

# Buffalo Billion Investment Development Plan



Initiatives for the Governor

December 4, 2012

# The Buffalo Investment Development Plan is defined by 6 Strategies that create a plan for sustainable economic and inclusive jobs growth



**High potential sectors** with the potential to form the foundation of Buffalo's next economy and to drive economic growth, employment, productivity and wealth

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**Key enablers** that will support Buffalo's new economy across high priority sectors

# Contents

- **Manufacturing**
- Health and Life Sciences
- Tourism
- Entrepreneurship
- Workforce
- Revitalization

# Market analysis: Advanced Manufacturing



## Why is it important

- **3rd largest employment sector**, with 50K employment and \$6.2B GRP (11% of total)
- Chemicals and machinery manufacturing account for the two largest export sectors and 33 percent of total



## Buffalo's assets

- Shows specialization and projected growth verses nation in sub-sectors: **materials, machinery, medical devices and chemicals**
- **Strong university research** (UB, Alfred) expertise in materials and ceramics



## Barriers

- **Steady decline in jobs (-5% per year), GDP (-1.7% per year) and productivity**, all trailing the US average
- Majority of manufacturers cite **local talent pool as not meeting needs** in just completed survey

## Strategy

**Buffalo Niagara will accelerate the growth of the specialized subsectors that are well positioned for high growth in a globally competitive manufacturing sector by supporting R&D activities, while improving the competitiveness of the broader regional manufacturing industry by enabling cross-cutting productivity and export interventions**

# Wave 1: The Buffalo Niagara Institute for Advanced Manufacturing Competitiveness

A state-of-the-art facility to support the region's manufacturing sector

**A Applied R&D**  
Applied research services to drive local manufacturers' innovation



**Applied R&D**

**Process excellence**



**B Process Excellence**  
Advising services to assist manufacturers in implementing competitive operational processes in their factories

**C Export Assistance**  
Market entry (domestic and international) assistance for expanding manufacturers



**Export Assistance**

**Workforce**

**D Workforce**  
Hands-on instruction designed to up-skill current mid-career workers, providing opportunities to transition to higher-value tasks

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# Market Analysis: Health Life Sciences



## Why is it important

- Over **260 life science companies** across medical devices, research and biotech in the region
- WNY is home to 28 hospitals; the region employs ~3,600 doctors, ~20,500 nurses and ~16,700 other medical personnel



## Buffalo's assets

- **Buffalo Niagara Medical Campus** – new precinct offering co-location of high quality facilities (e.g., Global Vascular Institute, Roswell Park), students and new companies
- High concentration of **medical device** and **pharmaceutical** companies
- Life sciences **R&D** brings in approximately two thirds of the \$350 million in region's research funding



## Barriers

- Industry frequently cites that **translating research** into businesses is a challenge
- Attracting **VC funding** to the region has proven challenging
- **Few medium and large** companies present to help support and provide workforce mobility and mentorship

## Strategy

**Buffalo Niagara will accelerate health and life sciences commercialization in the region by leveraging its unique areas of excellence. This new level of commercialization will be achieved by creating an environment conducive for small, medium, and large health and life sciences companies to start, grow, and invest in Buffalo Niagara**

# Wave 1: The Buffalo SPaRC (Science Productivity and Research Catalyzer)

The Buffalo SPaRC enables the translation and commercialization of health and life sciences research in the Buffalo Niagara region



### Improve IP process

- Identify key barriers to IP productivity and support solutions
- Improve transparency of existing research

### Launch commercialization fund

- Create an accelerator to house and promote new enterprises
- Invest launch pad funds to help research

### Improve commercial relevance of research

- Connect researchers with industry
- Inform research agendas based on industry needs and trends

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# Market Analysis: Tourism



## Why is it important

- Tourism a significant job creator (15 jobs per \$1M tourist spend) and is **growing faster than the economy** (5% p.a.)
- Buffalo's natural and cultural assets match the needs of the largest, fastest growing customer segment (outdoor adventure/ heritage)



## Buffalo's assets

- **Niagara Falls attracts more visitors annually than most national parks** (8M vs. 4.4 M in the Grand Canyon)
- Multiple **cultural assets** exist in Buffalo from the museum district to the historic Michigan Street Corridor



## Barriers

- Few tourists stay overnight (21% in Niagara vs. 28% in Grand Canyon) and **spend less** (US Niagara: ~\$159/day; Ontario Niagara: ~\$225/ day)
- High returns to marketing spend (5:1), but current spend is low
- Limited tourist amenities exist near the Falls

## Strategy

**Buffalo Niagara will generate significant near-term economic growth by enticing tourists to stay longer and spend more while experiencing the natural, cultural, heritage, architectural, and retail offerings throughout the entire region in addition to the natural wonder of Niagara Falls**

# Wave 1: Three complementary tourism initiatives

A

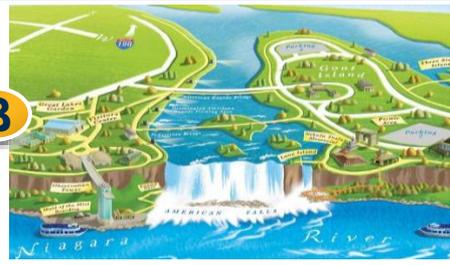


## Regional marketing and City of Buffalo

Conduct detailed consumer research to drive regionally integrated marketing campaign and investments in Buffalo tourist assets

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B



## Niagara Falls State Park

Introduce new programming and environmentally sustainable developments that excite tourists

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C



## City of Niagara Falls

Launch a design competition, and then execute the development of signature parcels and other projects to jump start development near the Falls

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# Market Analysis: Entrepreneurship



## Buffalo's assets

- **High quality institutions** that could drive innovation in the region (e.g., University at Buffalo has \$350 million in research expenditure and houses the Center for Entrepreneurial Leadership)
- Existing **presence in innovative industries** such as life sciences and healthcare
- Newly formed **innovation hubs** at BNMC and Z80



## Opportunities

- Buffalo Niagara experienced **low net business start ups** relative to peer cities
- Buffalo has been defined as a segregated city (ranked 6th most segregated) position has a negative impact on economic inclusion, small business development and growth
- **Low patent production** (Buffalo Niagara ranked 87<sup>th</sup> of 374 in USA)
- **Low venture capital** (0.29% of VC deals nationally by value in Q2 2012) and only 23% invested in start ups and early stage (versus expansion)

## Strategy

**Buffalo Niagara will become a place where entrepreneurs from a multitude of backgrounds are eager to start a business, are ready to grow it aggressively because it is easier here than elsewhere, and are strongly attracted by investment opportunities**

# Wave 1: Buffalo Breakthrough Business Challenge (B3C)

The most ambitious annual business-plan competition ever launched in America



**Business plan competition**  
An internationally recognized business plan competition with multiple winners receiving prizes of up to \$500K in grant money



**Incubator**  
Free working space, training, volunteer mentorship from experienced entrepreneurs, and introductions to world-class networks



**Venture capital investment**  
Access to top VCs, investment from State-funded incentives, and crowd-sourced funding

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# Market analysis: Workforce



## Buffalo's assets

- **Strong mid-skilled workforce** with low unemployment
- Size of high-skilled workforce mirrors the US
- Buffalo has >20 higher education institutions
- Advancing **skills drives productivity and employment** (people with bachelor's degrees earn 65% more than high school graduates, and have less than half their unemployment rate)



## Opportunities

- **High skilled workers have above average unemployment levels** (29% of unemployed, versus 20% nationally) but could be redeployed if demand increases
- **Large pockets of unemployment** exist – particularly African Americans who have the highest unemployment rate (22%)
- 50% of manufacturers indicate they don't know about or don't use the educational or workforce systems in the region

## Emerging strategy

**Align the skills of Buffalo Niagara's workers behind the career paths, certificates and degrees required for growth in core industries, such as manufacturing, healthcare, and tourism, and beyond by creating the most flexible, industry-demand-driven, and inclusive training environment**

# Wave 1: Three complementary workforce initiatives



## Skills Partnership

Establish “skills brokers” labor market intermediary will act as a point of entry for employers into the educational and workforce system

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## Rapid Right Skilling

Invest in scaling vocational credential, and internship programs, with proven track records, based on strong industry partnerships in critical industries; starting with manufacturing

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## Say Yes to Education

Support Say Yes, a program to improve high school graduation and post-secondary education achievement

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# Market analysis: Revitalization



## Buffalo's assets

- Significant **infrastructure capacity** in the region to support smart growth
- Steady, inexpensive, **reliable hydro power**



## Buffalo's progress

- **Waterfront development** is moving forward with 26 planned projects and ~\$140M in capital from ECHDC
- Plan underway to restore **Olmsted parks**
- Significant **adaptive reuse / residential growth in downtown**
- **BNMC anchor** for development in adjacent neighborhoods



## Opportunities

- **Innovative contract models** can attract private sector investment and expertise; “smart” utilization techniques can lower maintenance costs
- **Extension of a cooperative regional approach** can drive innovation across the various infrastructure sectors and attract capital

## Emerging strategy

The Buffalo Niagara region would combine State, local and private sector resources to make targeted capital investments in priority “turn around” areas with a specific focus on disadvantaged neighborhoods, areas where the presence of anchor tenants reduce development risks and community-owned assets that enhance attractiveness and livability

# Wave 1: The Better Buffalo Fund

A competitive public-private financing vehicle focused on annual investments in pre-designated geographic areas



## 1 Infrastructure

Support the enhancement of existing or development of new public infrastructure



## B Housing

Improve impoverished residential neighborhoods



## C Other development

Enhance the City's public spaces, building on strengths for smart growth



strengths of  
our people

create a region  
that is admired  
worldwide



our rich tradition  
of human innovation

attract more  
people



natural  
beauty

abundant  
natural  
resources

entrepreneurs  
invest time  
and capital



our unique and  
strategic location

reflect  
culture of  
inclusion and  
excellence

