

# Buffalo Investment Development Plan



WNYREDC

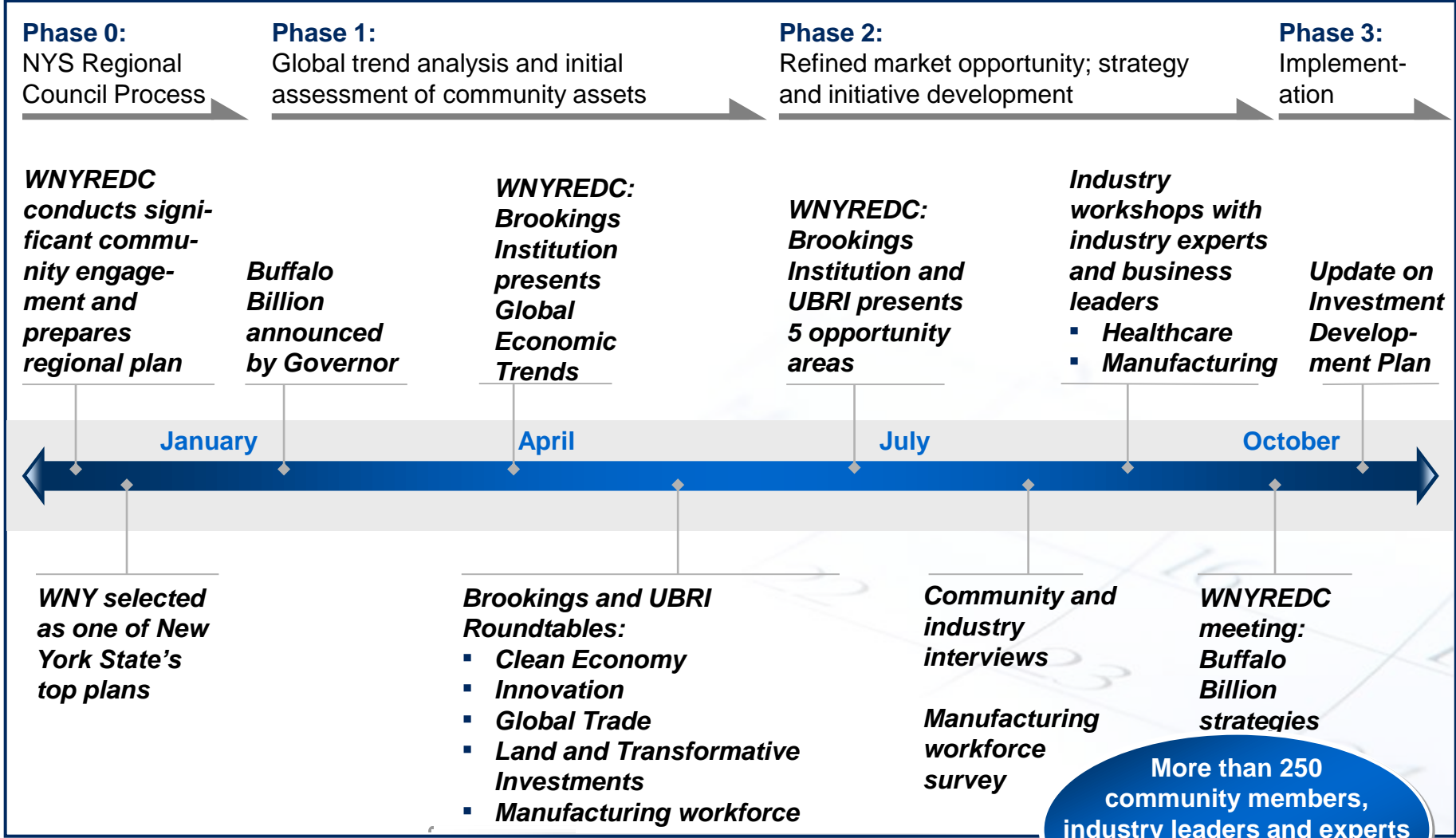
September 10, 2012

# Contents

- **Discuss how we are creating the Buffalo Investment Development Plan**
- Review a draft of the emerging strategies
- Review criteria for selecting Signature Initiatives



# The WNYREDC has made significant progress in defining the Buffalo Billion Investment Development Plan



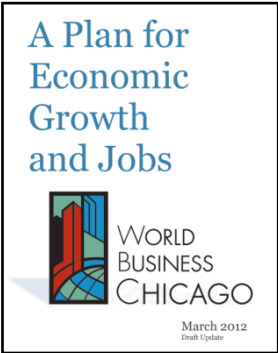
**More than 250 community members, industry leaders and experts have contributed to the Buffalo Billion effort**



# Example of a Strategy and Signature Initiative

## Example strategy: Infrastructure

*“Invest to create next-generation infrastructure. We should identify and prioritize the investments most likely to advance the city’s and region’s goals, and we should create innovative, merit-based infrastructure-financing systems that support large-scale transformative investments as well as maintenance and operations.”*



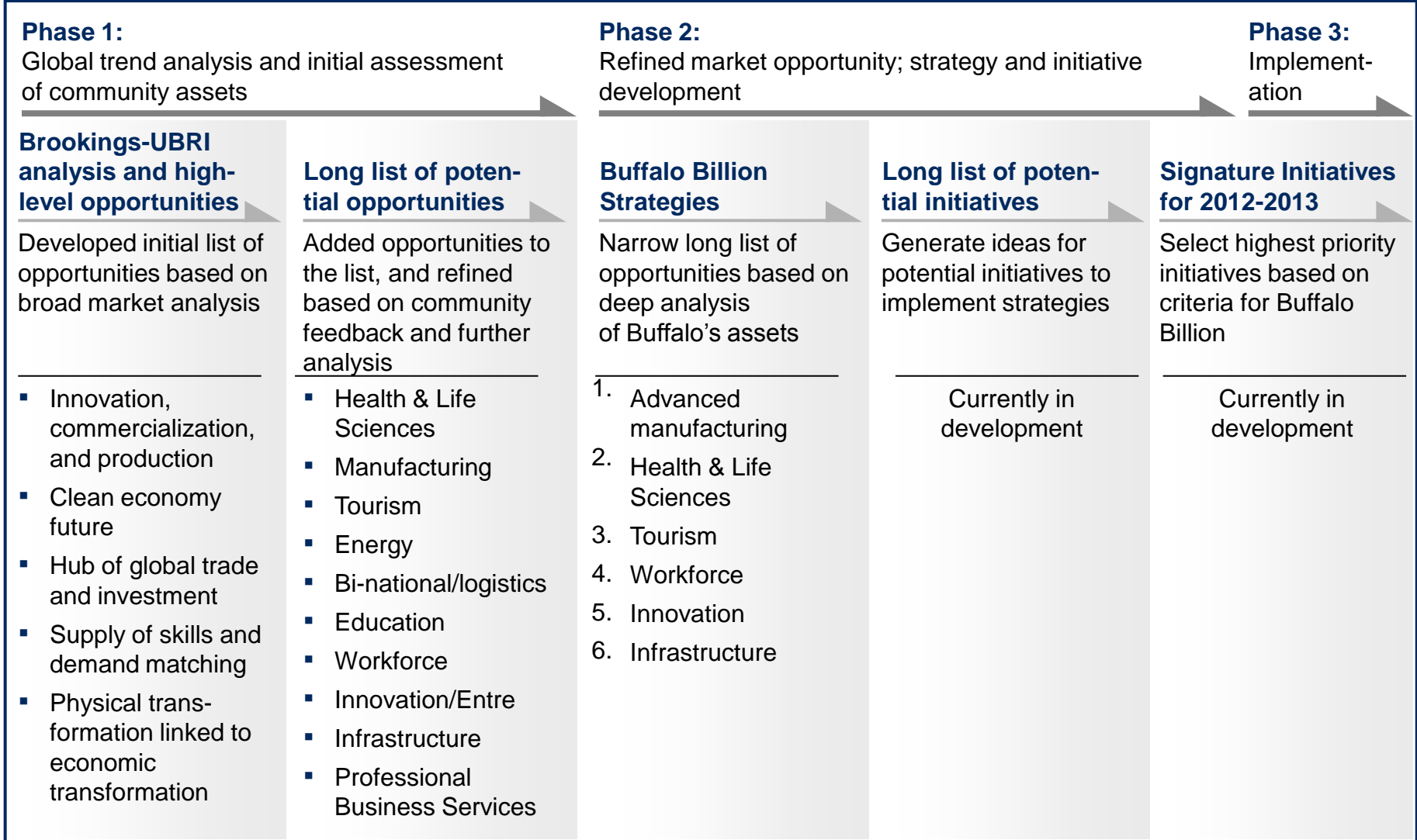
## Example Signature Initiative: Chicago Infrastructure Trust

### Chicago Infrastructure Trust

- Provide a self-sustaining funding source for transformative, capital intensive infrastructure projects in the public interest
- Leverage private investment through loans, equity, grants
- **Retrofit Chicago** is an initial energy efficiency retrofit effort targeted at commercial, residential and municipal buildings



# The Buffalo Billion Investment Development Plan will build on the work of multiple efforts

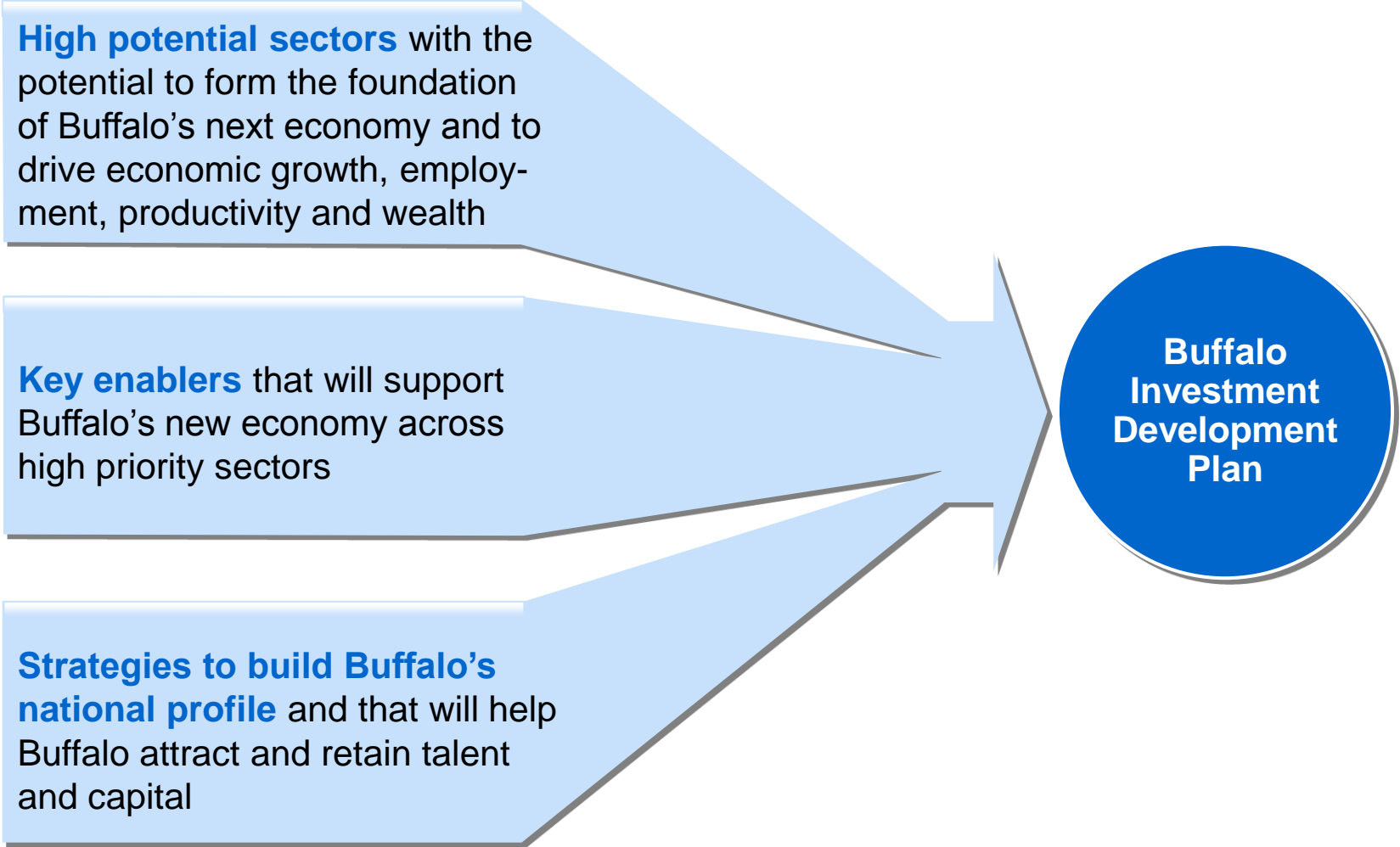


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# The Investment Development Plan will be comprised of mutually reinforcing strategies to support high potential sectors, key enablers and efforts that build Buffalo's national profile



# High potential sectors: 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, metals, machinery, food processing, health**
- **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

## Emerging strategy

*Leverage existing distinctive strengths in manufacturing products, processes, and technologies to support the next generation of capabilities across competitive industry sub-sectors*





# High potential sectors: 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 services, students and new companies
- **HEALTHeLINK** one of the country's most advanced health information exchanges with over 400,000 patients
- High quality facilities with strong reputations (e.g., Global Vascular Institute, Roswell Park)



## Barriers

- Industry frequently cites that translating UB research into businesses is a challenge
- Attracting VC funding to the region has proven challenging

## Emerging strategy

*Build on Buffalo's healthcare cluster to establish a healthcare system that generates world-class research, attracts patients for treatment and creates new start-ups*

# High potential sectors: Tourism



## Why is it important

- Tourism a significant job creator (50 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



## 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 (a third of Pittsburgh)
- Limited tourist amenities exist near the Falls

## Emerging strategy

*Drive tourism by building off and upgrading the region's existing natural and cultural assets, and creating a compelling, coherent value proposition for visitors, enticing them to extend both stays and spending*



# Key enablers: Innovation & Entrepreneurship



## Buffalo's assets

- **High quality institutions** that could drive innovation in the region (e.g., UB has significant research expenditure and houses the Center for Entrepreneurial Leadership)
- New business – especially in high growth industries – are a **major driver of net jobs growth** (two-thirds of net new jobs in 2007 in USA)
- Existing **presence in innovative industries** such as life sciences and healthcare
- Newly formed, and announced, innovation hubs (at BNMC and Z80 respectively)



## Opportunities

- Negative net business start ups (-0.1% small business growth)
- **Low patent production** (Buffalo Niagara ranked 87<sup>th</sup> of 374 in USA)
- **Low venture capital** (0.29% of deals by value in Q2 2012) and only 23% invested in start ups and early stage (versus expansion)

## Emerging strategy

*Become a place where entrepreneurs want to start a business, an easy place to grow one, and a compelling place to invest*

# Key enablers: 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

*Address gaps in workforce skills to meet current and future demands of Buffalo's economy through expansion of training in areas of need, workforce up-skilling to meet new needs, and industry growth where Buffalo's skills already exist*

# Key enablers: Infrastructure



## 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
- **Land Bank** created to assist planning and green solutions to water run-off being piloted
- Plan underway to restore **Olmsted parks**
- Significant **adaptive reuse / residential growth in downtown**



## 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

*Become a center for infrastructure innovation and investment on a regional basis, consistent with smart growth principles*



# Additional sector efforts will weave throughout the strategies

Example sector	Potential touchpoints with other strategies
Energy	<ul style="list-style-type: none"><li>▪ Retrofit effort could be supported through infrastructure strategy</li><li>▪ Dormant manufacturing assets could be used for green product manufacturing</li></ul>
Transportation and logistics	<ul style="list-style-type: none"><li>▪ Logistics infrastructure will be required for manufacturing growth</li></ul>
Education	<ul style="list-style-type: none"><li>▪ Healthcare hub can support growth of educational programs</li><li>▪ Demand-driven educational institutions could support need outside the region</li></ul>
Agriculture	<ul style="list-style-type: none"><li>▪ Regional agriculture supports food processing in manufacturing strategy</li><li>▪ Agri-tourism could complement the visitor experience</li></ul>



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# To prioritize opportunities, additional investment criteria should supplement the priorities laid out in last year's WNYREDC plan

WNYREDC's project criteria will be used for prioritizing Signature Initiatives...

...and will be supplemented by additional investment criteria

- **Three threshold questions**

- Does it create, retain or fill jobs?
- Will it maximize return on investment?
- Is the project ready for implementation?

- **Other priorities to be considered**

- Inclusive
- Promotes smart growth
- Oriented to young adults
- Builds upon strengths
- Regional impact
- Improves Region's image

- Initiatives will be prioritized based on their ability to change the trajectory of the region
- Initiatives should **act to resolve market failures that are barriers to growth**
- The portfolio of initiatives should **balance the use of governmental support, including regulatory, government capacity and investment** (capex preferred, with average matching of 5:1)
- When applicable, funds will be separated and awarded through a **competition to solicit the best ideas**
- Initiatives will **comply with applicable regulations (e.g., MWBE), relevant NYS oversight and reporting requirements**



## Questions for discussion

- Are there additional assets that the strategies should leverage?
- What are the ideas for initiatives that align with these strategies?



## Next steps

- **October:** WNYREDC meeting to discuss initial set of potential initiatives
- **November:** Review draft Buffalo Billion Investment Development Plan
- **Ongoing:** Community engagement on strategy and Signature Initiative Development