt.

As the supplies of these non-renewable extraction resources are depleted, extraction costs rise as the most economically extractable resources have been exhausted, constraining extraction activity. However, potential for natural gas and petroleum extraction still remains. In particular, secondary and tertiary recovery at previously operating oil wells continues to hold promise, especially for the small operator. Also, the Bass Island field is still productive. There are five major natural gas storage areas in the region, located in the towns of Hanover/Sheridan, Villenova/Dayton, Dayton/Perrysburg, Willing/Andover/Independence and Allegany State Park. Please refer to the map and production level table found in the companion Statistical Abstract document. Contact Southern Tier West for more specific information regarding maps and production data.

There also is potential for the commercialization of the region's renewable natural energy resource base (i.e., geothermal and hydroelectric power). This is a renewable economic development opportunity. Low temperature geothermal wells are available in portions of Western New York. Analysis of bottom hole temperature data from the cambrian sandstones indicates the presence of extractable fluids in the low temperature geothermal target zone. Geothermal reservoirs in the temperature range of 70 - 80 degrees are believed to exist in the southern portion of New York State. The potential of geothermal power has not yet been fully utilized in the region. Technological obstacles, high initial capital costs, and resistance to new power sources must be overcome before this resource will be fully utilized.

Water resources, historically used for certain specific economic activities, now are enjoying a second life. The region's rivers (the Genesee, the Allegany, and the Chadakoin) once had primarily industrial and related uses (e.g., hydropower on the Genesee, timber transportation on the Allegany, and industrial service on the Chadakoin). These same rivers now are supporting commercial and recreational activities (Chadakoin River park space and commercial development in Chautauqua County, the Kinzua Reservoir recreation area on the Allegany in Cattaraugus County, and Letchworth State Park on the Genesee in Wyoming County).

However, despite the renewed use of these water resources, their maximum value has not been captured. The region's rivers continue to offer potential for ecologically sound hydropower and other industrial and commercial uses. Once capital cost obligations have been retired, the relatively low operation and maintenance costs of hydropower generation make renewable hydropower a competitive advantage for economic development and industrial retention. Throughout the region, there is potential for small hydroelectric generators. Although most of the potential is of a relatively low power variety, some sites are capable of generating respectable levels of power. For example, the dam on Caneadea Creek, which impounds Rushford Lake in the Towns of Rushford and Caneadea, has the potential to generate 1,435 Kw. This Creek has significant potential for secondary and tertiary hydroelectric power upon construction of additional generating facilities. The dam at Cuba Lake could be retrofitted to generate 229 Kw of electricity. However, the environmental impacts of any water resource use must be carefully analyzed on a project-by-project basis.

Other natural resources contributing to recreation/tourism include Chautauqua Lake, Allegany State Park, Long Point State Park, the Lake Erie shoreline, Cuba Lake, Rushford Lake, Findley Lake, Cassadaga Lake, the region's ski resorts, golf courses and hiking trails. The region's many natural and man-made resources are not being used to their maximum advantage as tourist destinations. With additional marketing and, in some cases, additional investment, these and other underdeveloped destinations may

prove to be even bigger tourist attractions.

Development based upon the region's natural resource base must be consistent with appropriate resource use/conservation principles. Public oversight is appropriate to ensure that developers consider and avoid the potential adverse environmental impacts of proposed developments.

1.7 Environment

On the whole, the Southern Tier West region has a fairly clean environment. As a predominantly rural, under-developed region, the region has had fewer occasions to face the number and severity of environmental difficulties that many urban areas have faced. However, the region does have certain environmental problems that need to be addressed. A primary issue is the remediation of brownfield/Superfund site hazardous and toxic waste contamination that is the result of past industrial, commercial and residential practices. The West Valley Nuclear Services Center contains significant radioactive contamination. Other environmental issues include environmental regulations, acid rain from the Great Lakes industrial cities, flood plains and wetlands, ground water quality, air quality, congestion control, historic preservation, and smart growth considerations. From a strictly economic development perspective, environmental issues impact economic performance and constrain economic development in the Southern Tier West region.

Environmental Regulation

Environmental laws and regulations protect the air, water, land, historical properties and archaeological sites. Although it traditionally is thought that environmental considerations and development activities often are at odds with one another, Southern Tier West encourages a broad-minded, long-term view of the interrelationship between the environment and the economy. Over the long term, both quality of life and the economy suffer in areas with a devastated or depleted environment.

As compared to the economies of less-regulated states, New York State's economy has been harmed by its relatively strict environmental regulations. Compliance costs include the costs of capital investment, operation and maintenance for mandated pollution control equipment, the costs of record keeping and reporting, and the costs of escalating penalties for corporate and individual non-compliance.

Future environmental regulations also have a chilling effect on the State's economy. Companies could have unforeseen liability and cost implications as a consequence of current operations that are compliant. The failure to exercise foresight and cease potentially (but as yet unregulated) hazardous activities could result in costly remediation.

If not properly planned and implemented, many types of activities, including siting, construction, operations and maintenance, manufacturing processes, shipping/receiving/storing of materials, waste disposal practices (including disposal to the air, land, or water), and unsound land care can have detrimental environmental impacts. For this reason businesses must evaluate all proposed development activities and all current commercial and public activities so as to reduce or eliminate environmental degradation and the need for expensive unanticipated compliance and/or remediation. In the long run, prevention is less costly than remediation, and compliance is less costly than non-compliance penalties. Failure to recognize, consider, accept responsibility and take mitigative steps regarding the potential impacts of actions, regulated or unregulated at the time of the act, no longer legally constitutes an acceptable excuse absolving the offender of liability. As such, it is prudent for businesses not only to manage activities under current regulatory requirements, but also to anticipate probable future regulations.

Flood Plains

With regards to flood hazard areas, the New York State Department of Environmental Conservation, July 2, 1981, Status of the National Flood Insurance Program, provides the following summary:

Number of Flood Hazard Areas in the Region: 128
Population in the Flood Plains: 33,877
Number of Structures in the Flood Plains: 9,974

The more significant flood prone areas in Chautauqua County include portions of the City of Jamestown, City of Dunkirk, Village of Fredonia, limited areas adjacent to Chautauqua Lake, sections of the Village of Silver Creek, portions of Frewsburg and Falconer, and areas along Cassadaga Creek. In Cattaraugus County, major flood plain areas occur north and south of the Villages of Randolph and East Randolph, along the Allegheny River and principal tributaries of the Allegheny River, and along sections of Cattaraugus and Ischua Creeks. In Allegheny County there are flood hazard areas along the Genesee River, Black Creek, Dyke Creek, Van Campen Creek, Cryden Creek, Caneadea Creek, Little Genesee Creek, and tributaries of the Canisteo Watershed. Communities in the County subject to periodic flooding are Wellsville, Belmont, Belfast, Caneadea, Bolivar, Richburg, and Scio.

Periodic flooding can occur in areas outside those mentioned above, so the flood hazard potential should be determined during the development planning process through reference to the appropriate specific flood maps.

Floodplains are often areas with very good soils, well suited for agricultural purposes. These areas also often contain very permeable soils and sediments, thereby contributing runoff and recharge to aquifers associated with river valleys. These areas also contribute significant runoff to surface water bodies. Therefore, it is important to design development in floodplains in a way that will minimize contamination risks to these resources.

Air Quality

In general, air quality in the Southern Tier West region is considered good. Air measurements have been taken at 3 sites in Chautauqua County, and it is normal for them to show minimal readings for air pollution contamination.

The three counties presently are in attainment zones for ozone. If the region were experiencing an ozone alert, people that typically experience respiratory illnesses during hot weather would find themselves experiencing breathing difficulties. However, the region's attainment zone status means that these people may not find themselves experiencing breathing difficulties. Ozone alerts more commonly occur in the nation's cities.

The region has very few industrial facilities that are listed by the U.S. Environmental Protection Agency as being major sources of air discharges. In EPA's national database of major sources of air discharges, there are 6 facilities located in Chautauqua County, 4 facilities located in Cattaraugus County, and no facilities located in Allegheny County.

The region's air quality is affected primarily by the pollution from mid-west cities. This air pollution also results in acid rain, which itself is a source of water pollution in the region. In this regard, however, while acid rain remains a concern to the environmental community, it isn't the primary pollution concern for the region's waters.

Wetlands, Aquifers, and Groundwater Contamination

Developers often consider wetlands to be wasted land that obstructs development. However, wetlands are significant natural features that, regardless of size, act as beneficial buffer zones by providing flood control and helping to filter pollutants from contaminated runoff. They also provide habitat, refuge and breeding grounds for waterfowl and a host of other life forms. Developers should consider the environmental balance of these lands carefully before disrupting them.

Aquifers underlie much of the Southern Tier West region, and recharge areas are the most vulnerable avenues of aquifer contamination. Recharge areas often are near wellheads and along river valleys,

including flood zones and their connected tributary deltas. In 1990, approximately 72% of the region's 276,599 1990 residents depended on groundwater to serve their needs. With this overwhelming dependence on groundwater, the protection of aquifers, wellhead areas and aquifer recharge areas is an issue of the highest priority. Although groundwater quality is generally good throughout the region, there are areas of individual well contamination and non-point threats to the groundwater that warrant corrective action.

Environmental issues specifically relating to groundwater contamination include:

- Improper stormwater practices. Moving forward, such practices are being remedied as a consequence of new State stormwater regulations.
- Past and current contaminating practices used by existing and past industrial land users unknowingly located in aquifer recharge areas. Oil and gas extraction companies historically have been responsible parties in this regard. Leaks and spills and the occasional improper disposal practice have created isolated toxic chemical contamination.
- Failing underground storage tanks
- Class V injection wells
- Improperly closed/abandoned oil, gas and water wells
- Brine disposal
- Radioactive material storage in the West Valley area
- Barium concentration
- Use of pesticides and fertilizers for agriculture production, golf course maintenance, and residential lawn care
- Improper disposal of residentially-used toxic substances (e.g., cleaning agents, motor oil, paint, etc.)
- Malfunctioning municipal sewage treatment plants and private systems

There are also issues relating to contamination relating to the region's transportation systems.

Environmental issues relating to the region's highway transportation infrastructure system include:

- Road upgrading projects.
- Routine maintenance and construction activities (e.g., salting, excavation of culverts and ditches, and road bank development).
- Major highway improvement projects (e.g., US Route 86 (I86) and US Route 219 projects).
- Storage of highway maintenance materials (deicing salts, brine, oil, etc.).

Environmental issues relating to the region's railroad transportation infrastructure system include current as well as historical maintenance and operating practices of the existing (and historically operating) system, including:

- Train cleaning.
- Leaching of contaminants from cinders and treated wood ties into the ground when exposed to the elements.
- Alterations to unused portions of rail lines.
- Spills and other polluting accidents occurring accidentally at rail yards during loading and unloading of cargo.

Environmental issues relating to the region's airport and air transportation infrastructure system include:

- Routine operation and maintenance (e.g., runway and plane de-icing, aircraft cleaning, fueling and repairs, cargo loading and unloading).
- Airport improvements (e.g., construction of runway extensions) may impact the environment because of construction activities, or because of operation of the expanded facility (sometimes occurring as a further encroachment on already limited habitats or involving the destruction of wetlands or other long-term impacts on lands, water or habitats surrounding airports).
- Noise pollution.

The region needs updated delineation and mapping of its aquifers and recharge areas to insure that inappropriate development does not occur in those areas more vulnerable to contamination. The region also needs to control improper industry and public practices that could have negative environmental consequences. Finally, the region needs to mitigate and clean up contaminated land so as to improve the region's quality of life and positively impact economic development efforts.

Historic Preservation

A number of structures in the region are historical landmarks and are included on the National Register of Historical Places, and as such represent a regional resource. However, since the designated structure/area must be preserved its existing condition, historical designation of buildings/areas occasionally may restrict economic development.

While the presence of archeologically significant resources in the region is a blessing, it also may constrain economic development. The presence of archeologically sensitive resources in the region is due in large part to the historic presence of a large Native American population.

Areas of archeological resource sensitivity may be found in one of two maps, "The NYS Archeological Sensitivity Maps" and the "A Future For Our Past" map. The NYS Archeological Sensitivity maps indicate areas in each Southern Tier West county where archaeological sites were known, as of March 1992 per the NYS Office of Parks, Recreation and Historic Preservation's Division for Historic Preservation. These maps do not identify likely areas where archaeological sites might be found. A more dated regional map, developed for a 1977 Southern Tier West report entitled "A Future For Our Past", indicated archeologically significant areas in the region as of 1977. This map goes beyond identifying actual sites, attempting to identify areas likely to contain significant archeological resources.

Hazardous Waste Contamination

The potential for **solid waste** contamination of groundwater and surface water supplies and the concern for the protection of the public health and safety impact the siting, operation, maintenance and closure of landfills. Recycling of targeted portions of the waste stream is mandatory in all three counties. The development of dependable recycled materials markets ultimately is essential to keep waste disposal costs/fees low enough to satisfy the business and residential communities, and to make recycling a more viable option in the Southern Tier West region.

As regards solid waste, environmentally sensitive geographic areas include the Ellery Landfill, the Allegany County Sanitary Landfill, and the Hylands Landfill. A private landfill has been proposed in the Town of Farmersville. There is concern regarding this location relating to the effects on the aquifer that runs through Ischua to Olean, providing water for the City of Olean. Cattaraugus County opposes this location for the proposed landfill.

A number of sites in the region are contaminated with **hazardous or toxic waste**. The cleanup and redevelopment of these sites would have the multiple benefit of addressing the obvious health issues caused the contamination, re-using infrastructure serving the site (and thus avoiding expensive new infrastructure construction on a greenfield site), and conserving greenfield sites that otherwise would be built. In the past, however, the redevelopment of such sites was problematic because of potential liability for cleanup, from both public enforcement agencies (NYS DEC and EPA) and private lawsuits). To promote cleanup and redevelopment, New York State created the Voluntary Remediation Program and subsequently, the Brownfields Opportunity Act, both administered by NYS DEC, which provide incentives for remediation and redevelopment of brownfield areas. As a consequence, we are beginning to see the beginnings of remediation and redevelopment projects in our region. Both Chautauqua County and Cattaraugus County have initiated projects.

Three **Superfund Sites** in the region containing hazardous and/or toxic substances have been remediated in recent years, the Sinclair Refinery Site (Wellsville, Allegany County), the Friendship Foundry Site

(Friendship, Allegany County), and the Van der Horst Site (Olean, Cattaraugus County). These sites have been cleaned up or officially closed.

An **inactive hazardous waste site** is any area or structure used for the long-term storage or final placement of hazardous waste, including but not limited to dumps, landfills, lagoons, and artificial treatment ponds, for which no permit or authorization issued by DEC or a federal agency for the disposal of hazardous waste was in effect after August 25, 1979. The 1999 New York State Department of Environmental Conservation Inactive Hazardous Waste Sites reveals that there are 39 classified Inactive Hazardous Waste Sites in the region, of varying degrees of contamination and needed action. The companion Statistical Abstract document contains a map identifying the region's inactive hazardous waste site locations.

The issue of **nuclear waste** has become important in the region in recent years. Although the region produces virtually no nuclear waste, environmental concerns relate primarily to the West Valley Demonstration Project: This facility had been used for the first-phase processing of liquid nuclear waste products. Currently, it is in the process of being decommissioned, and concerns exist for transportation for off-site permanent storage, for the safety of the facility long term, and for the local economy replacing the \$130 million annual facility operating budget. DOE's current work plan calls for leaving the site, with certain contamination still present on site. Federal legislation has been proposed that would authorize changeover of ownership of the 3,300-acre campus from NYSERDA to DOE, with a permanent DOE presence on site. The State also has sued the federal government over this issue.

Smart Growth Initiatives

The Southern Tier West region has not had to face the impacts of uncontrolled and unrestrained growth that many other regions of the country have had to face. The region has been more concerned with the retention of its existing economic base than with controlling growth in a "smart growth" fashion. However, there have been several instances in the region where limits to growth have been discussed, and controlled growth has been discussed, even on a multi-municipal level.

The primary instance of this phenomenon is the rapid growth associated with the flourishing ski industry in Ellicottville (Cattaraugus County). Growth in seasonal vacation housing at one point outstripped the capacity of local municipal infrastructure, and regulatory authorities imposed a growth moratorium. Development impact then shifted to outlying municipalities, which then began to be faced with issues ranging from road development and maintenance to infrastructure and school capacity issues to property value inflation. This rapid growth has cooled somewhat, although municipal infrastructure development in Ellicottville remains a high local and county priority.

New York State has discussed various Smart Growth legislative initiatives. These initiatives have taken many forms, some of them structuring or limiting growth, others providing funds to municipalities that will engage in planning for smart growth, etc. In recent years, the State Legislature has introduced but has failed to pass smart growth legislation on several occasions.

Brownfields

As noted above, both Chautauqua County and Cattaraugus County have begun brownfields program in recent years. Both counties have developed an initial inventory of potential contaminated sites, each of which must be investigated to determine contamination levels.

As also was noted above, New York State has adopted legislation providing enhanced incentives for remediation and redevelopment of contaminated sites.

Southern Tier West desires to regionalize a brownfields assistance program, and is holding discussions with various parties in the region to strategize how this might be implemented.

1.8 Other pertinent information

Other regional assets that may impact economic development include infrastructure, housing stock, health services, educational facilities, public safety, and recreational and cultural facilities. This section discusses each of these topical areas.

Infrastructure

In addition to a region's transportation infrastructure, other types of infrastructure, community facilities, and services can either support or constrain a region's economic performance and economic development. Types of regional infrastructure discussed herein include water and wastewater service, communications capacity, and electricity and natural gas, all of which also are critical to our region's economy and quality of life. Southern Tier West also advocates the development of these infrastructure elements as a central tenet of its regional economic development strategy. The following narrative reviews the impact of the region's infrastructure on its economic performance, economic development, and quality of life.

Municipal Water Infrastructure

There are numerous municipal systems throughout the region. However, even the largest systems only supply localized areas because of the cost constraints associated with serving sparsely populated areas. Systems typically are organized along municipal or sub-municipal boundaries, although in several more densely populated areas, some interconnections exist between municipalities. In the more rural areas of the region, service is provided by small systems and, often, individual wells. Economic development is constrained in many municipalities because the water systems have inadequate quantity, quality, and/or distribution of water.

Municipalities must consider the need for eventual future siting of municipal water sources when approving sites for economic and community development. As has been indicated previously, certain development activities can negatively affect groundwater and aquifers, with the potential for contamination increasing the difficulty of siting future municipal and private water supply sources.

The companion Southern Tier West Region Statistical Abstract document contains a list identifying each of the region's municipalities by whether it has or does not have a municipal water system.

Allegany County has discussed constructing an interconnecting multi-municipal water system that would connect Andover, Wellsville, Scio, Belfast, Belmont, Belvidere, and Friendship. This would promote economic development along the highway corridor that connects these communities, and also would help provide water service to a given community in the event of a failure of some kind. Certain elements of this project - Village of Belmont (north toward Belvidere), Village of Belfast (south toward Belvidere, north toward Caneadea) - have been suggested by the Allegany County Health Department. An initial phase, or a stand-alone project if the comprehensive system is not built, might be the service of the Crossroads (I86/NYS Route 19 interchange) water service by the Town of Friendship currently being contemplated in 2008 by the Allegany County Industrial Development Agency as part of the Crossroads Business Park Infrastructure Project.

The companion Southern Tier West Region Comprehensive Project List contains a list of proposed infrastructure projects, including municipal water system project proposals. Some of these municipal water system projects are related to economic development, while others are only related to health and other quality of life issues.

Municipal Wastewater Infrastructure

Economic development activities also can be constrained by inadequate wastewater treatment infrastructure. Proper wastewater treatment also is essential to preserving the environment and assuring the safety of the region's drinking water supplies. Wastewater treatment facilities must be continually monitored to insure their efficiency.

Most of the region's larger villages and all of the region's four cities have systems offering at least secondary treatment. In smaller villages and rural areas, wastewater is collected in on-site septic systems. Many systems only supply localized areas because of the cost constraints associated with serving sparsely populated areas. Systems typically are organized along municipal or sub-municipal boundaries. The companion [Southern Tier West Statistical Abstract](#) document contains a list identifying each of the region's municipalities by whether it has or does not have a municipal wastewater treatment system.

Several communities still need to improve their wastewater treatment capabilities (i.e., either increased or improved treatment capacity or the development of public wastewater collection/treatment systems where none exists). The reasons for the need for improvements range from the inability of the environment to assimilate the overloading of wastes (resulting in the bacterial contamination of water bodies and/or wells), to odor problems from malfunctioning septic systems, to limits on growth potential of communities whose existing systems are already at or near capacity. The adequacy of existing facilities to treat the wastes of a larger population and/or of increased business/industrial operations depends on the capacity and technology of the treatment plant. Pretreatment may be required of any industries that discharge effluent to a municipal treatment plant.

The companion [Southern Tier West Region Comprehensive Project List](#) contains a list of proposed infrastructure projects, including municipal wastewater system project proposals. Some of these municipal wastewater system projects are related to economic development, while others are only related to health and other quality of life issues.

Regional Communications Infrastructure

Telecommunications infrastructure is an essential component of a competitive infrastructure system, a requisite for retaining and attracting business and industry. The region's telecommunications infrastructure impacts economic development, education, health, and government activities.

The region has various infrastructures with state-of-the-art communication centers. While the entire region as a whole may lack comprehensive newest telecommunications infrastructure, the region has various localized and sub-regional infrastructures with state-of-the-art communication centers, and portions of the region have as up-to-date telecommunications capacity as any location in the country.

The telecommunications infrastructure available variously in the region includes Fiber Optics, T1, DSL, ATM, and ISDN. The basic and most commonly available telecommunications infrastructure, fiber optics, is adequately placed and available in most parts of the region. All elementary schools and high schools within the region have fiber optics capabilities, while all universities have high-speed Internet access to use for such programs as Distance Learning. However, universal fiber coverage has not yet come to the Southern Tier West region.

It should also be noted that the "last mile" cost is still predominately higher within the region than other more urban parts of the country. This ultimately will be a disadvantage in the region's ability to compete with other regions and nations. The expansion and continued development of this system is a priority item for regional development.

Wireless broadband has arisen in recent years as an alternative to hard wire connections for the region's more rural areas. The region also is awaiting structural changes that will occur in telecommunications as a consequence of Internet telephone connectivity.

Over the next year, Southern Tier West will implement a wireless broadband project that will serve an un-

served area of Allegany County. Additionally, in the coming year Southern Tier West plans to be involved with two planning studies, one relating to determining the appropriate method of connecting two “ends” of a fiber trunk line to “close the loop,” and the other involving the inventorying and mapping of broadband availability and capacity in the region. Subsequent to the former study involving closing the fiber loop, Southern Tier West may undertake a project to actually install and operate the missing fiber line.

Regional Electricity and Natural Gas Distribution Systems

Electric service is available throughout most of the region through the New York State Electric and Gas Corporation, National Grid Corporation, the Rochester Gas and Electric Corporation, and Steuben Rural Electric Cooperative. There are eleven small municipally operated electric systems.

Network gas pipeline service is available throughout most of the region through the National Fuel Gas Corporation, Consolidated Edison New York, Columbia Gas of New York Inc., and Fillmore Gas Company Inc.

Electricity and natural gas prices in New York State have been relatively high compared with many other areas of the country. The uncertainty and disruption caused by escalating energy prices will have a negative impact on the region’s business and residential communities.

A large component of electricity costs is the electric utility company practice of charging a peak usage charge to large manufacturers, guaranteeing availability, but at a high price. Approximately three-quarters of every dollar spent by consumers on electricity relates to the utility’s charge for wheeling (distribution) the power, the remainder is the charge for the actual commodity itself.

In 1999, New York State began the process of deregulating the electric and gas utilities. Utility companies have divested themselves of electricity generation facilities, and have limited activities to wheeling (distribution). Consumers pay the utility company for wheeling, but are free to purchase the electricity commodity from any generator, wheeled through the local wheeling company. This is intended to promote competition amongst electricity generators, to reduce the consumer’s total electricity bill. The consumer’s ability to negotiate lower commodity bills will depend on the consumer’s market power and the competitiveness of the generation market. However, the consumer still faces a local monopoly in the distribution market, and the commodity costs are the smaller portion of the total electricity bill.

As mentioned above, there are eleven small municipally owned electric systems in the region, which offer consumers +extremely low electricity rates because of a long term contract for inexpensive hydropower. These systems and their customers are not to be affected by the deregulation of the electricity industry in New York State.

An ongoing theme is the development of alternative fuel and energy sources. One area of activity is the wind turbine farm movement. Southern Tier West is working with communities to more effectively manage the process of either facilitating or stopping their construction within the community, depending on the individual community’s desires in this regard. There have also been proposals for bio-fuel and bio-diesel production facilities in several locations in the region.

Housing

The companion Southern Tier West Region Statistical Abstract document contains several Census housing data tables. The number of housing units in the region has increased since 1970, as has the number of housing units in the most rural areas of the region. The percentage of year round housing occupied by owners also appears to be rising, but the significance of this last data for the region is unclear. Single family residences comprised the largest proportion of housing units within the region in 1990 (65%), compared to about 42% statewide and 66% nationwide. However, this single family residence percentage is down significantly from 69% in 1980 and 71% in 1970.

The 1980 Census indicated that as much as 60 % of the region's year round housing units were built in

1939 or earlier. This indicates that the region overall suffers from an aging and older housing stock, especially when compared to New York State and the United States, and it is not being replenished. In general, there was a surge in home building in the region during the 1970's, but home building in general has decreased every decade since the 1970's.

Additionally, in 1970, mobile homes made up 4.25% of the total year round housing units in the region. By 1980, this percentage had risen to 6.9%, and by 1990, it had risen to 12.71%, falling slightly to 11.96% in 2000. In one sense, these statistics indicate increasing economic distress within the region. As a comparison, mobile homes as a percentage of total housing units for the State as a whole went from 1.26% in 1970, to 1.80% in 1980, to 4.19% in 1990, to 2.70% in 2000, indicating on a relative basis a higher level of economic distress in our region as compared to the State as a whole. Further, in the last 10 years, the total number of mobile homes dropped by almost a third, while there actually was a slight increase in the total number of mobile homes in our region.

The median value of all specified owner-occupied housing units for the Southern Tier West counties was significantly lower than the corresponding State number in 1980. The median value of homes in Allegany County (\$37,500) and Cattaraugus County (\$42,000) are the two lowest median values for all of the counties in the state, while Chautauqua County's median home value (\$47,600) is the fifth lowest. The median value of homes in the state as a whole is \$130,400. The Allegany County figure is 29% of the state figure. Further this gap in median housing value had increased dramatically from 1980 to 1990, indicating increasing economic distress.

In 1999, Southern Tier West completed the Regional Housing Assessment and Development Strategy, a multi-agency, multi-county assessment study of the region's housing stock. This study confirmed and extended the Census data in a number of regards. The study determined:

- There is a high vacancy rate in the general housing market
- Certain sub-areas of the region have a saturated housing market (i.e., the supply of housing exceeds the demand for housing in these sub-areas).
- The typical housing unit is on the market for a longer period than in the past, and the number of days that the typical housing unit is on the market before selling is increasing.
- There is a high availability rate for older housing units.
- Replacement units are not being built, resulting in the aging and decline of the region's housing stock.
- There is inadequate luxury/high income housing.
- Recent efforts to improve the region's housing stock have centered on construction of income-subsidized units and elderly units and the rehabilitation of dilapidated units.

The study concluded that overall the region's housing stock is adequate for the current and projected population's needs, both in terms of number and condition of the housing. However, the study also concluded that there is a need for revitalization of the region's housing stock through rehabilitation and/or removal of dilapidated and sub-standard units, focusing on higher-end (luxury) units, and infrastructure improvements in neighborhoods and parks. The quality of housing stock impacts not only quality of life but also economic development efforts.

Health Services

The companion Southern Tier West Region Statistical Abstract document includes a list and map of the region's health care facilities. Five of the most critical regional health care issues are:

- reorganization of the state's health care hospital system, resulting in the closure of hospitals,
- access to health care (including the availability of emergency medical services and mental health care),
- the need for the development and organization of health care systems, so as to improve the financial health of the smaller hospitals and improve health service delivery,
- availability of health care personnel (including primary care physicians), and

- affordability of services.

The following trends and market changes have affected the region's health care delivery system:

- decreased need for in-patient care,
- greater reliance on out-patient and emergency services,
- greater care demands of patients who do require hospitalization,
- ongoing changes in demographics, reimbursement systems, medical technology, manpower programs, and malpractice insurance, and
- transportation access issues

The number of health care providers in the region is decreasing, and in some cases certain providers may be less well equipped than they have been in the past. Health service facilities tend to be clustered in the more urban areas, leaving large portions of the region without easy access to services. Further, physicians tend to live and practice near the hospitals located within the region's larger communities, leaving the more rural areas under-served. Twenty-four (24) towns and the Seneca Nation of Indians Allegany Reservation are listed as Federal Health Manpower Shortage Areas. In some primary care areas, whole counties are considered a shortage area (e.g., in Allegany County, there is only one pediatrician practicing). Most primary care physicians are aging, and efforts to recruit younger, newly trained physicians have not been very successful. In recent years three hospitals in the region have closed (Jamestown General Hospital (1988), the Salamanca District Hospital (1990), and the Saint Francis Hospital in Olean (1992)), and the Westfield Hospital is scheduled to be closed. Other hospitals in the region have reported financial problems due to low utilization and low reimbursement rates. The loss of any hospital diminishes the availability of urgent, emergency, and ambulatory care services and primary care providers.

Basic health services are essential to both quality of life and economic development. To this end, such programs as home health care, health clinics, primary and preventive health, and urgent and emergency medical services should be expanded. The region should take steps to stabilize and improve the region's health care system.

Schools and Educational Facilities

The region is served by a full range of educational and skill training institutions at various levels. This educational infrastructure historically has somewhat successfully addressed the continuous need for an educated and reliable workforce. However, the region's business community feels that the primary, secondary and post-secondary educational and training institutions need to do a better job of preparing the region's residents for employability, especially in the skill-set and knowledge-set needed by the region's businesses now and for the future global marketplace. This implication for economic development also will, if successfully implemented, positively impact the region's quality of life. The companion Southern Tier West Region Statistical Abstract document contains a list and description of the region's post-secondary educational institutions.

Public Safety

Public safety is coming to mean a combination of fire departments, police departments, emergency response teams, and environmental health professionals. Despite our region's rural character, with a generally low level of violent crime, there is increasing public dialogue regarding the need for enhanced public safety services.

Most of the region has fire protection service, provided internally in all but the smallest townships. There are 81 fire protection districts and 47 fire districts in the region. As a comparison, there are 88 towns (whose fire protection districts or fire districts normally might include any of the region's 38 villages that are associated with a given town) and four cities in the region. All three counties have enhanced "Emergency 911" service. But many rural townships need dry hydrants (e.g., standpipes in ponds) to serve fire department pumper trucks responding to fires in rural locations. This would improve public

safety while lowering fire insurance rates in many smaller communities.

It is becoming increasingly expensive to operate fire protection services and (especially) ambulance and emergency medical services. The latter often are associated with fire protection districts or with stand-alongside non-profit and/or volunteer emergency service organizations. There is a public need to address this situation.

The region is beginning to develop public safety and emergency response programs and protocols for terrorism events and similar disturbances. Much of this response is coordinated through State and county law enforcement authorities and the region's hospital system.

There is a feeling that there is a need for an enhanced regional database of emergency-related data that can be communicated through a wireless communication system throughout the region, even in cases where electric service is not available and traditional telephone service is unavailable. This should be the case in both natural and man-made disasters. The US DOL estimates that most businesses that are closed during a large scale disaster are never re-opened. Thus, emergency response becomes not only a critical quality of life issue, but also an economic development issue.

Recreational and Cultural Facilities

Our rural region is blessed with a number of natural and man-made recreational opportunities: Allegany State Park, other State and county parks, Panama Rocks, state forests, the rural countryside, down-hill and cross country ski resorts, ATV parks and recreational trails, and recreational lakes in all three counties, the Lake Erie shoreline, etc.

Art and cultural facilities and events include the region's colleges and universities, The Chautauqua Institution, the Audubon Society of Jamestown, the Roger Tory Peterson Institute, The Quick Center for the Arts at St. Bonaventure, numerous museums, minor league baseball in Jamestown, the Wellsville Hot Air Balloon Rally, and numerous community festivals. There are numerous arts organizations in all three counties, in all of the arts media. In fact, cultural and arts tourism planning and development is becoming a common theme in the region's counties.

Eco-tourism is becoming a much greater segment of the overall tourism market. There is a movement toward conservation and preservation at the same time as there is an investment in development of facilities and programming to feature the region's natural and environmental assets.

However, despite the existence of these recreational and cultural facilities, there is a recurring perception that the region's recreational and cultural offerings continue to be insufficient in terms of quality of life within the region, the promotion of tourism, and the successful inducement of economic development.

1.9 Summary

The following evaluation summarizes the state of the region's economy, first by individual element, and finally, in total:

Economy

- Characterized by long term economic distress, as measured by many traditional statistical indices
- Historical failure of regional economy to rebound from economic downturns at the same rate and to the same extent as other regions in the State
- Restructuring of economy away from high-skill, high-wage, full-benefit manufacturing employment to lower-skill, lower-wage, non-benefit service sector positions
- Failure of regional economy to share in high tech global economy to the same extent as other regions
- Low per capita incomes in comparison with state and national incomes
- Unemployment rates that frequently are significantly higher than state and national rates
- Sectoral wage levels that are less than analogous wage levels in other parts of the state
- Inadequate levels of entrepreneurship, technology transfer and adoption, and export activity

Population

- Flat and declining population
- Aging population
- Increasing levels of educational attainment
- Increasingly racially diverse population

Geography

- The region's large geographic size relative to the population size makes for both low population densities and also significant distances between communities and business operations, necessitating a reliance on the region's transportation system.
- Climate constrains certain seasonal business activities, especially as regards agriculture, but provides unique environment favoring other business activities (grape growing, hardwood development, etc.)

Workforce development and use

- The region's declining and aging population, plus a smaller non-dependent-age demographic, combine to constrain the labor force from the perspective of potential size.
- The restructuring of the region's economy away from high-skilled high-wage manufacturing jobs toward lower-skilled lower wage service sector and commercial jobs means that there probably is a significant under-employed population in the region.
- There continues to be a substantial need for basic skills training, skills upgrading, and technical skills training. There is an established network of training providers and two active Workforce Investment Boards in the region that can provide these services.

Transportation access

- The region is a rural region separated geographically from urban markets and is a large and geographically diverse area. Both require an adequate transportation infrastructure for business activities as well as quality of life.
- The region has been improving highway, rail, and air transportation infrastructure, but all three modes of transportation still have infrastructure deficiencies that need to be remedied by appropriate planning and investment.

Resources

- The region's resources include its climate and soils, oil, petroleum, natural gas, gravel, geothermal resources, river transportation, water, hydroelectric, and natural recreational assets.
- The climate and soils have facilitated the growth of agricultural (especially dairy and grape industries) and forest products industries. On the other hand, the climate, in particular the short growing season, has constrained other agricultural endeavors.
- The region's specific soil and climate help to produce several species of hardwood timber that are unequaled in other parts of the world, including maple, ash, red oak and black cherry.
- However, with the exception of the limited supply extraction resources, the maximum value of the region's resource assets has not been fully captured.

Environment

- On the whole, the region is blessed with a relatively clean environment and an abundance of greenfield development sites.
- However, the region does have certain environmental issues that both constrain healthy quality of life and economic development, including environmental regulation, the remediation of brownfield/Superfund sites, the West Valley Nuclear Services Center, acid rain, flood plains and wetlands, ground water quality, and air quality. In some communities and locations, congestion control, historic preservation, and smart growth are important considerations.

Other pertinent information

- The region's economic growth is constrained by inadequate service and quality water, wastewater, communications, broadband, natural gas, and electricity infrastructure service in various locations across the region.
- The region's economic growth is constrained by its housing stock and housing market. The region has an aging housing stock that is not being replenished, and the region's housing market is not a healthy vibrant market.
- The region's quality of life and economic growth are both constrained by the region's health care service and infrastructure system, and there are ongoing threats to the existing health services system.
- While the region counts its education infrastructure as an asset, the region can do more in terms of educating and training its residents so as to facilitate economic development in the economy of the future. Technical, technology, entrepreneurial, language, and creative skills will be essential.
- The region counts its public safety services as an asset to both quality of life and economic development. However, there are constant threats to public safety, including crime, natural and man-made disaster, and terrorism, all of which must be addressed to maintain the region's high standard of quality of life.
- The region also counts its recreation and cultural facilities as an asset to both quality of life and economic development. However, there is a need to augment these assets to improve quality of life and economic development competitiveness with other regions. Additionally, the region can do more to utilize these assets, in terms of developing, marketing, and packaging these assets for tourism markets.

In sum, from an economic perspective, the region faces a number of challenges. The economy continues in a situation of long-term economic distress, with relatively high unemployment rates and relatively low per capita income rates. The economy is restructuring away from the high-skill high-wage unionized jobs that historically were the economic foundation of the region, toward the relatively lower-skilled lower-wage service and commercial sectors. The region's population is decreasing and aging, and the number of persons in the productive 18-to-65-year-age demographic is decreasing. Income assistance and health care costs are increasing burdens. The State is a high business operating cost state, with considerable tax

burdens, high workman's compensation rates, and regulatory burdens. Utility costs are high in many communities. Global competition and absentee ownership are external factors causing uncertainty.

On the other hand, the region has a number of strengths that can contribute to economic development. The region's work force is productive, with a good work ethic. The region has a strong educational sector, from primary school to graduate school, and a network of training institutions and Workforce Investment Boards to provide skills to the labor force. The region is blessed with a high quality of life, a clean and low-crime environment, cultural and recreational assets, and a small-town lifestyle. Natural resources, including forest products, gas, oil, gravel, soil, and water, give rise to opportunity. Technology represents an opportunity that can keep the region competitive with the rest of the world, and the transportation and telecommunications infrastructure can help the region participate in the global economy.

The region's challenge is to develop strategies to effectively bring economic resurgence to the region. These strategies will require planning, investment, partnership, risk, and persistence in order to be successfully implemented.

Chapter 2: Analysis of Economic Development
Problems and Opportunities

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Chapter 2: Analysis of Economic Development Problems and Opportunities

This chapter includes an in-depth analysis of the region's economic development problems and opportunities. The analysis identifies strengths and weaknesses in the regional makeup of human and economic assets, and problems and opportunities posed by external and internal forces affecting the regional economy. There is an overview of certain relevant government-sponsored plans, including workforce plans, and commentary on their consistency with and relevancy to the regional plan. There is an identification of past, present, and projected future economic development investments in the region, and an identification and analysis of economic clusters within the region that have significant growth opportunity.

2.1 Economic Development Problems

The region faces a number of economic development problems.

- ***Unemployment rates that typically have been and remain higher than State and national rates.***

In only three years since 1980 (1993, 2002, and 2003), has the unweighted average regional unemployment rate not been higher than both the State and national rates.

- ***Deteriorating per capita personal incomes, compared to State and national per capita incomes.***

The region's unweighted price-adjusted per capita income levels as a percentage of State levels had declined in every year from 1980 to 2000, from 71.69% in 1980 to 59.70% in 2000. Since then, the region's unweighted price-adjusted per capita income level as a percentage of State levels has increased to 61.99% in 2003. However, even with this rebounding in recent years, the region's per capita income level is still relatively low when compared to State levels.

- ***Increasing public assistance/income assistance burdens relative to western New York and the State as a whole.***

Between 1974 and 2002, the number of persons receiving public assistance and/or income assistance in New York State decreased by 54.20%. During that same period, the number of persons receiving public assistance and/or income assistance in the five county western New York region decreased by 45.71%. However, during that same period, the number of persons receiving public assistance and/or income assistance in the three county Southern Tier West region decreased by only 30.14%.

Between 1974 and 2002, the total amount of public income assistance paid statewide in New York State increased by only 10.32%. Over that same period, the comparable increase in assistance payments in the five county western New York region increased by 38.87%. However, over that same period, the comparable increase in assistance payments in the three county Southern Tier West region increased by 82.81%.

Clearly, the three county Southern Tier West region is experiencing a much greater public assistance/income assistance burden relative to western New York and the State as a whole. In addition to the obvious human social cost, the higher presence of underutilized and unutilized human resource assets in our region is indicative of a drag on the regional economy, and higher governmental operating costs that keep regional taxes higher than they could be.

2.1.1 Weaknesses in the Regional Makeup of Human and Economic Assets

- ***The trend of decreasing population base, and the aging of the region's population.***

Between 1980 and 2000, the Southern Tier West region's population decreased by 3.77%, while New York State's population was essentially flat (i.e., the State's population increased from 1980 to 1990 and then essentially decreased back to its 1980 level by 2000).

The region's population appears not only to be aging, but aging at a faster rate than the State as a whole. In 1980, the region's median age was lower than the State's median age as a whole, but by 2000, the region's median age is higher than that of the State as a whole.

The region finds itself in the position of supporting a higher percentage-wise dependent population than does the State as a whole, using the percentage of total population from 0 to 17 years of age and all people 65 years of age and older as a surrogate for dependent population.

- ***The historically observed net outmigration of population, and especially the skilled and young population, in search of employment.***

The Southern Tier West region experienced almost a 29% higher rate of net outmigration from the region than the State as a whole did (including the Southern Tier West region) from 1980 to 2000. Further, a high percentage of the outmigration from the Southern Tier West region has been made up of the young working-age (15-29) population. The popular expectation of continued net outmigration is a consequence of expectations of the continuing stagnation of the Western New York economy. Continued loss of manufacturing jobs in the region will lead to outmigration of the region's skilled laborers. Further, white collar/professional workers and college graduates also are leaving the region to seek employment.

- ***The apparent declining relative productivity of the region's work force, and the need to train the region's labor force in the knowledge-based employment skills of tomorrow.***

Many of the high-skill members of region's labor force have been forced to leave the region in search of employment. The result is the remaining labor pool contains workers with lower average skills. This shows up as a declining relative productivity of the region's work force, despite the fact that the labor force is in fact – on an absolute scale – a high productivity workforce with a solid work ethic.

However, despite the fact that as a region we continue to educate and train our regional workforce as we have done for years, we nonetheless are falling behind other regions because we are not enhancing our labor force's knowledge-based skill sets to the extent that will be required to compete in the global marketplace in the long run.

- ***The need for investment in the region's infrastructure capacity, including competitive rate local water and wastewater systems, natural gas and electric service capacity, and broadband telecommunications capacity.***

There is a shortage of greenfield industrial park sites and serviced industrial sites in the region. In some communities, water and wastewater capacity and/or service is inadequate to support business development, or is too costly to be attractive given debt retirement and operating costs. Although there is adequate natural gas and electricity service in most communities in the region, other states seem to be able to offer lower cost gas and electric utility service. Further, there are certain of the region's smaller communities that are not served by natural gas service. Broadband is available in certain municipalities in the region, but there is often no competition offered by alternate service providers, which keeps service costs high. Further, broadband service is not currently available in some communities in the region, and there is an issue with aggregate service capacity and redundancy

in most communities in the region.

- ***The need to upgrade transportation infrastructure, including mainline and shortline railroad issues, air transportation issues, and State and local highway and bridge issues; to develop a comprehensive plan for the region's transportation infrastructure that considers economic development issues; and to implement investment strategies in the plan to upgrade transportation infrastructure so as to promote economic development.***

As a rural region located some distance from urban markets and international shipping ports, the region must have superior transportation infrastructure to provide the connectivity essential to remaining competitive. The region's east-west mainline railroad system was in a state of near abandonment, and is in the process of being revived. However, it, and the other short lines and north-south lines in the region are in need of upgrading and enhancement in order to function as economic development engines. Similarly, the region's east-west interstate highway is in need of repair and upgrade, and the region's proposed north-south interstate must be constructed as a four lane limited access highway, upgrading it from its current two-lane non-interstate status. The region has smaller regional and general aviation airports, but with no regular passenger traffic and limited freight service. This situation requires the region's businesses to drive to airports outside the region for passenger service and general freight service. The region is a large rural region and population and business centers are spread over a large geographic area. Thus, freight and commuter transportation, plus general passenger transportation, requires an adequate system of state and local highways and bridges, just for intra-regional transportation. There needs to be a comprehensive plan for developing these systems so that both economic development and adequate quality of life are both enhanced as opposed to constrained by these transportation infrastructure systems.

- ***The unfavorable business climate in New York State, including tax climate, workman's compensation, and other business cost drivers.***

New York State is a high-cost state for doing business. Corporate tax rates, personal income tax rates, and workman's compensation rates all contribute to higher operating costs. Environmental regulation is strict in New York State. Utility costs are high in New York State. The climate is cold and imposes high heating costs. These all are external costs that businesses must overcome in order to do business successfully in New York State.

- ***The need for equity and debt capital to support entrepreneurship and business development.***

In our region, as in many others, entrepreneurs face a struggle to assemble startup and early stage equity capital. Because of the region's low per capita income levels, other thing equal, individuals typically have less unencumbered wealth available to use as risk capital. Additionally, our rural region does not have traditional or non-traditional source of equity funding (traditional venture capital or non-traditional community venture capital sources). Accordingly, entrepreneurs in our region are often forced to start businesses using a highly leveraged (debt heavy) financial capital structure.

However, even recourse to a debt financing strategy is problematic in our region. A first problem relates to the availability of commercial debt financing. Traditionally, asset-based commercial bank lending in our region has been constrained by the low post-liquidation collateral value of assets. This is perhaps especially true of real estate collateral. In many regions real estate is a prime source of asset-based lending, as it typically maintains strong resale value in strong real estate markets. However, in our rural region, commercial real estate does not necessarily enjoy a strong resale market, and hence lending is constrained.

A second problem relates to the additional risk attendant upon the highly leveraged financial

structure. Other things equal, the entrepreneur whose capital structure is heavy with debt faces higher monthly fixed debt service obligations, and hence faces a higher break even sales volume. The end results are a higher failure rate, and consequently, a risk averseness on the part of lenders to lend to prospective entrepreneurs with perceived high probability of failure. Thus, inadequate equity and debt capital markets forestall entrepreneurial activity, and this constraint is self-reinforcing.

- ***The need to promote higher rates of entrepreneurship.***

There are a number of traditional arguments in support of entrepreneurship that are valid in our region. First, the alternative of attracting businesses to locate operations in a rural region such as ours is a low probability, high cost activity. Those subscribing to this philosophy feel that limited economic development resources are better allocated to promoting entrepreneurial activity and retention and growth of existing regional businesses.

Second, small businesses are the business level at which most job growth occurs. Accordingly, a focus on entrepreneurship results in increasing the population of businesses in which job growth is likely to occur.

Third, small businesses are more flexible than are large businesses, and are more likely to be able to respond to market dynamics in order to remain viable.

Fourth, entrepreneurs are more likely than larger established businesses to be seizing opportunities arising because of new technology, new markets, and new ideas, and hence are more likely to be competitive over the long run in dynamic global markets in which comparative advantage depends upon being on the cutting edge.

Fifth, when entrepreneurs start and operate businesses, local owners retain profits locally. This offsets the drain of wealth out of communities that occurs when local industries are owned by non-local owners and when retail and commercial businesses rely on non-local vendor sources for products that are sold locally.

Sixth, entrepreneurship allows residents and their offspring opportunities to find profitable employment local, so that they don't have to migrate out of the region in search of employment.

The region feels that it is less successful than it needs to be in fostering entrepreneurship in our region.

- ***The decline of the region's manufacturing sector, including outsourcing of production and jobs both domestically and overseas.***

The manufacturing sector is a value-added sector, incorporating regional resources into manufactured products and re-selling that product, typically to markets outside the region. This process brings new wealth into the region, and is the source for the region's standard of living. With the decline of the region's manufacturing sector, the region is in danger of losing its standard of living. The first challenge is that with fewer manufacturing jobs available, the region is able to support a smaller regional population. There is less internal commerce, and secondary and service businesses are negatively impacted. Eventually, cornerstone institutions such as hospitals and schools and other community institutions may be dislocated, resulting in a downward spiraling cycle.

Like many rust belt regions, our region feels that it will struggle to retain competitiveness with offshore regions, where standards of living are lower, business operating costs are lower, and the regulatory and business environment imposes fewer operating constraints on businesses.

- ***The lack of global competitiveness of certain significant portions of the region's manufacturing sector, and the failure of the region's private and public sectors to adopt the technologies of the***

future.

There are several reasons for the failure of companies and the public sector to adopt new technologies. Some companies and governments are constrained by lack of capital. Others are constrained by their failure to be willing to accept or embrace change and adopt new things, or by the inability to do so, or by the lack of vision to see why such change may be not only important but also in fact essential. There is a human nature component to this, that people are comfortable with the status quo. However, the end result is that companies and governments are operated using decades-old technologies, and hence are less productive and at a comparative operating disadvantage with respect to competitors that are more recent entrants into the market and that hence were typically created using newer technologies.

- ***The continuing need to develop the value-added net-regional-export segments of the regional economy, especially in clusters with growth potential.***

As indicated earlier, value-added, net-export economic activity is essential to the region's economic health over the long run. As under-developed economies in other countries grow, they compete with our region's companies for markets and for vendors.

From the demand side, competitiveness requires comparative advantage, either through proprietary technologies or knowledge-based advantages. Or, in some cases, regional companies can find or develop local monopolies or market niches or take advantage of transportation cost advantages or customer satisfaction advantages (e.g., just-in-time, etc.).

However, the future requires that we look to value-added, net-export economic activity not only in the traditional manufacturing sector, but also in service businesses. In fact, it is in service businesses where perhaps much of the region's future economic growth in the global customer marketplace will lie, because of the inability to compete with lower cost offshore manufacturing operations.

From the supply side, our region needs to recognize that as offshore business activity grows, there will be increased demand for the productive resources that have traditionally been inputs into our regional business operations. These offshore companies, facing stronger final product market demand than do our regional businesses, and other things equal, lower operating costs, will be positioned to offer resource vendors price premiums above those offered by our regional businesses, bidding those resources away from our regional businesses. We can see this happening already. The region's timber harvest is exported as logs, before it can be utilized by our secondary forest products manufacturers. Steel and energy is being purchased offshore, raising our regional business operating costs.

The solution is for our regional businesses to find the markets in which they can develop long-term comparative advantages, and move business activity into these sorts of businesses. The challenge for the public sector will be to facilitate these business development opportunities.

- ***The failure of the region's economy to create high-skill high-wage jobs in a diverse portfolio of industry classifications.***

The region's economy historically was based on smokestack industries, steel, furniture, and automotive markets. This manufacturing-centric economy initially was based upon lower-skill industry-specific skillset jobs. In more recent years, these businesses adopted technology, but in many cases, these businesses moved elsewhere to lower cost operating environments and instituted these technologies in those locations, growing a high skilled workforce in those locations. Accordingly, the high-tech, high-skill labor force required for our region to grow a technology business sector just never developed in our region. It is unreasonable to expect that it would have developed. There are few high-tech high-skilled jobs in technology oriented companies in our region,

so residents who go to school to develop such skills, or who get them in the workplace, typically are required to leave the region in search of employment.

Unfortunately, this results in a self-reinforcing cycle of constraining business development. A weak high-skill labor pool results in high-tech firms avoiding the region, and fewer high-tech firms means that a high-skill labor pool doesn't develop.

The optimal healthier situation would be to develop a diverse portfolio of high-tech firms that required a wide spectrum of high-skill jobs, so that a wide spectrum of individuals across a number of skillsets could find employment.

- ***The perception that our region is a difficult labor market in which to operate.***

The history of our region contains some labor-management difficulties, which are far in the past. Unfortunately, there remains a perception in some quarters that this is a difficult labor market in which to operate, that labor is unfriendly to business and to management in particular, and that other state – those with fewer labor laws and regulations – are better locations for business operations. Although it is true that New York State does have a climate of extensive labor law and regulation, and that the state is a state in which labor is generally educated and empowered, it is perhaps overblown and inaccurate to think that the labor climate is such that operating a business in the state is impossible or even significantly higher in cost. In fact, any such cost disadvantages are more than offset by the higher productivity and higher work ethic of New York State labor. Nonetheless, this perception persists, to the region's detriment.

- ***The need to continue to follow sound environmental and conservation practices,***

Often it is thought that economic development and sound environmental and conservation practices are inherently at odds with one another. This is not always the case, although often such practices raise the cost of business development and operation. As such, these practices are a hindrance to maximize the rate economic growth. However, from a societal viewpoint, such an approach will maximize net social value while minimizing social costs, and as such, represents the optimal long-term course of action, despite its limiting impact on economic growth rates.

- ***Homeland security issues.***

While the region is a rural region and may not be considered a primary locus of homeland security targets, nonetheless the region is adjacent to a primary border crossing in Buffalo and Niagara Falls, and is not too far displaced from New York City. Further, the region contains a homeland security target in the West Valley Nuclear Service Center, and if the region is successful in developing a large intermodal freight transfer facility that is used as an inland port, there may be homeland security issues with inbound freight.

2.1.2 Problems Posed by External and Internal Forces Affecting the Regional Economy

- ***Business operating costs are increased by the business operating environment within the State.***

As mentioned earlier, business operating costs are increased by the overall tax and regulatory environment within the State, by high State-mandated workman's compensation rates, by high utility costs, and the northern climate. These all are external costs that businesses must overcome in order to do business successfully in New York State. New York State is a high-cost state for doing business.

Although the present State administration has made strides toward reducing the State corporate and personal income rate, New York State also has enacted a number of un-funded mandates requiring

compliance by county and local governments. The mandates' lack of companion State funding also places a higher tax burden on businesses and individuals that pay county and local taxes, reducing the amount of capital available regionally for investment, and also resulting in higher effective business operating costs in the region. This also negatively affects economic performance in the region.

Certain municipalities may have local ordinances restricting the types and locations of certain types of business activity, negatively affecting economic performance in the region. By and large, however, these laws strike a balance between quality of life and the desire not to discourage economic development.

- ***Increasing municipal operating costs, resulting in higher tax burdens on businesses and employees/residents.***

The operating costs of municipalities in New York State are increasing as a result of increasing health care costs, rising State pension fund costs, increasing unfounded mandate costs, and a number of other rising costs that are external to the operations of businesses within their jurisdictions. As a consequence, without a compensating increase in municipal revenues to offset these increased costs, either services must be cut back or taxes increased. To the extent that taxes are increased, this operates as an increased cost of doing business within New York State.

- ***The critical juncture in which the region finds itself as regards its health care system, and the ability to provide adequate health care as a means of retaining and attracting employees and employers in the region.***

Health care is not only a quality of life issue; it is a business location and employee recruitment parameter. As the region's health care system experiences critical challenges, the region's economy also faces a lagged crisis. The ultimate result may be outmigration of businesses and employees.

- ***The need for the replenishment of the region's housing stock, as a means of retaining and attracting employees and employers in the region.***

Similarly, the regional housing stock and housing market also are not only quality of life issues; they also are business location and employee recruitment parameters. It is difficult to recruit executives and professionals to live in an area without significant high-end housing stock, or to invest in a housing market that is weak and that does not offer the potential of capital gains from asset ownership. This is a constraint to business location and employee recruitment.

- ***The need for adequate financial resources to support business development, and especially, to support entrepreneurial development.***

Private and public capital is essential to support business development.

The capacity of the private sector to undertake economic development projects is directly related to the health of personal and commercial credit markets. In the Southern Tier West region, there has been a long-term trend toward a decrease in the number of local independent banks in the region and an outmigration of funds deposited in local branches of larger banks to banks in markets in the more urbanized areas of the State. In recent years, however, certain commercial lenders headquartered outside the region have expanded into the region, certain savings banks have increased commercial lending operations, and commercial banks located both inside and outside the region have acquired existing commercial branches in the region. This activity should offset this trend toward less available capital to some extent.

When available, commercial credit seems relatively low priced. However, commercial lenders appear unwilling to make loans that they might have made some years ago. Testimony to that fact is the frequency of use of SBA 7(a) loan guarantees and the waiting list for many local public sector

revolving loan funds. Commercial business development loans sometimes are more difficult to obtain in the more rural areas of the region, due, in part, to the lower collateral value (i.e., resale value) of commercial real estate and other business assets in the rural Southern Tier West region. Commercial banks often appear unwilling to undertake risk loans even with public sector loan guarantees.

There is ongoing discussion regarding amending the industrial development bond program, which has been an important vehicle for channeling tax-exempt private investment through a debt vehicle into eligible capital investment business projects.

Further, the region has inadequate private equity and a shortage of venture capital funding, especially seed or initial stage funding and micro-equity venture capital.

There are challenges in the public sector side as well.

Other credit gap issues include the level of New York State's investment in economic development. First, the State's participation in the traditional economic development finance arena has evolved over time, leaving certain gaps in terms of direct business loan incentive financing. Second, the State also has fewer funds available for municipal economic projects and infrastructure projects than in the past, and there do not seem to be funds for speculative projects.

Finally, many public sector revolving loan funds are in need of recapitalization.

2.1.3 Relevant Material from Other Government-Sponsored or Supported Plans.

The above analysis of the region's economic development problems, the weaknesses in the regional makeup of human and economic assets, and the problems posed by external and internal forces affecting the regional economy are echoed in a number of the relevant government-sponsored plans, including workforce plans.

For example, **Allegany County's "Allegany County Focus 2004 – A Strategic Planning Document"** discusses economic assets. This plan indicates that Allegany County has several weaknesses, including inadequate infrastructure (especially water and wastewater infrastructure along I86 and NYS Route 19) and the lack of a main north/south highway. The plan also mentions external forces affecting the regional economy, including high state and federal tax rates, downsizing and closure of non-locally-owned manufacturing companies, and state over-regulation of business.

The **Allegany County Office of Development's "Allegany County Strategic Tourism Marketing Plan"** indicates the following research findings regarding various problems existing in Allegany County that negatively impact the County's tourism industry:

1. Fragmentation and a lack of county-wide cohesion and identity
2. Lack of a county-wide business network and association (county chamber of commerce)
3. Tourist attractions in Allegany County are small, often event-centered, and geographically dispersed throughout the County, which is not easy to travel and for which tourism signage is not adequate
4. Advertising and promotion activities are inadequate
5. Neglected marketing opportunities
6. Deteriorated and blighted physical appearance of communities
7. Low profile along Interstate 86
8. Inadequate organizational capacity / limited financial resources / lack of accountability

Allegany County's "Allegany County 2007-2012 HUD Consolidated Plan" also mentions the need for access to debt and equity small business capital and the need for improvements in telecommunications

infrastructure as important weaknesses in the County's economy. The Plan also discusses the need to consider proper environmental practices when planning for development, noting specifically flood plain issues, storm water runoff pre- and post-construction, wetlands issues, and the sensitivity of certain areas associated with well head recharge areas. The Plan also discusses the County's need for higher-end housing, as the lack of such housing is a constraint to economic development. The Plan also notes the need for improving public transportation and other transportation options, for a variety of reasons including economic interaction between businesses, commuting, seeking educational opportunities, and access to health care. The Plan also mentions that there is a need for removing blight in the County.

The **Greater Jamestown Empire Zone Development Plan** discusses both human and economic assets, indicating that the "major challenges to the regional economy include the high cost of doing business in New York State, over regulation, politics and its impact on causing disjointed development by New York State and its regions, the economic development incentives offered by other states and countries, and the low cost of labor overseas, especially in Asia, which continue to restrain regional and state-wide growth."

In Jamestown, the **Greater Jamestown Empire Zone Development Plan** indicates that "the city's industrial areas are characterized by older and/or abandoned buildings, limiting the amount of available developable land for new development. The challenge is to adapt and reuse old industrial sites and structures. ... There is a need to develop a proactive industrial redevelopment strategy including land assembly, public coordination of the delivery and cost of infrastructure, proactive remediation of environmental conditions, business retention and attraction, and development of an entrepreneurship program." The Plan goes on to list the weaknesses and disadvantages for business in the Jamestown area, which include:

1. High taxes, workers compensation costs, and regulatory compliance burden;
2. Lack of "shovel-ready" developable land and antiquated industrial facilities in the City of Jamestown, itself;
3. Shortage of specialized expertise in some areas (i.e. engineers, technology);
4. Over-reliance on outdated technology by many manufacturers;
5. Lack of entrepreneurial knowledge and skills;
6. Low cost competition, especially in Asia.

Another example is the **Chadwick Bay Champion Community's "Strategic Plan 2002,"** which also discusses economic and human assets. This plan indicates that northern Chautauqua County has weaknesses that include the lack of a skilled workforce and the fragmentation and lack of venture capital. The plan also references an earlier document that states that business development in northern Chautauqua County is constrained by human resource development issues, infrastructure issues, and issues of perception.

Another example is the **Cattaraugus-Allegany Workforce Investment Board's "2005-2008 Strategic Plan,"** which discusses several weaknesses in the regional makeup of human assets. This plan indicates that the manufacturing sector will face increasing problems finding qualified employees in the future. It states, "With the ageing of the Baby Boom generation and the pending retirement of large numbers of people with these critical skill sets, a ready pool of trained applicants must be prepared." Similarly, in the medical and health care sector, the region experiences what this plan terms "a national crisis" in finding qualified employees.

This plan also discusses the problems posed by external forces affecting the regional economy. It notes that the regional economy is "subject to the macro trends of the increasingly globalized economy," and states that "the manufacturing sector in particular has been impacted by shifts in production out of the northeastern United States towards cheaper labor pools in the south of the Country (if production stays within the borders) or abroad."

Another example is the **Chautauqua Workforce Investment Board's "Three Year Plan,"** which also discusses human assets. The plan notes the general aging of Chautauqua County's population is resulting in retirements from professional occupations. Also, the plan notes that the decline in the size of the general population leads to workforce shortages. Further, the forecasted growth in need for services to the aged results in the need for additional workers in health care and other services, leading to shortages in these fields.

The plan also notes that growth industries include manufacturing (especially metal processing, wood processing, and food processing), health care, and travel and tourism, and notes a need to develop the labor force in these sectors. Further, there is a need to develop basic skills, entrepreneurial talent, and supervisory skills. The plan also notes that ongoing employer restructuring is resulting in employer layoffs. The Workforce Investment Board's financial constraints are resulting in reduced staffing capacity at a time when demand for Workforce Investment Board services is increasing.

Further, **Workforce New York's (New York State's Workforce Investment Board) "Strategic Five-Year State Plan 2003"** also discusses human assets and weaknesses in the Statewide economy. The plan notes that there is "ongoing structural change in the economy," including a "continuing growth in the services industries." With respect to the manufacturing sector, the plan notes that "despite many changes, the factory sector remains an important part of New York's economy. In an environment of increased global competition, New York's manufacturers will need workers who are rich in skills and able to learn new skills and new procedures as technologies emerge."

Additionally, "the New York labor force will include more women and more multi-cultural persons in the next five years. In addition, New York's labor force participation rate will rise as many persons enter the workforce for the first time. Many of these first-timers will lack the skills that employers need. Ongoing welfare reform efforts and foreign immigration will contribute to labor force growth."

The State plan goes on to state "to minimize future labor shortages, it will be necessary to provide training for those in New York who cannot otherwise acquire suitable employment. Training will be especially important since New York's working-age population is expected to grow slowly. Workers, including incumbent workers, unemployed workers, displaced workers, and new entrants to the labor force, will require labor market information about available and emerging employment and training opportunities and opportunities for high wage, high skill employment."

The plan goes on to say "many new labor force entrants, including former public assistance recipients and recent immigrants, will require training in basic literacy (e.g., English as a second language), social, or job-specific skills. Upgrading the skills of incumbent workers will be required to keep New York State businesses competitive, minimize worker underemployment, and to keep pace with technological change. Worker training should reflect the increased use of technology and computer skills throughout nearly all industries."

With respect to projected skills development needs, the State Plan includes the following narrative:

"Skill development will vary widely. There are three types of skills: work-readiness or social skills, basic educational skills, and job-related occupational skills. Examples of work-readiness or social skills include coming to work on time, dressing appropriately, and getting along with others. Examples of basic educational skills include reading, writing and math. Examples of job-related occupational skills include how to wire an electrical outlet, how to paint a car, and how to create a web page. Workers with no work experience and no high school diploma may need basic skill training, including literacy training.

“Basic and work-readiness skills development may be appropriate for customers with no work experience, an inadequate education, and a lack of work-readiness skills. Job specific training will be provided to customers who have basic and work-readiness skills, but lack all the job-specific skills needed to work in a demand occupation. For example, job-specific skill development would be appropriate for incumbent workers who need to update their technical skills to meet the new skill requirements of their current job.

“The projected skill development needs of customer segments vary according to the skills they possess when they access the Workforce Development System. There are a number of customer segments, including, but not limited to, dislocated workers, public assistance recipients, older workers, veterans, migrant and seasonal farm workers, Native Americans, persons with disabilities, women, minorities, businesses and youths.

“Individuals in each of these customer segments may need help finding and interpreting labor market/career information and planning and executing a job search. The table below shows which customer segments are most likely to require work-readiness, basic educational, and job-related occupational skills.”

Finally, the **New York State Department of State’s “Appalachian Development Plan 2003 - 2006”** also discusses economic problems faced by the region, and internal and external forces impacting the region’s economy. This Plan notes that “the Southern Tier West Region has confronted a stagnant population base and out-migration during the 1990’s, through the beginning of this new decade. ... The region’s economy has long been buffeted by outside forces and trends, including the loss of furniture industry jobs to the southeast, the decline of the domestic steel and automobile industries and the growing competitiveness of international markets. One of the results has been the gradual restructuring of the regional economy away from manufacturing and toward the service and trade sectors. While there was a small reduction in unemployment around the turn of this Century, the Southern Tier West region has failed to fully recover from the recession of the late 1980s and early 1990s. The region continues to experience relatively high rates of unemployment and low per capita income. Like many Appalachian regions, the economic future depends on the ability to diversify its manufacturing base and refocus investment and education strategies on information and financial services and proprietary technologies.”

Further, the Plan states that “perhaps the most significant regional economic trend has been the ongoing shift from a manufacturing to a service-oriented economy. The transformation of the Southern Tier’s manufacturing sector continues and is largely the product of structural changes in both the regional and national marketplaces, including the southward and overseas flow of manufacturing jobs and the transition to a service and information-based national economy. Although the region has experienced brief periods of manufacturing growth over the past few decades, there is a long-term decline in manufacturing.”

This Plan also notes that “the change to a service based economy in Appalachian New York, has been paralleled by two other troubling economic developments: a growing dependence on government transfer payments and rising poverty rates.” The plan notes that poverty rates in each of the region’s three counties exceed both Appalachia and national rates of poverty.

The Plan states that “the growing reliance on individual-level government assistance reflects both the seismic economic shifts and short-term economic difficulties the region faced over the past decade. The downsizing or departure of leading manufacturers (especially in the computer, electronic, aeronautic and fabricated metal industries), sharp cutbacks in defense contracts, a slow recovery from recessions in the late 1980s and early 1990s, the proliferation of relatively low-paying service sector jobs, an aging population and other factors have all weakened the competitive position of Appalachian New York.

These changes have also taken their toll on the Southern Tier's economic standing within the Appalachian Region. Nowhere is this more apparent than in regional income trends."

Further, "once one of Appalachia's leaders in per capita market income, a primary indicator of an area's economic vitality, the Southern Tier now ranks 7th among the 13 states. Equally important, it continues to move away from, rather than toward, the Appalachian and national averages for this measure. In 1990, Appalachian New York's per capita market income represented 80.5% of the national average and 103.6% of the Appalachian average. By 2000 it had slipped to 73% of the national statistic and 94.4% of the Appalachian figure. No other state's Appalachian region has experienced a sharper decline in per capita market income since 1970. The Southern Tier thus stands in stark contrast to those Appalachian regions which have made gains or held their own in per capita market income over the last three decades." In point of fact, the per capita income of the Southern Tier West region is less than that of the Southern Tier Central and East regions.

The Plan also notes the "significance of net migration as a factor that affects the economic prosperity of Appalachian New York."

The Plan states that "in a report studying New York Counties, the New York State Legislative Commission on Rural Resources suggests that the level of urbanization of a county is positively associated with increased economic competitiveness. More rural counties are characterized by stagnant population growth, relatively aged populations, and high levels of senior dependency. The Southern Tier constitutes the most rural portion of New York State outside of the Adirondack Park and that portion of the Catskill Park outside the region. The Commission on Rural Resources identifies Allegany, Chenango and Delaware counties as the most rural individual counties in the Southern Tier. In the aggregate the Southern Tier West region is the most rural portion of Appalachian New York. The report points out that there is much variation between counties in economic and social conditions and also significant disparities within counties in terms of income levels, poverty and unemployment rates."

Additionally, the Plan notes that "one of the most significant logistical challenges affecting education in Appalachian New York is the lack of access to educational services caused by the region's low population density and transportation deficiencies."

Many communities in our region have inadequate infrastructure services. The Plan notes that "inadequate, antiquated and often substandard water and wastewater systems can impede economic growth and vitality in Appalachian New York. Many industries in the area are water-dependent and require a suitable water supply adequate for their growth needs. To retain or enhance their commercial sectors, as well as to satisfy environmental regulatory requirements, municipalities must continue to upgrade and expand their water and wastewater systems. Infrastructure development must often occur in a fiscal environment of low property tax bases and sharply reduced federal funding. Eying the bottom line, numerous rural communities have had to defer necessary repair and maintenance of their systems. Meeting the capital requirements of infrastructure development for new industrial parks and other business sites is a similar challenge. ... The main obstacle to resolving these problems is the absence of adequate financial resources within these communities. Too often, the rural communities most in need of critical infrastructure upgrades are those that are least able to pay for them." These fiscal challenges are present in all of our region's communities.

2.2 Economic Development Opportunities

However, although the region faces a number of economic development problems, the region fortunately also is faced with a number of economic development opportunities.

- ***The opportunity for the development of internet-related businesses.***

This field is a wide-open field with unlimited opportunity. True internet businesses are location-neutral, which negates any locational disadvantages that the region might have for some types of businesses.

- ***The opportunity for businesses to embrace broadband technology.***

Regional businesses should begin to utilize broadband connectivity to relate to vendors and customers, to move data, to do research, to develop strategic partnerships, and to do any number of functions that can bring value to their business. Broadband has become an essential infrastructure in our economy, much the same as telephone were in years past. Businesses that do not embrace this technology will be at a competitive disadvantage in the coming years.

- ***The opportunity for increased adoption of other technologies within the existing business community.***

Although this refers to a broad range of technologies, the common thread is productivity, cost-competitiveness, and embracing change. In some markets, new technologies actually lead to new products and new profit centers. Again, businesses that do not embrace new technologies will be at a competitive disadvantage in the coming years.

- ***The opportunity for the business community to take advantage of technology transfer opportunities from research institutions.***

The region is advantageously located in the center of a number of research universities, research health facilities, and other research institutions, located variously in Pittsburgh, Cleveland, Buffalo, Rochester, Ithaca, and in our region, Alfred. There are a number of models of technology transfer, including models of encouraging the existing business community to access technologies from these institutions, models encouraging these institutions to undertake outreach and pollination of new and existing businesses with technology, and models that encourage technology-transfer-based entrepreneurship. The common theme is that there is advantage to an aggressive program to utilize technology transfer as an engine of business development.

Additionally, the New York State Office of Science, Technology and Academic Research operates the Technology Transfer Incentive Program, which helps business access new technology from university research laboratories. This program helps New York companies commercialize high-tech innovations in partnership with colleges and universities by providing awards to institutions of higher education as incentives for licensing technologies to the private sector. The Technology Transfer Incentive Program provides services that include the improvement of product prototypes and existing commercial products, assisting with new product development, the development of manufacturing processes to commercialize prototypes, and the filing of patent applications.

- ***The opportunity for additional entrepreneurial activity.***

It is a basic tenet of economic development that small businesses are where most jobs are created in our economy. Entrepreneurship is the source of these small businesses. It also is the source of much innovation, which drives a dynamic economy. Entrepreneurship also implies local ownership, which from an economic development perspective is to be encouraged as a means of retaining value-added

wealth within our region. Entrepreneurship also is an outlet for employment for many people, giving them reason to stay in our region, as opposed to out-migrating, with the attendant economic and social costs.

- ***The opportunity for higher impact utilization of the region's hardwoods resource.***

Because of climate, soils, and topography, the region historically has been a source of hardwoods. Several species are world class. There also are many types of softwood in our region. Much of the hardwoods resource is exported from the region as logs. Retaining these logs in the region, and increasing the amount of secondary processing, e.g., furniture manufacture, etc., would provide substantial economic benefit to the region.

- ***The opportunity to utilize agribusiness resources to develop agribusinesses.***

Both Cornell Cooperative Extension and New York State Department of Agriculture and Markets feel that agriculture can be developed further in our State, and that agribusinesses, especially those that use agricultural commodities grown within the State, also are a source of significant business development opportunity. Strategically, the region already is a locus of a food processing cluster, and opportunities exist for the expansion of this cluster.

- ***The opportunity for increased tourism business development.***

Currently, there is some coordination amongst the counties relating to tourism development. However, a more comprehensive scheduling and marketing approach might yield even better results. Additionally, not all tourism destinations are being jointly marketed.

The region should consider incentivizing the development of additional tourism destinations. The region should look to the development of off cycle destinations on a four-season basis.

The region also should encourage augmented tourism service development, and should more rigorously promote tourism services along with destinations. The region also should attempt to increase heritage and cultural tourism, and mix marketing it along with non-heritage/cultural tourism to maximize visitor stays and duration of stays.

- ***The opportunity to use underutilized labor force, especially manufacturing labor force.***

The region has high unemployment rates relative to State and national rates, indicating a surplus of workers available. Because there is dislocation in the manufacturing sectors, there should be unutilized laborers with manufacturing experience, if these persons haven't moved into alternative employment or left the region in search of employment.

A certain portion of the labor force is underutilized as well. This is the portion of the region's labor force that is employed in jobs that are below that which their skill and/or experience levels would justify. These persons also are a source of increased opportunity for business development.

Additionally, there are a number of persons who had lived in our region but who had out-migrated in search of employment. Many of these persons desire to immigrate back to the region, and these persons also are a source of increased opportunity for business development.

Finally, there are a number of persons with inadequate skills and experience to support the development of businesses requiring certain labor skills. The region has a significant training infrastructure, which could help capitalize on the business development opportunity represented by this under-skilled labor pool.

The region is experiencing a decline in manufacturing employment and a shift from a manufacturing-based economy to a services-and-trade-based economy, with agricultural sector employment also

increasing in recent years. Service and trade jobs (especially non-value-added and non-regional-export service jobs) often have lower wages and benefits than the lost manufacturing jobs, a net economic and social loss to the region. In some cases, service and trade jobs are part time or seasonal jobs with no benefits. This erodes salaries and the standard of living and contributes to the weakness in the growth of overall and per capita personal income in each county, as compared to the New York State average. Regardless, it would seem that services and trade will be an increasingly important element of the region's economic future, as they are in many other parts of the country. The implication is that the region ought to focus on attracting high-paying value-added net-export services and trade employers to the region.

- ***The opportunity to utilize highway and railroad transportation infrastructure to a greater extent.***

The region has been building a core of highway and railroad infrastructure in the region. Interstate highways I86 and I90, US Route 219, NYS Routes 60, 62, 16 and 19 all are highway corridors that have significant capacity for economic development. The railroad system, which includes service by Norfolk Southern, CSX Railroad, Western New York and Pennsylvania Railroad, Buffalo and Pittsburgh Railroad, and New York and Lake Erie Railroad, also serves corridors holding potential for economic development. All of these corridors are prime locations for businesses that could utilize them for freight shipping, and all of the rail and highway infrastructure itself have excess capacity for freight shipping. Further, the proposed intermodal or multimodal facility should be sited to take advantage of this rail and highway infrastructure, leading to business development.

2.2.1 Strengths in the Regional Makeup of Human and Economic Assets

- ***Productive work force with good work ethic.***

The region always is cited as having a productive work force that has a strong work ethic. Companies and executives from other regions always are impressed with the region's work force, and this is an asset around which the region can build.

- ***Significant human resource assistance provided by aggressive workforce investment boards.***

The two Workforce Investment Boards operating in the region are integrated comprehensive human resource assistance agencies with proficient staffs. They offer region-wide assistance in efficient One Stop Centers in which a wide variety of services can be accessed, both by employers and prospective employees alike.

- ***Manufacturing expertise.***

The region has a history of being a locus of manufacturing firms in many industries, but especially heavy manufacturing, metal processing, automotive parts, power systems, food processing, and furniture. This expertise, the labor and management pool in the region, and the support systems built up around the manufacturing sector is an asset that other manufacturing companies could utilize.

- ***Capable training organizations and primary, secondary and post-secondary education institutions.***

The region has a network of capable training organizations, including the Workforce Investment Boards, BOCES, primary and secondary schools, community college, four-year colleges, New York State Empire State Development, and private training organizations. These organizations have years of experience in meeting private sector company training needs, and as such, are an important economic development resource.

- ***Ceramic technology research and educational institution.***

The Alfred University College of Ceramics is a world-class center for ceramic technology research.

It graduates more PhD's in ceramics and advanced materials than any other educational institution. It is a world center for ceramics research and education, and as such, is an important economic development resource. The college is affiliated with the Ceramics Innovation Center, operator of two ceramics and advanced materials incubators, which have achieved substantial success in incubating ceramics technology firms.

- ***World-class hardwoods resources.***

The region is home to world-class forest products resource in several choice hardwood species (maple, ash, red oak and black cherry). The estimated annual net growth of timber amounts to over 1.6 million tons a year. At present, about one third of this amount is being removed through harvesting, leaving a significant potential for future economic development, including the potential for increased domestic secondary use and export use. Additionally, the region is home to other good hardwood species, and to numerous softwoods resources. The primary factors in the location of this resource are soils, climate, and land aggregation and management practices.

- ***Locational advantage with respect to eastern metro markets.***

Although the world economy is becoming increasingly globalized, the Southern Tier West region's economy is most closely tied to the adjoining metropolitan regions. The region's population is too small a market to support a self-contained value-added economy without a regional export/import market. The region is located in the northeast, and is in proximity to metropolitan markets including Pittsburgh, Cleveland, Buffalo, Rochester, Toronto, New York, Boston, and Philadelphia. Despite this proximity, the region enjoys a lower cost business operating environment than these metro regions, which is an advantage for business development

- ***Aggressive railroad transportation program.***

The region has been aggressively working on a program to save, repair and upgrade, and revitalize the east-west mainline railroad line, the Southern Tier Extension. This program is an ongoing success, and while additional investment will be required in the line in the coming years, the line now represents a tremendous economic development resource for our region.

The region also now is working on the Buffalo NY to Driftwood PA north-south railroad line. This initiative began in 2007, and will involve revitalizing this line and promoting business development on this corridor.

The region also is working on siting a transmodal and perhaps some day an intermodal freight transfer facility in the region. Plans for this facility include industrial acreage, transload facilities, warehousing and distribution facilities, and a free trade sub-zone. As this project develops, it also will represent a tremendous economic development resource for our region.

- ***Ongoing highway corridor development initiative.***

The I86 Coalition has been working to promote I86, first, getting the western section designated as an interstate, and now, working on designation for the eastern section. All along, the Coalition has worked for improving the condition of the roadway. In recent years, NYS DOT also has participated by enhancing maintenance of I86. This highway corridor is a primary economic development asset.

The US Route 219 construction program begins in the spring of 2007 with the first phase of construction commencing. The Route 219 Association has been aggressive in its advocacy of completion of the highway. This is a large multi-year program that will result in a multi-state economic development corridor.

More recently, NYS DOT has designated Southern Tier West as manager for a rural strategic

transportation planning project that will emphasize corridor development, enhanced freight transportation, railroads, aviation, and transit in our region. This will be the first time that there will be rural strategic transportation system planning from the perspective of economic development in our region.

Finally, NYS DOT has been embarking on several local corridor programs. A recent example of such a corridor program was a NY Route 417 planning program that was a response to strategic growth and travel volume and velocity issues.

- ***Ongoing investment in the region's broadband capacity.***

Southern Tier West is embarking on a regional broadband system study of the region, which may lead to future investments in broadband infrastructure capacity. Eventual goals of this project include providing redundancy of service, providing cost and quality of service competition, and providing service to un-served areas within the region. All of these impacts will eventually result in enhanced economic development opportunity.

- ***Productivity enhancement programs and assistance.***

Our region historically was the location of the first State-funded productivity enhancement projects for the private sector. Years later, the State continues its technology enhancement programs and its training programs, through New York State Empire State Development Corporation and Science and the New York State Office of Science, Technology and Academic Research.

Additionally, Insyte Consulting is the designated Regional Technology Development Center for the Western New York region. Insyte Consulting is a not-for-profit economic development organization affiliated with the New York State Office of Science, Technology and Academic Research and the National Institute of Standards and Technology Manufacturing Extension Partnership program. Insyte Consulting works directly with the private sector to increase company competitiveness and profitability.

2.2.2 Opportunities Posed by External and Internal Forces Affecting the Regional Economy

- ***The need to seize opportunities in clusters where the regional may enjoy competitive advantages.***

Southern Tier West subscribes to the cluster theory of economic development, which holds that regions should invest resources in business clusters that are important in their regions that exhibit the opportunity for growth. In our region, we additionally feel that these target clusters should be clusters in which companies can maintain comparative advantages with competitors outside the region. Furthermore, these clusters should be value-added net export clusters that bring new money into the region.

In our region, these target clusters are identified as the following:

- ceramics, glass, and advanced materials cluster
- secondary forest products manufacturing cluster
- agribusiness (including secondary food processing) cluster
- metal fabricating and automotive parts manufacturing clusters
- technology-based, including telecommunication-based industry clusters
- plastics products manufacturing cluster
- technical support services (back office computer service) cluster
- trucking and distribution cluster

- tourism

- ***The need to train the region's labor force in the knowledge-based employment skills of tomorrow.***

To remain competitive and seize technology-based opportunities for growth, the region will need to invest in its labor force, to upgrade skills. As a regional economy with a history of blue collar heavy industrial manufacturing, the region needs to develop a labor force with completely different technology skills. The region needs to anticipate the skills needed by tomorrow's companies in order to have the requisite labor force to attract these new companies. However, the development of such a skilled labor force will encourage companies to locate operations within our region, as they will see that an appropriate labor force is already in place in the region.

- ***The need for investment in the region's infrastructure capacity, including competitive rate local water and wastewater systems, natural gas and electric service capacity, and broadband telecommunications capacity.***

The region still has a number of communities with inadequate infrastructure services. Some communities even face health issues because of the state of their local infrastructure services. Others, including our largest and most industrialized communities, still need significant investment in even the most basic infrastructure needs in order to accommodate additional business investment and activity.

Further, the region needs to move further into investment in non-traditional infrastructure, such as broadband telecommunications capacity, in order to remain competitive with others regions and the global marketplace.

However, investments in all of these infrastructure systems will lead to new business development opportunities, as prospective entrants and entrepreneurs see that the region has the capacity to accommodate their investment and activity.

- ***The need to upgrade transportation infrastructure, including mainline and shortline railroad issues, air transportation issues, and State and local highway and bridge issues, and to develop a comprehensive plan for the region's transportation infrastructure that considers economic development issues.***

Similarly, the region recognizes that a rural region such as ours needs a quality cost-competitive transportation infrastructure system to connect it with extra-regional markets and the global marketplace. The development of such a comprehensive transportation infrastructure system, including highway, railroad, aviation, and transit systems, and access infrastructure such as intermodal facilities and development corridors, will be critical to seizing these economic development opportunities.

- ***The need for equity and debt capital to support entrepreneurship and business development.***

Historically, our region has suffered from gaps in commercial debt and equity financial markets. Asset-based lending has been constrained by perceived higher default risks and weak collateral salvage markets, both a common feature of rural economies. Further, business development opportunities historically haven't been of the type to entice investment within the region by venture capital firms.

The region has been aggressive in developing public sector loan funds to augment the efforts of the commercial lending community. However, more resources here would be useful. Further, the capitalization of public sector or community equity capital funds – especially seed or first stage capital funds – would have a significant impact on entrepreneurial activity and the growth of small businesses in our region.

- ***The need to promote entrepreneurship.***

Entrepreneurship remains a significant opportunity for economic development within our region. Prospective entrepreneurs exist within our region currently, and also are represented in the pool of regional expatriates who would like to return to the region to live. Our ability as a region to assist these individuals with starting and growing their businesses represents a significant economic development opportunity.

2.2.3 Relevant Material from Other Government-Sponsored or Supported Plans.

The above analysis of the region’s economic development opportunities, the strengths of the regional makeup of human and economic assets, and the opportunities presented by external and internal forces affecting the regional economy are echoed in a number of the relevant government-sponsored plans, including workforce plans.

For example, **Allegany County’s “Allegany County Focus 2004 – A Strategic Planning Document,”** which discusses economic assets. This plan indicates that Allegany County has several opportunities for development, including recreational and tourism attractions, interstate highway interchanges, three colleges (including a world renowned ceramics college and a related ceramics incubator), low county debt, and available sites for industrial development.

This theme is echoed in **Allegany County’s “Allegany County 2007 – 2012 HUD Consolidated Plan,”** which indicates that “sites identified for business growth and development (include):

Existing

- Friendship Empire Zone locations
- Cuba Industrial Park
- Wellsville Airport Industrial Park
- Sugar Hill Industrial Park
- Ceramic Corridor Incubator
- Swain Ski Resort

New/Future

- Sites along the I-86 Corridor, including the I-86 Exit 30 and State Route 19 crossroads
- Empire Zone identified “regionally significant manufacturing projects”, including the former Tracewell site north of Cuba
- Canaseraga Watershed
- Belfast industrial development site
- Alfred-Almond, Wellsville-Scio and Houghton-Fillmore Corridors
- Brownfield sites, including the 5-acre Friendship Foundry site “

The Plan also specifically mentions four corridors within Allegany County that have been designated as suitable for development, including:

- “Friendship East, encompassing county Road 20 from Friendship to Amity to the I-86/State Route 19 Crossroads Development Area. Allegany County, the Town of Friendship and the Town of Amity have passed resolutions in support of an inter-municipal sewer and water district to support development here.
- Wellsville Town and Village, State Route 417, within which several zone-certified businesses exist, as do sewer, water, utility, and transportation infrastructure and parcels of open land.

- Cuba Town and Village, from a pre-existing village zone and westward along County Route 466 and northward across Interstate 86 and State Route 305, within which there is a mix of zone-certified businesses and locations for the development of business sites.
- Friendship West, at Interstate 86, Exit 29, including previously designated prime land, a ‘shovel ready’ 22 acre industrial site and existing infrastructure to support business development. “

Another example is the **Friendship Empire Zone’s “Zone Development Plan 2007,”** which also discusses opportunities represented by specific target clusters in Allegany County. The initial rationale for the designation of these target clusters, which are designated because they offer maximum growth opportunity, is that these clusters are directly related to existing or projected business operations within Allegany County. These target clusters are as follows:

- food and dairy processing industrial agribusiness cluster
- electrical and electronic manufacturing industrial cluster
- precision metal fabricating manufacturing industrial cluster
- ceramics, glass and advanced materials manufacturing business cluster
- road, bridge, building and pipeline manufacturing construction industry cluster
- forest products manufacturing industry cluster (including primary and secondary wood processing)
- rail trucking distribution and logistics business cluster
- destination recreation, tourism and hospitality business cluster
- support services (including professional, financial, back-office, technical operations and disaster recovery) business cluster

The **Allegany County “Allegany County 2007 – 2012 HUD Consolidated Plan”** also indicates that of the above clusters,

“The first priority includes manufacturing sites, especially those “traded export businesses” selling products outside of the region and bringing new cash into the community. These manufacturing businesses include any manufacturing or processing industrial company and specifically the following strategic targeted business clusters:

- Dairy and food processing agribusiness (including primary agriculture supporting local dairy farming and agricultural infrastructure)
- Electrical and electronic manufacturing
- Precision metal fabricating manufacturing
- Ceramics, glass and advanced materials manufacturing
- Road, bridge, building and pipeline manufacturing construction
- Forest products manufacturing

The second priority includes sites that use the transportation infrastructure and natural resources of Allegany County to create a destination for logistical businesses. The importation and distribution of goods and destination enterprises adds wealth to the community by drawing from outside the region, generating new dollars and economic activity. The secondary priority destination sites include the following businesses:

- Rail, trucking, distribution and warehousing logistics
- Businesses destination recreation, tourism and hospitality businesses
- Support services including professional, financial, back-office,
- Technical operations and disaster recovery”

The **Buffalo Niagara Enterprise's "Agriculture and Forestry-Dependent Economic Development for Western New York State"** study (2006) concluded, among other results, that the opportunities for agribusiness in the region, based on a 'success matrix' of factors are:

“Primary opportunities

- Yogurt
- Specialty cheeses
- Biodiesel
- Ethanol
- Fluid milk
- Grape wineries

Secondary opportunities are:

- Maple syrup
- Field crops/vegetables
- Forestry and products
- Greenhouse vegetables ”

Another example is the **Cattaraugus Empire Zone web site**, which also delineates the clusters that the Empire Zone either focuses strategic resources on or wishes to facilitate the development of, because they represent an opportunity for business development. These clusters include:

- Agribusiness
- Automobile parts manufacturing
- Ceramics, glass, and advanced materials
- Education/schools
- Food processing
- Metal fabrication
- Plastic products manufacturing
- Technical support services (back-office computer support)
- Technology-based industry clusters
- (E-commerce)
- Telecommunications
- Tourism
- Trucking and distribution
- Word processing

Another example is **Allegany County Office of Development's "I-86/Rt.19 Crossroads Market Feasibility Criteria Study 2004,"** which discusses the specific economic asset represented by the interchange area at exit 30 on I86. This interchange is the intersection between I86 and NYS Route 19, which are the main east-west and north-south highways in Allegany County. The plan discusses the development potential represented by the relatively undeveloped greenfield status of the four quadrants of the interchange, and the constraints to development at that location, which include site control, infrastructure, flood plain issues, etc.

Another example is the **Chadwick Bay Champion Community's "Strategic Plan 2002,"** which also discusses economic and human assets. This plan indicates that northern Chautauqua County has strengths that include educational facilities, geographic location, tourist attractions, and a strong work ethic.

With respect to tourism development, the **Greater Jamestown Empire Zone Development Plan** indicates that “the area's natural beauty and resources; man-made and natural recreational resources,

cultural offerings, and proximity to major population areas are the ingredients for a strong tourism (i.e., regional exports) sector.” With respect to more general industrial development, the Plan indicates that “Chautauqua County's greatest advantages are its comprehensive economic development team, low-cost energy (Jamestown), two major interstate highways, east-west rail lines, significant supplies of fresh water, and a well-trained and motivated work force.” The Plan also mentions Chautauqua County’s four industrial parks, two empire zones, and two incubator facilities.

The **Greater Jamestown Empire Zone Development Plan** goes on to list the economic development strengths and advantages of the region, which include:

1. A diversified, established industrial base;
2. Productive, skilled workforce with experience in fine hardwood and metal finishing production;
3. Several strong industrial clusters with growth potential, i.e. transportation products;
4. Basic infrastructure and transportation services provided by highways (I-86 and I-90) and rail (WNYPARR), telecommunication networks, with ongoing upgrades to these systems;
5. Location, proximity to the major northeastern seaboard markets and the east coast ports with easy entry to all markets, including Canada and other global points;
6. Affordable electric power (.05-.06/kwh), substantial quantities of aquifer-filtered water, and tertiary sewer treatment provided by Jamestown's Board of Public Utilities (BPU) throughout most of the Zone, including Falconer and Ellicott. BPU also provides district heating and cooling in the Central Business District and operates a fiber optic telecommunications system. All services are sufficient for new development;
7. Local sources of natural gas;
8. Shovel-ready development sites with Infrastructure in three industrial parks;
9. A renowned Jamestown Area Labor-Management Committee which has eased historic labor problems and stimulated business development;
10. Good secondary and post-secondary educational and health care systems;
11. Affordable housing;
12. Fine outdoor recreation opportunities;
13. An experienced Chautauqua County Economic Development Team and coordinated support services: Chautauqua Works, the Small Business Development Center, etc.

The Plan indicates that the above strengths and advantages are especially present in the Jamestown area.

The Plan goes on to indicate that “based on the strengths and weaknesses of the region, the Greater Jamestown Empire Zone specifically targets transportation manufacturing, metal fabrication, plastics, wood products, technical support, technology-based clusters, telecommunications, tourism, and trucking and distribution. The low cost municipal electricity, district heating and cooling systems, fiber optic network, educational system, and workforce provide opportunities for expansion and attraction of these industries.” Further, “GJEZ's main targets are manufacturers with potentially family sustaining wages especially "traded industries," exporting goods or services and importing wealth into the local economy. Vital local manufacturers ("base industry") and the critical suppliers and service providers, i.e. machining maintenance and repair, for the larger "export" manufacturers fit this category, as well.”

Chautauqua County also recognizes the primary opportunity that broadband telecommunications infrastructure represents. The **Greater Jamestown Empire Zone Development Plan** indicates that:

“Technical support services and back office computer support systems are a growth opportunity for the Jamestown area. Information technology customers are increasingly demanding enhanced reliability from their data centers. The current reliability standard is defined in a four 'tier' system with customer reliability expectations approaching "five nines" or 99.999% reliability. Significant

financial investment is required to achieve such a high level of reliability in data centers, necessitating economic efficiencies in other areas.

“The Jamestown Board of Public Utilities, the community-owned electric utility in Jamestown has some of the lowest industrial electric rates in New York State and the nation. BPU has the ability to provide data centers locating in the area with optimum redundancy and reliability at an exceedingly competitive cost. Data center site location criteria generally involves access to at least two telecommunications providers, with fiber optic lines located within a two mile radius of the site location with access to a minimum of a OC48 line capacity.

“The advisory policy standards for distance and cost analysis of telecommunications services indicates that Jamestown is one of the few locations in New York that qualifies as a remote data center site for Manhattan-based financial institutions. Based on the current price formula, Jamestown has the same advantages as any other site located an equal distance from Manhattan. One of Jamestown's local telecommunications providers has indicated a willingness to reduce one of the connection fees, consistent with pricing practices in the industry for large customers. In addition, the BPU owns and operates a twenty-mile fiber optic ring within Jamestown. The incoming data center cost of connecting to the fiber system would be considerably less expensive than industry norms.”

Another example is the **Cattaraugus-Allegany Workforce Investment Board’s “2005 to 2008 Strategic Plan,”** which comments on the strengths of regional human assets, indicating that the health care, hospitality, tourism, and construction sectors are growth sectors for our region. Tourism and health care growth is seen as being driven by continued development of the tourism economy largely around the Ellicottville area and the ongoing Seneca Nation of Indians Seneca Allegany Casino and Resort development. These two tourism and hospitality developments also are driving construction sector activity, as new structures are built and old ones remodeled to meet new needs/uses.

The plan also notes smaller growth opportunities in the dairy and food processing sector; the ceramics, glass and advanced materials cluster, and the trucking and distribution cluster.

The plan also notes that the impending phased construction of the U.S. Route 219 highway also is anticipated to accelerate development. The plan also notes that “as the expansion of the Ellicottville and Salamanca economies continues, it is expected that auxiliary ancillary jobs will be created as well in sub-sectors such as food and beverage supplies, and paper products and related supplies.

The plan also states that “health care is also emerging as a powerful driver of local economic development. Cuba Memorial Hospital is seeking to create a supported living campus, potentially housing hundreds of elder clients. This will create an even greater demand for local physicians, specialists, nurses and other health care staff. These jobs will be in addition to the demand created by the national demographic trends. Further, as the Ellicottville and Salamanca economies mature, additional health care capacity will be required.”

Further, “the Ceramics, Glass and Advance Materials sectors continue to see steady growth as the emerging fields of biotechnology, nanotechnology and glass science mature. Alfred University has been a world-renowned center for glass science technology for decades and the local Ceramics Incubator project is showing steady growth and expansion as commercial products are brought to market.”

Further, the plan outlines occupational fields that are poised for, or currently experiencing, growth, as follows:

- Tourism/Hospitality – All levels
- Construction Trades – All levels
- Health Care – All levels particularly dentistry, nursing, and support staff
- Manufacturing – Food processing related

- Trucking/Distribution – Long haul drivers, distribution center

The plan also notes that the region's population is aging, that the population is decreasing in size, and that the younger portion of the population is declining in size. The plan projects workforce shortages in the skilled trades, especially welding, machine operators, and specific vocational and trade technicians. This has resulted in the re-institution of trade training programs, which had been stopped because of prior leveling off or declines in jobs in those trade occupations.

Finally, the plan notes a greater need and an increase in training, placement and services to the youth portion of the region.

Another example is the **Chautauqua Workforce Investment Board's "Three Year Plan,"** which also discusses human assets. The plan notes that the aging in the County's population has led to a projected growth in the need for additional workers in health care and other services, leading to shortages in these fields. The plan also notes that growth industries include manufacturing (especially metal processing, wood processing, and food processing), health care, and travel and tourism, and notes a need to develop the labor force in these sectors.

Further, **Workforce New York's (New York State's Workforce Investment Board's) "Strategic Five-Year State Plan 2003"** also discusses human assets and strengths in the Statewide economy. While the plan notes that there is "ongoing structural change in the economy," it also noted that there is a "continuing growth in the services industries." The service industries that have grown the most in recent years and that are expected to grow the most include business, health, education and social services fields; computer- and health-related fields; the construction field; and the new media industry fields (which is comprised of computer-related enterprises such as Internet services, software developers for personal computers, multimedia and video games, and web site development).

With respect to the manufacturing sector, the Plan notes that "despite many changes, the factory sector remains an important part of New York's economy. In an environment of increased global competition, New York's manufacturers will need workers who are rich in skills and able to learn new skills and new procedures as technologies emerge."

Further, "technology has and will continue to transform the workplace. Computer usage is nearly universal in almost all industries. The rapid expansion of e-commerce and information technologies will accelerate this trend."

With respect to projected skills development needs, the State Plan notes that "the State will need persons skilled in computer programming, data processing, and cutting edge computer-related fields. Skills in many health care fields will be in demand as the population ages and requires greater levels of health services. Individuals with skills in the construction trades and machine trades should have little trouble finding jobs. Teachers and trainers will be in demand as long-time teachers retire in great numbers and the workplace increasingly requires that workers learn new skills throughout their working lives. Social services workers will be in demand as well."

Finally, the **New York State Department of State's "Appalachian Development Plan 2003 - 2006"** also discusses human and economic assets. The Plan notes that "Appalachian New York has had a higher percentage of high school graduates among the adult population (aged 25 and older) than has the nation as a whole."

Further, "the State of New York has constructed a substantial educational infrastructure geared towards provision of job skills training. Along with the two university centers and four liberal-arts colleges, there are six two-year community colleges and technical institutes located in the Southern Tier. These two-year community colleges offer a wide array of vocational and technical training programs and tend to focus on skills-based education. Due to their flexibility, community focus and partnerships with business, labor

and public schools, community colleges give students an opportunity to gain the applied skills they need to land good jobs and help displaced workers transition to new careers. The number of students in the Southern Tier entering the community colleges is a reflection of the opportunities available through this educational infrastructure.”

As mentioned previously, the Plan notes that “one of the most significant logistical challenges affecting education in Appalachian New York is the lack of access to educational services caused by the region’s low population density and transportation deficiencies.” Nonetheless, the plan notes that “distances can be bridged, increasing the effective use of educational resources and the demand for courses, through an advanced and broadly accessible telecommunications infrastructure. It is the objective of New York State that Appalachian residents will have access to a modern and flexible telecommunications infrastructure serving multiple categories of beneficiaries.”

Further, the Plan notes that “the Southern Tier’s growing telecommunications infrastructure has applications beyond formal education. Specifically, access to and proper use of telecommunications technology can increase the quality, availability and efficiency of business services, health care and governmental administration and service provision. Telecommunications equipment can be used to enrich both basic and advanced education and skills training programs, as well as to foster regional data exchanges. By providing a gateway to otherwise inaccessible resources and facilitating communication across great distances, this technology also helps to ‘level the playing field’ between isolated rural areas and metropolitan centers.”

With respect to transportation infrastructure, the Plan notes that “the Southern Tier’s terrain presents a major barrier to surface transportation. As a result, there is only one major east-west road, New York State Route 17/Interstate 86 (I86), that traverses the entire region.” The western segment of I86, as it traverses our region, “serves as a major corridor for tourist and non-business travel. In much the same way, (this highway) gives heretofore isolated residents of the Southern Tier access to economic, social and cultural opportunities in the region’s small metropolitan areas and beyond. ... “These benefits include shorter travel times and reduced vehicle operating costs.” ... “Whether considered from the standpoint of increased economic opportunity, ease of travel or cultural contact, the ongoing modernization of Route 17/I86 is an important economic benefit for the Southern Tier.” A recent study, released in January 2000, “determined that \$3.2 billion in benefits would be realized over the next twenty years by Southern Tier communities if I-86 were completed in eight years.”

However, the Plan also notes that “the Southern Tier faces related highway transportation problems, such as deteriorating bridges and inadequate secondary roads, that prevent the region from maximizing the potential of its major highways. Too often, deficient bridges and roads prohibit transportation options necessary to local development or impede efforts to get products to market reliably. These conditions, for instance, can prevent modern milk or timber trucks from gaining access to an area. For people residing on the wrong side of a restricted or closed bridge, especially in the small and isolated communities of the region, the economic price can be severe. These limitations must be overcome if the full benefit of (I86) is to be realized.”

Further, “the Appalachian Development Highway Corridors (and in our region, more specifically, I86,) will play an integral long-term role in regional development. Local development officials and the New York State Department of Transportation are aware of the importance of connecting area development strategies to these assets. Moreover, the relationship between economic development and the Corridors is explicitly recognized in New York State Appalachian plans and Area Development policy.”

The Plan also notes that “rail traffic on the Southern Tier Main Line is expected to increase significantly” in the future. Further, the Southern Tier Extension Railroad Line has “the capability of serving as a mainline through route for the first time since the 1980’s.”

With respect to aviation services, “municipal airports ... (can help) to attract some economic development. (However, as) is the case with other infrastructure concerns, the most significant barrier to constructing and improving these small airports is the lack of local financial resources.”

The Plan also notes that “there is a continued need to stimulate manufacturing opportunities in the Appalachian region of New York State. The economic benefits of doing so are manifold, not least of which is the higher than average pay associated with manufacturing employment. A strong manufacturing base remains a key element in a viable regional economy and a path to economic advancement.” Further, “to be effective, ... economic development strategies need to focus on more than one economic sector. Equal attention must be paid to expanding economic sectors like services. In this light, greater emphasis should be placed on stimulating high “value-added” services in the health, education, business and financial sectors. This would also enable the Southern Tier to capitalize upon its socio-economic strengths, including its substantial educational infrastructure. Targeting investment and development strategies on advanced manufacturing processes and on information, business, health care and other professional services would help Appalachian New York to adapt to changing economic realities, generate high caliber employment opportunities and move constructively into the future.”

Further, “the small cities of the Southern Tier West region are dependent upon a mix of industries including food processing, manufacturing and education. The diversity of educational institutions in Appalachian New York, its varied manufacturing, commercial and agricultural concerns (ranging from dairy and meat production to potatoes and fruits) and the disparate location of natural resources mean that no single economic development strategy is sufficient for the region in its entirety.” ... “Locally-generated strategies for business and employment development have the best chance of producing sustained economic competitiveness because they center economic leadership and responsibility within the ... (r)egion itself.”

Finally, the Plan notes the importance of entrepreneurship as a driver of economic development within the region.

2.3 Consistency with Applicable State and Local Workforce Investment Strategies.

As can be seen from the above narrative, both of the local workforce investment strategies (the **Cattaraugus-Allegany Workforce Investment Board’s “2005 to 2008 Strategic Plan”** and the **Chautauqua Workforce Investment Board’s “Three Year Plan”**) are consistent with the analysis indicated herein. Both plans feature a consistent analysis of the labor supply and labor force in their service areas (which together comprise the entire region), and both plans have similar goals, objectives, and strategic programmatic foci that are consistent with the analysis herein.

The State workforce investment strategy - **Workforce New York’s (New York State’s Workforce Investment Board’) “Strategic Five-Year State Plan 2003”** – also is consistent with the economic analysis contained herein. As in the region, the state also is experiencing a shift toward increasing service sector employment. However, the State plan does not focus on the decline in the manufacturing sector, as does the regional plan. The State plan only notes that “despite many changes, the factory sector remains an important part of New York’s economy,” which remains true at the regional level as well. The divergence in the State plan from the regional plan may lie in the greater incidence of certain jobs and clusters in other areas of the State, such as New York City. Examples might be the advertising, television, computer, and media fields. However, both plans have similar goals, objectives, and strategic programmatic foci that are consistent with the analysis herein.

2.4 Past, Present and Projected Future Economic Development Investments in the Region.

Past and present economic investments in the region have included:

- Retention and public assistance to the region's short line and mainline railroad system
- Investment in highway infrastructure, including construction of I86 and ongoing improvements to US 219
- Construction of industrial parks in all three counties
- Extension of infrastructure services to serve scattered site industrial firms, including industrial access roads, water, and wastewater systems
- Construction of speculative industrial buildings
- Retrofit of older buildings into modern productive facilities
- Remediation of brownfield acreage and buildings and redevelopment of these assets into productive uses
- Incubators in all three counties
- Employee training programs
- Empire zones, industrial development agencies, and incentive programs
- Industrial incentive financing, including IRB's
- Technical assistance to business and entrepreneurs
- Revolving loan funds
- Construction by Seneca Nation of Indians of Seneca Allegany Casino Resort
- Investment in the region's ski resort facilities
- Marketing of the region and specific individual buildings and sites
- Procurement and export assistance and financing
- Investment in colleges and universities in the region, especially public sector institutions

Projected future economic investments in the region include:

- Continued construction of I219 (Interstate Route 219), a primary north-south limited access highway corridor bisecting the region
- Construction of Millennium Parkway, connecting the northern Chautauqua County industrial corridor with Interstate Route 90 (I90)
- Expanded investment in highway trade corridors
- Additional investment in railroad infrastructure
- Phased construction of multi modal freight transfer facility and associated business park, with free trade sub-zone
- Investment in regional broadband and communications infrastructure
- Phased construction of Crossroads business park

- Continued investment by Seneca Nation of Indians so as to further diversify the Seneca Nation’s economy
- Expanded entrepreneurial assistance activities
- Support for enhanced technology transfer activities and incentives for business development of knowledge-based and technology-based cluster businesses
- Additional investment in employee skills training activities
- Expanded regional marketing facilities

2.5 Analysis of Economic Clusters Within the Region.

With respect to the region’s rural location, there is support for the concept that the region should focus economic development resources on those industry clusters in the surrounding regions that are experiencing growth, because of the potential for participating in their growth. However, a large portion of the region’s economy that is tied to the economies of these surrounding regions is heavy and/or commodity-based manufacturing (the “economy of the past”), as opposed to being the technology-based “economy of the future,” which also appears to be growing in the surrounding metropolitan regions. Accordingly, a higher impact economic development strategy might be to focus economic development resources on promoting these knowledge and technology-based clusters, as opposed to the heavy and/or commodity-based manufacturing clusters. However, it may be difficult to seize opportunities in technology growth clusters without a strong technology base in our region, without a strong human resource base with requisite skill sets, and without a threshold level of technology activity extant in our region. Developing this technology base, including a technology business sector and a skilled labor force, should be a primary regional economic development strategy.

The implication is that in order to reduce the region’s dependence on the “economies of past,” the region also should emphasize economic diversification into those sectors of the economy with growth potential, especially knowledge-based and technology-based growth clusters, independent of the relationship of these sectors to the economies of surrounding regions. These sectors include certain manufacturing growth clusters and the high-paying value-added net-export services and trade clusters. Diversification and growth potential suggest the development of certain portions of the region’s economy independent of location proximity to surrounding metropolitan regions.

Southern Tier West has analyzed clusters in the region and has achieved consensus as to specific economic clusters that have the highest economic potential of generating higher returns in terms of employment and tax base than will other clusters or sectors:

The following are the region’s target clusters:

- ceramics, glass, and advanced materials cluster
- secondary forest products manufacturing cluster
- agribusiness (including secondary food processing) cluster
- metal fabricating and automotive parts manufacturing clusters
- technology-based, including telecommunication-based industry clusters
- plastics products manufacturing cluster
- technical support services (back office computer service) cluster
- trucking and distribution cluster
- tourism

The region should focus economic development resources on activities that encourage investment in the target sectors or clusters in which the region can build competitive advantage. This strategy also is consistent with US DOC EDA's approach of promoting technology clusters in which the region can build and maintain competitive advantage.

As noted earlier, several strategic planning documents published by various units of government and economic development organizations also features a focus on directing strategic investments toward clusters that have significant economic opportunity. As an example, the Friendship Empire Zone Strategic Plan notes that its "strategy targets building a competitive advantage in those industries/businesses in which the region either has or can develop unique resource advantages. These industries/businesses import wealth into the (target) communities."

There is some variation in specification of the list of target clusters that hold opportunity for economic development, which is explainable by variances in opportunity, economic assets, and industrial concentration across the region, and by variances in analytical techniques. The divergences also might be explained either by newly developing opportunities, or opportunities that are smaller in scale than the overall regional opportunities but which, first, reflect specific opportunities for growth directly related to existing or projected business operations within localities, and second, while perhaps not being as significant in scale size on a regional basis are nonetheless very significant in relationship to a local economy. Nonetheless, there remain significant overlaps of common cluster opportunities.

With the passage of time since the designation of the regional target clusters, the region may wish to reconsider its analysis of target cluster designation.

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Chapter 3: CEDS Goals and Objectives

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Chapter 3: CEDS Goals and Objectives

This chapter outlines the goals and objectives necessary to solve the economic problems of the region or capitalize on the resources of the region. Any strategic project, program, or activity identified in the CEDS should work to fulfill these goals and objectives.

Public sector investment in economic development has maximum impact on the regional economy when it is directed toward inducing investment and job creating activity by high-skill, high-wage, job-intensive, regional-export, proprietary technology businesses.

Goals

The following goals are broad, primary regional expectations of steps necessary to solve the region's economic problems and / or capitalize on the resources of the region.

- 1. Encouragement of the development of value-added businesses in the following specific identified target industry clusters:**
 - Ceramics, glass, and advanced materials cluster
 - Secondary forest products manufacturing cluster
 - Agribusiness (including secondary food processing) cluster
 - Metal fabricating and automotive parts manufacturing clusters
 - Technology-based, including telecommunication-based industry clusters
 - Technical support services (back office / computer service) and value-added export services cluster
 - Plastics products manufacturing cluster
 - Trucking and distribution cluster
 - Tourism cluster
- 2. Encouragement of the development of the following types of value-added businesses, which either have the potential for significant economic growth, or that are likely to be able to withstand competition from offshore manufacturers:**
 - Businesses with local monopolies
 - Businesses with proprietary technologies
 - Knowledge-based businesses
 - Niche businesses
 - Businesses that effectively do not face competition from offshore because of high transportation costs relative to product value
 - Service businesses
- 3. Promotion of the retention and expansion of existing regional value-added businesses that are either within the selected clusters, or which have significant growth opportunities, or which are likely to be able to withstand competition from offshore manufacturers, through activities that include but are not limited to:**
 - The implementation of a business visitation program.
 - The provision of focused technical assistance (including but not limited to productivity enhancement assistance, marketing assistance, human resource development assistance, vending, operational, environmental or other compliance, new technology, etc.) and financial incentive

assistance to these businesses.

- Appropriate investment in publicly owned capital and non-capital assets and services required to facilitate the retention and expansion of existing regional businesses.
- Provision of local sourcing opportunities and local customer opportunities for existing regional businesses through business attraction activities (marketing and provision of assistance, incentives, services, and public investment) targeting vendor and customer businesses of existing regional businesses, to induce them to locate operations within the region (excluding relocation attraction).
- Development of improved linkages between businesses and educational institutions, including the development of a technology transfer program from universities to the business community, internship placement activities, technical consulting activities, etc.
- Activities that will promote increased levels of exports from the region.
- Promotion and development of multi-firm operating and/or marketing initiatives.
- Development of non-traditional forms of ownership of manufacturing, value-added and export sector firms (e.g., publicly owned, quasi-public-owned, or private-non-profit-owned) for spin-off to the private, for-profit sector.
- Promotion of the maintenance of local ownership of manufacturing, value-added and export sector firms and promotion of the return of non-locally owned manufacturing, value-added and export sector firms to local ownership.
- Assistance with the take over of a failing or otherwise exiting business by employees (e.g., an ESOP), and provision of assistance to employee-owned businesses.

4. Promotion of start-up value-added businesses that are either within the selected clusters, or that are likely to be able to seize growth opportunities, or that are likely to be able to withstand competition from offshore manufacturers, through activities that include but are not limited to:

- The provision of appropriate technical and financial incentive assistance and appropriate investment in publicly owned capital and non-capital assets and services required to induce the start-up and/or location of new businesses in the region.
- The encouragement of entrepreneurship by college graduates, cluster employees, and dislocated target cluster employees.
- Attraction activities (marketing and provision of assistance, incentives, services, and public investment) targeting value-added and export sector firms located outside the region, to induce them to locate operations within the region (excluding relocation attraction).
- The implementation of a public sector start-up/spin-off program.

5. Improvement of private sector access to development incentive financing, through:

- Improvement of access to private capital, through (but not limited to) the following:
 - Encouragement of the private sector banking community to offer aggressive, development-oriented non-traditional lending practices to the specific selected target clusters.
 - Facilitation of access to loans from the private sector banking community through the aggressive use of loan guarantees and through the use of technical assistance to businesses applying for such loans.
 - Improved access to private sector angel and venture capital small business financing.
- Improvement of access to public sector development incentive capital, through (but not limited to) the following:
 - Streamlining access to existing public revolving loan funds.
 - Recapitalization of existing public financing programs (including local revolving loan funds) as appropriate to fill gaps in local credit markets.

- Capitalization of new public financing programs (including local revolving loan funds) as appropriate to fill gaps in local credit markets.
- Development of non-traditional public business financing sources (e.g., equity/venture capital fund, etc.).
- Increased utilization of state economic development zones.

6. Improvement of existing infrastructure and development of new infrastructure (water, wastewater, natural gas, electricity, telecommunications, technology, highway system, rail system, aviation system, access roads, etc.) to support business development, through:

- Planning, prioritization, and implementation of appropriate infrastructure development projects.
- Development of highway and rail transportation corridor economic development and land use plans, and investment in transportation infrastructure, in corridor development, and in traditional and non-traditional infrastructure.
- Improvement of regional infrastructure, development of sites and acreage and business parks, construction of spec buildings, multi-tenants facilities, and incubator facilities.
- Development and augmentation of technical and financial assistance capacity to assist local governments with infrastructure development projects (industrial parks, sites, land, and facilities), including but not limited to:
 - The Southern Tier West Development Foundation,
 - Infrastructure revolving loan funds,
 - Private sector financial participation, and
 - Other new and/or innovative programs
- Identification and GIS-based inventorying of existing and planned infrastructure.
- Planning, prioritization, and implementation of appropriate brownfield remediation and redevelopment projects.
- Institution of ongoing dialogue between the economic development community, federal, state, local government officials, the business community, and concerned citizens.
- Study of the potential for the creation a regional energy purchasing alliance.

7. Improvement of private sector productivity, through:

- Promotion of increased utilization of productivity enhancement consulting programs (e.g., the Insyte program and the Industrial Effectiveness Program), and implementation of recommendations.
- Assistance to businesses in the implementation of productivity enhancement investments (e.g., the replacement/upgrading of obsolete and inefficient physical plants, machinery, and equipment; the introduction of new technologies including computerization, robotics, telecommunications, etc.).
- Development and increased utilization of the region's telecommunications infrastructure.
- Increased implementation of skills upgrading, basic training, and literacy programs.
- Promotion of increased utilization of by-products, resulting in cash flow generating economic activity and also reduction of waste produced, waste handling, and waste disposal costs.
- Promotion of the reduction of workplace substance abuse.

8. Improvement of technical assistance to the private sector, through:

- Development and provision of increased public sector capacity to provide business and management counseling and crisis assistance.
- Development and utilization of a standardized customized electronic prospect management system, including protocols and lead agency system for prospect management, and integration with a site/building database and an economic development program database.

- Development, enhancement, and increased utilization of an electronic site/building and economic development program database system, and integration with a standardized customized electronic prospect management system.
- Facilitation of shared supplier networks, procurement, and export.
- Regional marketing activities.
- The centralization and coordination of tourism and recreational facility development, marketing and promotion.
- Development, expansion, renovation, and marketing of small business incubators.
- Promotion of increased environmentally sound utilization of the region's natural resources, and compliance with environmental regulations.

9. Development of localized and regional economic studies for planning and development purposes, and the implementation of recommendations contained in those studies, including specifically but not limited to:

- Sector-specific or local-opportunity-specific studies.
- Advance planning for communities vulnerable to import-competition, and plant closures.
- Strategic focus on local diversification efforts.
- Entrepreneurial support for new business formation.
- Information technologies and e-commerce.
- Energy efficiency and alternative energy sources.

10. Improvement of educational attainment, including but not limited to:

- Widening the range of educational services for diverse demands.
- Employer-specific and cluster-specific job training and educational needs.
- Entrepreneurial education.
- Technological literacy.
- Improved math, science, and English competency.
- Reasoning skills.
- Creative skills training.

11. Long-term public investments in quality of life assets that make our region an attractive, even exclusive, place to live, leading to economic development, including but not limited to the following:

- Housing stock improvement.
- Local school improvement.
- Local health services improvement.
- Civic institutions and facilities.
- Recreational facilities.
- Tourism attractions.
- Local cultural institutions.
- Arts and entertainment.
- Environmental preservation and enhancement of access to nature.

Objectives

This section identifies short-term objectives necessary to solve the economic problems of the region and / or capitalize on the resources of the region. Objectives are more specific than goals, clearly measurable, and stated in realistic terms considering what can be accomplished over the five (5) year time frame of the CEDS. In all cases, they relate to the above-specified goals, and are a link to projects, programs and strategies included herein.

1. The identification of, planning for, and investment in developable sites, expandable industrial and business parks, spec buildings, multi-tenants facilities, incubator facilities, and other economic development needs for infrastructure investment.
2. The identification of, planning for, and investment in upgrades to highway and railroad infrastructure, telecommunications infrastructure, and other types of infrastructure and public improvements essential to economic development.
3. The promotion of increased utilization of the region's telecommunications infrastructure.
4. The identification of, planning for, and investment in economic development and land use plans along highway and rail transportation corridors, and the investment in transportation infrastructure and traditional and non-traditional infrastructure to support development along these corridors.
5. The promotion of entrepreneurship, through initiatives including but not limited to marketing, technical assistance, financial assistance, etc.
6. The provision of retention and expansion assistance to existing manufacturing, value-added, and export sector firms in the region, including but not limited to the provision of technical and financial assistance, the implementation of a business visitation program, and the provision of productivity enhancement assistance.
7. The augmentation and increased effectiveness of incentive financing programs.
8. The development and utilization of a standardized customized electronic prospect management system, including protocols and lead agency system for prospect management, and integration with a site/building database.
9. The provision of skills upgrading, basic training, and literacy programs.
10. The implementation of regional marketing activities.
11. Tourism, cultural, and recreational facility development, educational and cultural activity sponsorship, marketing and promotion activities, including the centralization and coordination of activities as appropriate.

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Chapter 4: Community and Private Sector Participation

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Chapter 4: Community and Private Sector Participation

The private sector is a critical component of both the development and implementation of the CEDS. The region has found that public-private sector partnerships are critical to many localized and regional planning and implementation activities.

CEDS Development

Southern Tier West's Board of Directors also functions as its CEDS Planning Committee, and does so to conform to state law and also as a matter of policy. The composition of Southern Tier West's Board of Directors is controlled by State legislation.

However, Southern Tier West does employ a wide-ranging process for soliciting input into the CEDS planning process, insuring that there is substantial input from all groups, including private sector interests.

Southern Tier West solicits input into the CEDS from the community in general. Specific requests for input are provided to County Planning Departments, County Development Departments, County IDA's, County Health Departments, Empire Zones, municipalities, NYS Empire State Development, agencies, past project sponsors, the private sector, and others. Although the private sector does not have a formal discrete role in the development of the CEDS, members of the private sector play definite roles in its development, and Southern Tier West is careful to take into account the private sector's input in developing the document.

As an example, the private sector was a central part of the 2001 Commission on the Future planning process, and much of the region's economic development goals, objectives, and strategies were refined using the results of that planning process. For example, the region focused on specific target cluster groups as a consequence of this planning process, and a large part of that was private sector driven.

More recently, in 2007, Southern Tier West hosted an Economic Summit, a planning conference in which public and private sector representatives were brought together to discuss how the region can best address economic development issues into the future. Discussions focused on the following specific topics: the importance of broadband system, and more generally, electronic communications systems, to the development of the regional economy, business finance, support systems for green energy projects, regional marketing, transportation corridor development, the regional transportation network, and other important regional infrastructure networks. Southern Tier West's intention is that this dialogue will be a catalyst for collaborative actions for implementation of economic development initiatives.

Southern Tier West also works alongside private sector companies and individuals in many of its day to day operations and project activities. For example, Southern Tier West works with engineering firms who service companies and municipalities, and these firms have an understanding of priority directions for economic development. Another example is the work that Southern Tier West is doing with companies and institutions regarding the US Route 219 initiative (the Route 219 Association is a private sector educational group), the I86 initiative, local highway corridor planning, and the regional strategic transportation planning process. Another example is the Southern Tier West Development Foundation, which for many years has had a strong private sector representation on its Board. Additional examples are Southern Tier West's planning processes regarding disaster preparedness and broadband roll-out and utilization.

Finally, Southern Tier West has representatives of the private sector on its Board of Directors, which acts as Economic Development Advisory Committee and CEDS Planning Committee. These individuals provide both input and perspective from the private sector vantage point.

CEDS Implementation

Southern Tier West considers public and private sector partnerships to be critical to the implementation of the CEDS.

Generally, most economic development initiatives, such as industrial park development, training programs, and infrastructure projects, are developed in conjunction with one or more beneficiary firms. Accordingly, the private sector is intimately involved in both the project development and the project implementation. During the implementation phase, the beneficiary firm is involved either in direct project implementation (e.g., training of employees or prospective employees) or in undertaking an activity induced by the initiative (e.g., building a building in response to the building of an industrial park or expanding operations in response to the extension of infrastructure).

A primary example is the preservation, resurrection and ongoing improvement of the **Southern Tier Extension Mainline Railroad system**. This is a former 145-mile long east-west railroad that had fallen dormant, yet which historically had been a critical catalyst for the initial economic development of our southwestern New York and northwestern Pennsylvania region. However, on its own, under ownership first by the Erie Lackawanna Railroad, then Conrail, then Norfolk Southern, the line had fallen into dormancy and near abandonment, and had failed in its function and a vehicle for economic activity. It was only through a partnership between the public sector (New York State Department of Transportation, Southern Tier West, and the affected counties, local municipalities and school districts) and the private sector (Norfolk Southern and Western New York and Pennsylvania Railroad) that this situation was reversed. Now, the railroad line has been saved, service has been restored, railroad business activity is once again commercially viable, and the railroad line is serving as the engine of business development in southwestern New York and northwestern Pennsylvania.

Another example of a public-private partnership is the **Route 219 Association**, in which a group of varied private sector institutions, including manufacturing companies, banks, and universities, have come together with the public sector to explore the need for the completion of the limited access US Route 219 highway. It is only through the interaction of the private sector with the public sector that the economic development importance of this critical infrastructure project will be recognized and the required public sector capital investment will be implemented.

In Chautauqua County, the county government has been working alongside a group of companies in the **food products cluster and the trucking and distribution cluster** to make local railroad and highway corridor infrastructure improvements to facilitate the expansion of the companies within these clusters. The coordination of the public and private sectors has been critical to the willingness of both sectors to make the requisite investments needed to implement these business development projects.

Southern Tier West now has begun to work toward completing the **western New York fiber optic loop**, to provide redundancy in service in case of a break, plus higher volume service availability, and first instance broadband service availability in un-served portions of the region. However, the demand-side driver of this system extension initially will be the demand from the private sector (businesses, universities, hospitals, and other large institutions) and the public sector (local municipalities that are moving to implement e-government initiatives), followed by small business entrepreneurs and residential users. From a supply side, this initiative will be based on the ability of the public sector (Southern Tier West) to work with the private sector (a consortium of 8 different telecommunications companies). So the ability of the public and private sectors to work effectively together will be essential to make this initiative a reality.

Chapter 5: Strategic Projects, Programs, and Activities

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Chapter 5: Strategic Projects, Programs, and Activities

This portion of the CEDS identifies regional projects, programs and activities designed to implement the Goals and Objectives of the CEDS, as listed in Chapter 4 herein.

Suggested Projects

This section is a list of projects, programs and activities that Southern Tier West suggests should be implemented so as to implement the Goals and Objectives of the CEDS, as listed in Chapter 4 herein. This list identifies the project, the lead organization(s) responsibilities for execution of the projects, and the projected number of jobs to be created as a result.

<u>Project Name</u>	<u>Project Sponsor</u>	<u>Jobs to be Created</u>
Route 219 Section 5 Construction Project	NYS DOT	100
North County Industrial Corridor Improvements Project	Chautauqua County IDA	146
Southern Tier Extension Rehabilitation Project	STERA	50
Broadband Fiber Implementation Project	Southern Tier West RPDB	0 (jobs will be induced subsequently)
Broadband Inventory Study Project	Southern Tier West RPDB	0 (jobs will be induced subsequently)
Wireless Broadband Implementation Project	Southern Tier West RP&DB	10
Multimodal Freight Transfer Facility and Business Park Construction Project, Phase 1	Southern Tier West RPDB	50
Buffalo Line Rail Corridor Site Identification and Development Project Phase 1	Southern Tier West RPDB	0 (jobs will be induced subsequently)
Water District No. 7 Project	Town of Portland	0 (1 retained)
Brocton Water Pollution Control Plant Project	Village of Brocton	0 (720 retained)
Route 219 Corridor Development Impact & Safety Analysis Project	Southern Tier West RPDB	17

Water System Improvements Project	Village of Delevan	0 (557+ retained)
Tribal Energy Utility Project	Seneca Nation of Indians	0 (jobs will be induced subsequently)
Energy Production Business Development Project	Seneca Nation of Indians	10
Wind Energy Study Projects (2)	Seneca Nation of Indians	0 (jobs will be induced subsequently)
Tribal Tourism Development Plant Project	Seneca Nation of Indians	4
Salamanca Rail Yard Brownfield Remediation and Redevelopment Project	Seneca Nation of Indians	0 (depends on reuse strategy selected)
Expanded Museum and Cultural Center Project	Seneca Nation of Indians	30
Sports Complex Projects (2)	Seneca Nation of Indians	10
Joint Venture Enterprise Development Project	Seneca Nation of Indians	50
Allegany Territory Wastewater Treatment Plant Project	Seneca Nation of Indians	10 (jobs will be induced subsequently)
Cattaraugus Territory Water Well Project	Seneca Nation of Indians	0 (jobs will be induced subsequently)
Tribal Transit Assessment Study Project	Seneca Nation of Indians	0 (jobs will be induced subsequently)
Seneca Allegany Casino Resort Expansion Project	Seneca Nation of Indians	200

Vital Projects

This section is a list of vital projects, programs and activities that Southern Tier West suggests should be priorities for implementation so as to implement the Goals and Objectives of the CEDS, as listed in Chapter 4 herein. These vital projects, programs, and activities either address the region's greatest needs or best enhance the region's competitiveness. This list notes past and proposed future related investments, and identifies sources of funding for past and potential future investments. In some case, the list may represent overarching "themes" for regional economic development success may include project components. Funding sources are not limited to EDA programs.

<u>Project Name</u>	<u>Project Sponsor</u>	<u>Founding Sources</u>
Route 219 Section 5 Construction Project	NYS DOT	NYS DOT \$78,000,000)
North County Industrial Corridor Improvements Project	Chautauqua County IDA	EDA (\$1,335,000), NYS DOT (\$1,000,000), local public (\$335,000)
Southern Tier Extension Rehabilitation Project	STERA	NYS DOT, WNYP (private)
Broadband Fiber Implementation Project	Southern Tier West RPDB	EDA (\$1,200,000)0 NYS (\$800,000) Private (\$400,000)
Broadband Inventory Study Project	Southern Tier West RPDB	EDA (\$50,000), NYS (\$10,000), local public and private (\$40,000)
Wireless Broadband Implementation Project	Southern Tier West RP&DB	NYS Office of Technology (\$660,000)
Multimodal Freight Transfer Facility and Business Park Construction Project, Phase 1	Southern Tier West RPDB	NYS DOT, WNYP (private)
Buffalo Line Rail Corridor Site Identification and Development Project Phase 1	Southern Tier West RPDB	NYS DOT, ARC, Cattaraugus County
Water District No. 7 Project	Town of Portland	ARC, USDA RD, NYS EFC
Brocton Water Pollution Control Plant Project	Village of Brocton	ARC, USDA RD

Route 219 Corridor Development Impact & Safety Analysis Project	Southern Tier West RPDB	ARC, NYS
Water System Improvements Project	Village of Delevan	ARC, USDA RD)
Tribal Energy Utility Project	Seneca Nation of Indians	SNI, DOE (\$88,000)
Energy Production Business Development Project	Seneca Nation of Indians	SNI, DOE, BIA, private, and bond
Tribal Tourism Development Plant Project	Seneca Nation of Indians	SNI
Expanded Museum and Cultural Center Project	Seneca Nation of Indians	SNI
Joint Venture Enterprise Development Project	Seneca Nation of Indians	SNI, NYS ESD, private
Seneca Allegany Casino Resort Expansion Project	Seneca Nation of Indians	SNI (\$130,000,000)

Chapter 6: CEDS Plan of Action

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Chapter 6: CEDS Plan of Action

CEDS Plan of Action

Southern Tier West's CEDS plan of action is as follows:

- 1. Undertake transportation-infrastructure-based economic development strategy, including:**
 - encourage ongoing regional transportation system planning
 - encourage implementation of priority projects recommended by the regional transportation strategic plan
 - encourage mainline and short line railroad rehabilitation and encourage shipping activity
 - encourage improvements to and upgrades to I86, US 219, and I90, plus other state and local highways and bridges
 - encourage upgrades to the region's aviation system
 - encourage upgrades to the region's transit system
- 2. Undertake telecommunications-infrastructure-based economic development strategy, including:**
 - undertake planning studies for the regional telecommunications system
 - implement the planning studies' recommendations for upgrading the regional telecommunications system
 - encourage increased utilization of improved telecommunications system
- 3. Encourage development of municipal infrastructure, industrial parks, business parks, industrial and businesses sites and buildings, and incubators, including:**
 - provide technical assistance to prospective project sponsors
 - encourage implementation of construction projects
 - undertake regional marketing activities in order to develop prospects
 - encourage entrepreneurship in order to develop prospects
- 4. Encourage entrepreneurial activity, including:**
 - implement results of ARC-funded Entrepreneurial Project, including encouragement of entrepreneurial education programs in primary and secondary schools, development of enhanced web page to assist prospective entrepreneurs, implementation of new improved system of managing contacts by entrepreneurial assistance providers
 - encourage new initiatives for recruiting prospective entrepreneurs
 - provide technical assistance and financial incentives to prospective entrepreneurs
- 5. Encourage technical assistance and financial assistance to businesses, including:**
 - encourage business outreach program
 - encourage business mentoring activities
 - provision of small business financial assistance by revolving loan funds and other financial assistance providers
 - encourage recapitalization of small business loan funds
 - encourage new and alternative small business funding vehicles, such as umbrella loan guarantees and venture capital
 - encourage better networking and referral as between providers of technical assistance

- improve assistance to entrepreneurs
6. **Encourage technology transfer and adoption of technologies, productivity enhancement improvements, green energy improvements, and environmental conservation improvements by the business community**, including
 - encourage replication of successful technology transfer programs by local research institutions
 - incentivize utilization of technology transfer programs by existing businesses and prospective entrepreneurs
 - improve access by businesses and entrepreneurs to non-local research institutions' technology transfer programs
 - incentivize utilization of productivity enhancement programs, green energy improvements, and environmental conservation improvements by existing businesses and prospective entrepreneurs
 7. **Encourage job training and basic skills training**, including:
 - improve effectiveness of regional Workforce Investment Boards through increased private sector participation
 - increase marketing of training program availability
 - incentivize utilization of training programs
 - encourage increased entrepreneurial education
 8. **Encourage regional marketing**, including:
 - improve internal marketing and regional self image
 - increase targeted external marketing
 9. **Encourage brownfield remediation and redevelopment.**
 - increase utilization of brownfield incentive programs
 - regionalize brownfield remediation programs as appropriate

Cooperation and Integration of the CEDS with State's Economic Development Priorities

Southern Tier West solicits input into the CEDS planning process from New York State Empire State Development. Subsequent to the publication of the CEDS, Southern Tier West delivers a copy of the CEDS planning document to New York State Empire State Development for integration into the State's economic development priorities. Throughout the year, Southern Tier West and New York State Empire State Development cooperate on a number of CEDS strategic planning and implementation activities, e.g., railroad development, broadband system development, business attraction/expansion/retention activities, etc. New York State Empire State Development sends a representative to all of Southern Tier West's Board of Directors meetings for the purpose of encouraging cooperation with Southern Tier West and the integration of the CEDS into the State's economic development priorities.

Chapter 7: Performance Measures

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Chapter 7: Performance Measures

Identification of Performance Measures

Southern Tier West will move to using the following performance measures to evaluate its (and the region's) successful development and implementation of the CEDS:

- Number of and types of CEDS projects implemented in the region,
- Number and types of other investments undertaken in the region,
- Number of jobs created by CEDS project beneficiaries,
- Number of jobs retained by CEDS project beneficiaries,
- Amount of private sector investment by CEDS project beneficiaries,
- Changes in the economic environment of the region, and
- Initiatives undertaken to promote economic development within the region.

Southern Tier West may use additional qualitative and quantitative measures to evaluate economic development efforts as well.

In fact, Southern Tier West has not historically collected all of the above data on past CEDS efforts. Accordingly, Southern Tier West's ability to comment on economic development effectiveness using the above evaluation criteria will be delayed somewhat until such data is available.

However, it is fair to say that cumulatively, over the past three to four decades, the Southern Tier West region's economic development community has not been very successful in addressing the region's long-term economic distress. The region still has higher-than-state-and-federal-average unemployment rates, and per capital income continues to decline as a percentage of state per capita income. The region's youth leaves the region in search of jobs.

However, the region's economy would probably be much more distressed if there had been no economic development strategy in place and if the region had not made an ongoing strategic economic development effort over the last three to four decades. Thus, the focus perhaps ought not to be on how ineffective that we have been, but rather, recognizing that we have made some progress, on how we can do better in the future. History can teach us which economic development initiatives did not work, and which are likely to hold promise.

Performance Evaluation

Some of the lessons we have learned in the strategic planning and development process are as follows:

- We must prepare for the economic development opportunities and the jobs of tomorrow, not those of yesterday or even of today. This cannot be accomplished with the resources of yesterday.
- Readiness for economic development is essential. We must prepare for economic development prior to having "birds in hand." If we delay preparation and investment until a specific private sector beneficiary company appears, we will be unable to respond in time to meet the company's development timetable. In some sense, therefore, readiness equates to speculative investment in economic development. However, because of the scarcity of economic resources, such speculative investment must be made judiciously.
- We must undertake multi-year county-level economic development planning processes, and we must develop and implement multi-year county-level capital investment plans. In this regard, the creation of capital reserve funds and annual budgetary commitments of resources for economic development

investment is most beneficial. Many economic development initiatives consist of phased approaches that require an ongoing annual commitment of resources.

- Economic development requires more than bricks and mortar. Effective economic development requires attention to human resource and technology issues, as well as productivity, market and financial issues. We must be effective in our ability to bring resources to bear on all of these fronts for any given economic development opportunity. Often, investment must be funneled into an initiative in a coordinated, multi-agency approach (the “critical mass theory of economic development”).
- We must upgrade the region’s technology infrastructure. Any gains in domestic value added activity in the future will not be in manufacturing industries (unless proprietary technologies or other comparative advantages are involved), but in information technology or knowledge-based industries, or in other clusters where a long-term competitive advantage can be created and maintained. We must position ourselves appropriately to seize any opportunities in this regard.
- We must not ignore our existing manufacturing base. We have a substantial investment of both public and private capital invested in this manufacturing base, not to mention the economic health of many direct and indirect employees and their families, and all of this is at competitive risk in the global marketplace. As economic developers, we must improve communications with the region’s manufacturing base, and the communication must be two-way. We must encourage a progressive attitude on the part of our business community, and we must be prepared to do likewise ourselves.
- Economic development requires innovation in financial packaging and tools. The traditional tools available in our region sometimes are not competitive with those of neighboring states, let alone the rest of the world. We must develop alternative financial tools, and we must invest in our financial tools.
- Each county should act as a central clearinghouse for municipal water and wastewater projects within the county.
- Each county should prepare and regularly update a county-wide strategic economic development plan. The plan should contain priority projects from a variety of sponsors including the county, its municipalities, agencies, etc. Each county should commit to implementing the projects for which it is listed as sponsor, and to assisting the other sponsors with implementation of their projects.
- There should be a regional strategic economic development plan that should be revisited every few years and whenever there is a major change in circumstances.
- Essential elements of the region’s economic development strategy should be encouragement of entrepreneurship, encouragement of human resource development activities, encouragement of export activities, encouragement of utilization of technology, encouragement of technology transfer, improvement of transportation infrastructure, and encouragement of broadband technologies.

As indicated above, it is too early to begin to measure many of the projects appearing in more recent editions of the Comprehensive Economic Development Strategy (CEDS). Southern Tier West’s practice is to use its performance measuring system over time to measure the dynamic implementation efficacy of the CEDS planning process on a rolling basis.

Several general observations can be made.

First, as one might expect, projects appearing in earlier year CEDS documents are more likely to have been implemented than those in later year CEDS, owing to the unpredictable lengths of planning phases and uncertainty of funding sources.

Second, the ARC, NYS DOT, and FAA projects in the list typically are the most likely to have been completed and to have met targets, because of the relative certainty of the funding stream. Other sorts of project, such as EDA projects, are less likely to have been completed or even implemented because EDA funding is less certain.

Third, most infrastructure projects have longer time frames to implementation and final completion than do non-infrastructure and non-construction projects, other things equal, measured from their appearance in the CEDS. This is because the overall process (planning, funding, engineering, environmental review, bidding, and construction, etc.) is a longer process than the process involved with non-construction projects. Certain of these projects occasionally evolve into significantly different projects over a period of several years.

Fourth, economic development projects seem to have a shorter and more certain path to implementation than do other sorts of projects, owing to their development based on and constrained by beneficiary company timeframe windows and the often-stronger linkage to funding availability. Further, once these economic development projects are completed, they normally meet their job and investment targets.

Fifth, although the water and wastewater projects of many small municipalities may be high priorities for implementation, owing to health and public safety concerns, these projects often languish in the planning phase awaiting funding for several years, owing to inexperienced municipal project sponsorship, changeovers in local administrations (affecting continuity), insufficient local match funding, and inability to obtain funding packages that are perceived as affordable by the municipalities. This is less true, however, if the project can be primarily categorized as an economic development project, for the reasons noted above.

Sixth, the Seneca Nation of Indians' portfolio of projects has changed significantly in recent years. Certain projects have been completed, others are no longer priorities, and some continue to be active projects. Many new projects related to casino resort development have been proposed, and other new projects have been made possible because of casino revenues. A driving philosophy of the Seneca Nation of Indians seems to be diversification of its economic base. The Seneca Nation does not always participate in the Southern Tier West Annual Comprehensive Planning process, so its projects are not always present in the CEDS. Monitoring data on Seneca Nation economic development projects also is not always available.

Finally, because certain municipalities having projects listed in prior CEDS documents have not participated in the planning process in 2008, Southern Tier West cannot evaluate their projects or consider them as priority projects.

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