

NIAGARA COUNTY, NEW YORK



**COMPREHENSIVE ECONOMIC
DEVELOPMENT STRATEGY
(CEDs)**

2016 ANNUAL PERFORMANCE REPORT

Submitted to:
**UNITED STATES DEPARTMENT OF COMMERCE
ECONOMIC DEVELOPMENT ADMINISTRATION**

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I. Overview

The Niagara County Comprehensive Economic Development Strategy (CEDS) is a plan of action to strengthen Niagara County's economy. It is the result of a sustained annual economic development planning process involving public and private sector stakeholders working together to identify investment priorities and the resources necessary to carry out those investments.

A. Composition of the CEDS

The Niagara County Comprehensive Economic Development Strategy includes an examination of existing economic conditions including strengths, weaknesses, opportunities, and threats; goals and objectives for improving the economy; implementation strategies for achieving those goals and objectives; and a framework for measuring progress. The CEDS leverages Niagara County's many unique advantages to attract new private investment, create and retain jobs, maximize economic opportunity, and improve the quality of life for residents and visitors alike. The complete Niagara County CEDS can be found online at:

www.NiagaraCountyBusiness.com/2015_Niagara_County_CEDS.pdf

B. Annual Performance Report

The purpose of this Annual Performance Report is to document progress achieved on economic development initiatives and to identify changing economic conditions in the region. It includes a report on Performance Measures, which are statistics used to evaluate economic conditions in Niagara County and to measure progress in achieving key goals and objectives outlined in the CEDS. It also includes a list of economic development Accomplishments from the previous year and a list of Anticipated Actions for the year ahead relative to each goal in the CEDS. Finally, it includes a list of projects assisted by the Niagara County Industrial Development Agency with the total capital investment, jobs created, and jobs retained for each.

C. Summary of Findings

Niagara County uses year-over-year statistical comparisons and longer-term benchmarks to evaluate changing economic conditions and trends as part of its Performance Measures. Below are a few notable findings. The Average Annual Unemployment Rate in Niagara County for 2015 was 6.2%, a decrease of 0.7% over the previous year and the lowest it has been since 2007 when the County had a 5.3% unemployment rate. The unemployment rate is expected to continue to decline as the U.S. further recovers from the Great Recession. Despite a nominal decrease, Niagara County's poverty rate remains high at 13.6% (based on available 2014 data). While the Niagara County Industrial Development Agency continues to attract new businesses and incentivize growth, Niagara County's manufacturing payroll continues to fluctuate due to structural shifts in the global economy including off-shoring of U.S. companies, automation, etc. Despite this fluctuation, the Niagara County manufacturing sector payroll is at the highest level (\$437,067,000) since 2008.

Major accomplishments in 2015 included the establishment of START-UP NY tax-free business zones for Niagara University and Niagara County Community College, creating a new incentive program for startup companies in Niagara County. Yahoo! constructed a 150,000 sq. ft. customer care center on its Lockport campus, a \$170 million project that will result in 115 new jobs. Funding in the amount of \$50 million was secured to upgrade and expand the U.S. entry and inspections plaza at the Lewiston-Queenston International Bridge. Funding in the amount of \$400,000 was also secured by Niagara County to conduct additional brownfield site assessments, which will help clean up contaminated land, create new economic development sites, and expand the tax base. The NCIDA closed on seven projects in 2015, four of which are new hotels. These projects represent \$39 million in new capital investment and creation of over 200 new jobs.

II. Evaluation Framework

The Evaluation Framework serves as a tool for measuring progress on the overall CEDS. It is an important element of the ongoing planning process and seeks to answer the questions, "How are we doing?" and "What can we do better?" The Evaluation Framework is part of the CEDS Annual Performance Report that will be submitted to the U.S. Economic Development Administration each year.

A. Performance Measures

Measurements of success will serve as the ultimate determinant of how well we are doing. Evaluation is a key element of our ongoing planning process and redevelopment strategy. The following performance measurement criteria are important to evaluating Niagara County's progress. Where possible, benchmarks are provided in at least a 10-year increment.

1. Business Climate

Goal: Strengthen the competitive position of Niagara County businesses

Objective: Reduce the cost of doing business

Metric: New York State Corporate Tax Rate (decrease)

Data source: The Tax Foundation (<http://taxfoundation.org>)

Benchmark: 9.0% (2000)

2014: 7.1%

2015: 7.1 %

Benchmark

Change: ↓1.9%

Annual

Change: No change

Summary: New York State's corporate tax rate is the lowest since 1968. Repeated calls from the business and economic development community to alleviate the corporate tax burden are beginning to yield important advances. A low corporate tax rate will make Niagara County more economically resilient by helping to keep existing businesses in New York State, while attracting new businesses.

2. Industry Sectors

Goal: Expand key sectors of Niagara County's economy

Objective: Focus on identifying and attracting high-growth economic sectors companies, specifically manufacturing

Metric: Manufacturing Sector Annual Payroll (increase)

Data source: United States Census Bureau's County Business Patterns

Benchmark: \$758,591,000 (2002)

2013: \$414,621,000

2014: \$437,067,000

Benchmark

Change: ↓\$321,524,000

Annual

Change: ↑\$22,446,000

Summary: The manufacturing sector provides the largest annual payroll in Niagara County. Payroll continues to fluctuate due to structural shifts in the global economy (off-shoring, automation, etc) but there was a significant increase in annual payroll in 2014 compared to 2013.

Goal: Diversify Niagara County's economic base
Objective: Increase the number of companies receiving economic development incentives
Metric: Number of companies receiving incentives (increase)
Data source: Niagara County Industrial Development Agency Annual Report
Benchmark: 11.2 companies (2009-2013 average)
2014: 12 companies
2015: 7 companies
Benchmark
Change: ↑1.4 companies
Annual
Change: ↓5 companies
Summary: Projects incentivized by the Niagara County Industrial Development Agency help bring new jobs and economic investment into Niagara County.

3. Infrastructure

Goal: Ensure quality transportation and utility infrastructure networks necessary to support businesses and development
Objective: Cleanup brownfield sites and prepare them for redevelopment
Metric: Number of brownfield sites receiving Certificates of Completion (increase)
Data source: New York State Department of Environmental Conservation
Benchmark: 1.2 sites (2009-2013 average)
2014: 2 sites
2015: 2 sites
Benchmark
Change: ↑1 site
Annual
Change: No change
Summary: Developers are utilizing tax incentives available through the New York State Brownfield Cleanup Program to redevelop strategic properties in Niagara County.

4. Quality of Life

Goal: Improve the quality of life for the people of Niagara County
Objective: Attract higher paying jobs to afford residents opportunities for higher incomes.
Metric: Niagara County Poverty Rate (decrease)
Data source: United States Census Bureau (www.census.gov)
Benchmark: 11.4% (2003)
2013: 13.7%
2014: 13.6%
Benchmark
Change: ↑ 2.2%
Annual
Change: ↓ 0.1%
Summary: The poverty rate has fluctuated over the last five years from a low of 12.8% to a high of 13.7%. It is important to note that the latest Census data indicates the City of Niagara Falls poverty rate at 25.3%, well above Niagara County's other two cities. The importance of the poverty rate as an economic measure is critical because it indicates the percent of the County's population earning minimal income for subsistence and basic needs, which impacts many aspects of individual and family well-being. Decreasing the poverty rate, especially in the City of Niagara Falls, will improve the quality of life for many County residents.

5. Workforce

Goal: Develop a comprehensive education and training program

Objective: Reduce the unemployment rate through job training and placement

Metric: Niagara County Average Annual Unemployment Rate (decrease)

Data source: NYS Department of Labor Local Area Unemployment Statistics

Benchmark: 6.2% (2004)

2014: 6.9%

2015: 6.2%

Benchmark

Change: No change

Annual

Change: ↓ 0.7%

Summary: During 2015, the unemployment rate in Niagara County dropped to the 2004 benchmark. The unemployment rate is down from its 25-year high of 9.3% in 2009 (the height of the Great Recession) To be more economically resilient, Niagara County needs a diverse economic base capable of absorbing shocks to the economy and a workforce equipped with diverse, translatable skills to ensure continued employment.

B. Accomplishments

Annual accomplishments are identified and assessed relative to the Goals outlined in this CEDS. The information is used to frame anticipated actions for the current year. Accomplishments by the Niagara County Industrial Development Agency (NCIDA) are also listed, providing a snapshot of economic activity within the county over the past year.

1. Accomplishments & Anticipated Actions

Niagara County continues to make progress towards its economic development goals. The following section identifies accomplishments over the past year and anticipated actions for the current year. The accomplishments are intended to provide additional context around the Performance Measures in the previous section.

Business Climate

Goal: Strengthen the Competitive Position of County Businesses

2015 Accomplishments:

- Through the Empower Niagara Program, approved one new allocation resulting in \$58,000 in capital investment and retention of 6 jobs and creation of 6 new jobs. Also increased and renewed an allocation agreement with an existing Empower customer to support company expansion and projected new product lines.
- Worked with Niagara County Community College and Niagara University on the establishment of START-UP NY tax-free business programs.
- Conducted free Business Workshops in four Niagara County towns promoting local, state, and federal resources for existing and start-up businesses.

2016 Anticipated Actions:

- Market the Empower Niagara Program to small and medium-sized businesses that do not qualify for New York Power Authority Expansion/Replacement Power Programs.
- Work with Niagara County Community College and Niagara University on START-UP NY tax-free program for eligible businesses expanding or locating in Niagara County.
- Conduct free Business Workshops in Niagara County's three cities.

Industry Sectors

Goal: Expand Key Sectors of Niagara County's Economy

2015 Accomplishments:

- Through the Niagara County Business Growth and Retention Program, contacted 78 companies and conducted 58 meetings with 50 of those companies, offering assistance and various incentives to those looking to expand or invest in their facilities, or retain and/or create jobs.
- The NCIDA assisted companies in the logistics, manufacturing, tourism and hospitality sectors resulting in \$39 million in new private capital investment and 208 new jobs over the next three years
- Marketed Niagara County to approximately 4,300 Canadian companies and water-starved states through advertising, direct mail, tradeshow, and in-person meetings.

2016 Anticipated Actions:

- Reach out to at least 60 existing companies through the Niagara County Business Growth and Retention Program to offer business assistance.
- Aggressively market business incentives available through the Niagara County Industrial Development Agency to facilitate new capital projects, job retention, and job growth.
- Aggressively market Niagara County to U.S. and Canadian companies through advertising, direct mail, tradeshow, and in-person meetings.
- Use our Foreign Trade Zone (FTZ) as an additional marketing tool for business development.

Goal: Diversify Niagara County's Economic Base

2015 Accomplishments:

- Worked with the Niagara Frontier Transportation Authority to update the Master Plan for Niagara Falls International Airport identifying passenger service and air cargo development opportunities.
- Supported construction of a customer service center at Yahoo!'s northeast regional data center in the Town of Lockport, strengthening the back office sector in Niagara County.
- All remaining land in the Vantage International Point industrial park has been sold for development.

2016 Anticipated Actions:

- Work with economic development partners to promote supply chain opportunities in the emerging renewable energy sector to existing Niagara County businesses.
- Expand the cargo and logistics sectors in Niagara County by examining opportunities through the Buffalo Niagara International Trade Gateway.
- Market existing economic development sites such as the Cambria Technology Park, Niagara Airport Commercial Park, Somerset Lakeshore Site, and sites within the three cities. Develop a program to identify new sites.

Infrastructure

Goal: Ensure Quality Transportation and Utility Infrastructure Networks Necessary to Support Businesses and Development

2015 Accomplishments:

- Assisted the NFIA Stakeholders Group, Inc. with completion of the (Phase I) Niagara County Broadband Assessment and Fiber-Optic Network Development Plan for the Niagara Falls International Airport Focus Area.
- Funding of \$50 million secured to upgrade and expand the U.S. plaza at the international Lewiston-Queenston Bridge.

- Continued to support the work of the Buffalo Niagara International Trade Gateway Organization to support the creation of a globally known logistics center in Western New York.

2016 Anticipated Actions:

- Assist the NFIA Stakeholders Group, Inc. in securing \$180,000 in funding for the (Phase II) Niagara Falls International Airport Business District Fiber Optic Network Implementation Plan and assist the NFIASG in developing the plan.
- Niagara County Public Works Department to plan for a new public works complex.
- Niagara County municipalities to implement infrastructure projects funded through the NY Rising Community Reconstruction Program Countywide Resiliency Plan.
- Advocate for infrastructure projects at Niagara Falls International Airport and Lehigh Valley Rail Yard.
- Continue to monitor the efforts by the New York State Department of Transportation to issue a Request for Proposals for reactivation of the Lehigh Valley Rail Yard in Niagara Falls as a potential intermodal facility.

Quality of Life

Goal: Improve the Quality of Life for the People of Niagara County

2015 Accomplishments:

- Completed 3 Phase I and 5 Phase II Environmental Site Assessments and one brownfield remediation project through the Niagara County Brownfields Program.
- Niagara County received \$400,000 in federal grant funds to conduct environmental site assessments at brownfields across Niagara County.

2016 Anticipated Actions:

- Market brownfields assessment and cleanup incentives available through the Niagara County Brownfields Program and implement projects at approved sites.
- Cornell Cooperative Extension of Niagara County to receive grant funding to update the Niagara County Farmland Protection Plan to retain the quality of life for those living in rural areas and to support the local food system.

Workforce

Goal: Develop a Comprehensive Education and Training Program

2015 Accomplishments:

- Promoted workforce development programs through the Niagara County Business Growth & Retention Program and Niagara County Business Workshops.

2016 Anticipated Actions:

- Identify opportunities to expand Dream It, Do It in Niagara County connecting high school students with employment opportunities in manufacturing.
- Identify and implement programmatic changes in the transition from the Workforce Investment Act to the Workforce Innovation and Opportunity Act (WIOA).
- Invest in opportunities to expand Cornell Cooperative Extension's AgX program to connect students with educational and career opportunities in the region's food system.

2. NCIDA Projects

Projects incentivized by the Niagara County Industrial Development Agency provide a good indicator of economic activity within the County. In 2015, the Niagara County Industrial Development Agency (NCIDA) assisted projects in the manufacturing and logistics sector as well as numerous projects related to hospitality and tourism. There was one Niagara County Economic Development Fund (NEDF) revolving loan project. The NCIDA closed one loan through its Revolving Loan Fund, one loan through the Microenterprise Assistance Program and 7 leaseback projects.

Table 1. 2015 Microenterprise Assistance Program Loan

Business	Location	Loan Amount	# of Jobs (FTE's)	
			Retained	Created*
Fitness 500	North Tonawanda	\$25,000	0	6

*Jobs projected within 3 years

Table 2. 2015 NCIDA Closed Industrial Revenue Bond and Leaseback Projects

Company	Project Description	Location	Project Amount	# of Jobs (FTE's)		
				Retained	Created*	
Borderworx	Construction of new logistics facility	Wheatfield	\$3,525,000	0	61	
Neelkanth Hotel (Hampton Inn)	Construction of new Hampton Inn	Pendleton	\$5,650,000	0	14	
Bulldog Business Park	Construction of multitenant commercial facility	Wheatfield	\$320,000	0	14	
T.M. Montante (Bridgestone)	Construction of new manufacturing facility for Bridgestone APM	Wheatfield	\$12,280,000	0	60	
DSAV (Sleep Inn)	Construction of new Sleep Inn hotel	City of Niagara Falls	\$4,430,000	0	13	
Sunrise Lodging	Construction of new flag hotel	City of Niagara Falls	\$6,682,000	0	16	
6115 N. Falls Blvd	Construction of new flag hotel	City of Niagara Falls	\$6,250,000	0	30	
*Jobs projected within 3 years			Totals	\$39,137,000	0	208

Table 3. 2015 NCIDA Revolving Loan Fund Projects

Company	Location	Project Amount	# of Jobs (FTE's)	
			Retained	Created*
New York Beer Project	Town of Lockport	\$200,000	0	37

*Jobs projected within 3 years