

Upstate Revitalization Fund

SOUTHERN TIER CONCEPT PAPER

Schuyler County Partnership for Economic Development

(1) Proposed Strategic Initiative.

Creation of a bi-national ultra premium wine, craft beverage and culinary region that fosters innovation within the culinary & vinification sciences

(2) Proposed Strategic Initiative impact area; i.e., entire Southern Tier Region, or one or more target areas within the Southern Tier.

The impact area for this initiative is centered on the Southern Tier as part of the larger bi-national region. It specifically targets the areas in and around Seneca Lake with a potential partnership with the Finger Lakes Region and connections to the Western New York , Mid-Hudson and Long Island regions.

(3) Describe the proposed Strategic Initiative and its collaborative elements, including the partners:

This initiative will result in Schuyler County and the Southern Tier being the hub and innovative center of a bi-national ultra premium wine, craft beverage and culinary region that leverages existing regional assets and strengths to foster innovation and cutting edge technology within the culinary and vinification sciences. It will expand on Schuyler County's current assets and significantly grow the cool climate wine market in the US and globally. This initiative will build on existing efforts, and connect the existing wine, beer and culinary trails within Schuyler County. This initiative will grow to impact the wider regions in Niagara (including New York and Ontario Canada), the Hudson Valley and Long Island, but the innovation and regional growth will germinate in Schuyler County. Tourism is a major component of this initiative and the larger efforts will result in an increase in the total number of tourists visiting as well as in increase in the time spent in Schuyler County.

The goal is to support the creation and manufacturing of higher value-add products that have strong linkages to the tourism industry in a way that results in the (1) increased exportation of products outside the immediate community; (2) raises the profile of the region and the state to encourage additional, higher-end and international travelers; and (3) encourages foreign direct investment (FDI) in projects that specifically create products for exportation.

The initiative builds on emerging cutting edge manufacturing technologies and state of the art advanced manufacturing processes, such as precision agriculture, while taking advantage of the unmet potential this region has to become an internationally recognized, world-class, cool climate wine region.

Successful implementation of this initiative will expand the tourism infrastructure to allow Schuyler County to better support the increased demands that will result from additional visitors. Central to this is Project Seneca , which is focused upon transforming the Seneca Lake waterfront in a way that will significantly increase tourism in Schuyler County. This historic public private partnership is intended to leverage 200 million dollars of investment in the Seneca Lake waterfront transforming this area into a vibrant community center with appeal to residents and tourists alike. The initial phase of Project Seneca includes relocating the aging wastewater treatment plants in the Villages of Watkins Glen and Montour Falls and constructing a regional state of the art new facility utilizing green technology. This will create prime opportunities for redevelopment of the waterfront locations of the existing wastewater treatment plants along the lake and canal while protecting and improving water quality . This

redevelopment, in addition to encouraging the existing 2 million-plus annual visitors to Schuyler County to extend their visits, will also increase the number of first time visitors. Additionally, waterfront development plans will increase public access to the lake and canal and stimulate residential, commercial and mixed use development, increasing both the tax base and permanent population of both Villages.

Potential collaborative partners may include:

-existing promotional organizations for the region (e.g., area Chambers of Commerce, Seneca Wine Trail, Statewide Winery Associations, New York Grape Growers Association, etc.).

-Corning Museum of Glass, as an existing regional anchor and internationally acclaimed tourism attraction drawing 440,000 visitors annually.

-Regional Parks including:

(1) Watkins Glen State Park, as an existing anchor with nearly three-quarters of a million visitors in 2014.

(2) Finger Lakes National Forest, the only National Forest in New York State.

(3) Letchworth State Park, as a sister-park to Watkins Glen and a park that was recently voted Best State Park in the Country, via a USA Today Readers' Choice Poll.

-Finger Lakes Railway as a connection to improve inter-modal transit for both industrial and passenger service within and beyond the Southern Tier.

-Higher Education to possibly include:

(1) Cornell University

(2) Corning Community College

(3) Finger Lakes Institute at Hobart and William Smith Colleges

(4) University of California at Davis

(5) Hochschule Geisenheim University in Germany

In addition to New York State entities, governmental partners may include:

-Ontario, Canada; Buffalo; Rochester; Syracuse; NYC; Mosel, Germany; US Dept. of Commerce; US Dept of Agriculture

(4) Describe how the proposed Strategic Initiative directly supports the Southern Tier's vision to improve its business climate and support sustainable economic growth.

As noted by the Brookings Institution, seventy-five percent (75%) of the 2025 workforce will consist of Millennial (those born after 1982). Additional research has show than Millennials are significantly driven by quality of life issues and a live-work balance.

This initiative, by furthering the goal of creating an internationally recognized region focused on innovation and quality of life, will support the attraction and retention of the Southern Tier region's workforce of tomorrow. The initiative will attract new workers, reverse out-migration trends and provide for a quality labor force for the region's employers.

Additional research, specifically a survey completed by Bentley University, shows that Millennials tend to be highly entrepreneurial. Creating a region that leverages existing regional assets and strengths and fosters innovation and the use of cutting edge technology will assist in attracting and retaining this demographic cohort and lead to an increase in business start-ups and support long-term, sustainable economic growth.

According to the Edward Lowe Foundation, Schuyler County's business composition is significantly different than the Elmira MSA which has 2.7% of it's businesses identified as self-employed (Schuyler is 6.5%); Stage 1 (2-9 employees) is 15.6% with Schuyler nearly double at 28.7% and Stage 2 (10-99 employees) 34.2 % compared to Schuyler with 39.1%. Businesses with 99 and less employees make up

52.5% of the businesses in the Elmira MSA compared to 74.3% of the businesses in Schuyler. With a dedicated effort to promote innovation, high value-add production and succession strategies, Schuyler can add value to the regional effort and have a business composition that compliments the MSA composition.

(5) If there are individual projects within the overall proposed Strategic Initiative, briefly describe each one and the respective start/end dates.

Due to the transformational nature of this initiative and its national and global implications, multiple projects must come to fruition in order to support the success of the overall effort. These can be identified in three major areas: Urban (Village) Revitalization/Project Seneca & Tourism Infrastructure; Advanced Manufacturing and Innovation in Culinary Sciences; Logistics and Alternative Regional Transportation. Examples of potential projects may include the following, which are categorized under the major headings listed below.

(A) Project Seneca/Waterfront Revitalization & Tourism Infrastructure

(i) Increase development of the Seneca Lake south waterfront in a manner intended to extend visitor stays and spending in the region and provide additional quality of life amenities for Millennials and other workers.

(ii) Develop a new, advanced technology regional wastewater treatment plant to replace and relocate two existing obsolete plants serving the Village of Watkins Glen, the Village of Montour Falls, the Town of Dix, the Town of Reading and provide necessary capacity for growth to include residential, mixed use, commercial and professional uses.

(iii) Competitive grant/loan program for villages to address infrastructure issues that are specific to attracting world class investment. This may include water/sewer upgrades; increased broadband capacity; streetscape/façade improvements.

(B) Advanced Manufacturing and Innovation in Culinary Sciences

(i) Advanced manufacturing production facility for ultra premium beverages to be located in the Schuyler County Business Park - starting in 2017.

(ii) Shared food production facility and centralized distribution center to aid in the creation of locally produced, higher value-add products to be distributed internationally - starting in 2016.

(iii) Combined loan/grant fund to support existing manufacturers as they expand into advanced manufacturing - 2016-2021.

(iv) College loan forgiveness program for Millennial Entrepreneurs locating to Schuyler County (tied to specific job creation milestones) - 2016-2021.

(v) Sustainable/green infrastructure improvements for the Montour Falls & Schuyler County Business Parks (Project Seneca). 2016-2018

(C) Logistics and Alternative Regional Transportation Initiatives

(i) Walking path & bike trail to circle Seneca Lake and provide connections to other key areas within Schuyler Co. & the neighboring Finger Lakes region (Project Seneca). 2017-2018

(ii) New truck route to improve logistics related to truck traffic in the Villages of Montour Falls & Watkins Glen (Project Seneca).

(iii) Expansion of train service to include regular passenger service from Watkins Glen to Penn Yan.

(iv) Alternative transportation options - providing bike share, car share, PEV plug-in charging stations and hydrogen filling stations. 2017-2018

(v) Watkins Glen Northern Gateway Improvement - to address traffic calming and improve logistics and flow of truck traffic related to the distribution of locally produced products for export (Project Seneca). 2016-2018 (plan completed)

(vi) Road improvements and Catherine Valley Trail Improvements to create a 21st century business park within the Village of Montour Falls that has sustainable elements for the buildings, roads and future workers (Project Seneca).

(6) Describe how the proposed Strategic Initiative is visionary and transformational; and will set the Southern Tier apart from other regions in NYS.

This initiative will position New York State generally, and the Southern Tier specifically, in a global manner by utilizing existing assets, natural resources and the area's unique terroir to create a world-class, cool climate wine region. In addition to providing opportunities for additional exports, the initiative, via Project Seneca, will strengthen Schuyler County's--and by extension the Southern Tier's--tourism infrastructure.

This initiative will build on an emerging advanced manufacturing cluster focused around a bi-national ultra premium wine, craft beverage and culinary region. Through the use of cutting edge technology and precision agriculture, Schuyler County has the potential to pave the way for other cool climate wine regions to be more sustainable in their production of ultra-premium wines.

It will be a much more affluent clientele that will make business investments, travel to the area for exposure to the innovation and learning opportunities, and purchase locally branded products. This initiative can result in the establishment of a world-recognized culinary and vinification innovation region where all physical, natural, educational and entrepreneurial assets are maximized. To ensure the region is well positioned to become an international destination, the assets in and around the South shore of Seneca Lake require continued improvements, including the relocation of existing wastewater treatment infrastructure and redevelopment of the waterfront. The Project Seneca waterfront development could include, in addition to currently planned relocation of the waste water treatment plant, (i) new marinas and year-round housing; (ii) a new "European-centric" community of businesses housed in vessels along the Canals at new docks. This concept would be similar to Seattle, Amsterdam and Copenhagen. This regional persona could attract a European River Cruise line to navigate the Erie Canal and Cayuga and Seneca Lakes. With the European focus, the region could potentially attract Monaco-related automobile enthusiasts and reestablish WGI as a premier international racing destination.

For this initiative to be successful, it must link investments in tourism infrastructure with larger, transformative efforts related to advanced manufacturing and the wine, craft beverage and culinary sectors. It is through these transformative efforts that the profile of Schuyler County and the region will be raised to a level that will attract higher-value tourists and more tourists.

(7) Describe how the proposed Strategic Initiative leverages one or more regional strengths or opportunities. Use quantitative data and other supporting evidence.

Existing Strengths that can be Leveraged:

According to the New York State Wine and Grape Foundation, Schuyler County is ranked #4 in the state for the most wineries (26). Schuyler County also has a growing number of breweries and distilleries. As a result, the wine and craft beverage industry has a significant impact on Schuyler County's economy. This initiative builds on this strength and looks to elevate the industry to a world-class, internationally supported (through foreign direct investment and tourism) industry. Currently, at least three establishments have foreign direct investment supporting their operations.

The initiative expands on a meaningful, existing public-private partnership entitled Project Seneca, which also includes inter-municipal partnerships. This progressive partnership has engaged private

sector entities as well as multiple villages and county government, all committed to work together on the redevelopment of the waterfronts and canal in Schuyler County. It is a successful model for leveraging private resources and investment against government grants. The experience of these collaborative partners would be brought to bear to ensure the successful completion of this initiative.

A very unique aspect within the region are the "fly in and learn" and "drive in and learn" businesses. Currently, there are multiple instances of adult learners and interns coming to the region to learn a skill. Some of these learners are traveling from abroad. The learning aspects include automobile driving school, furniture making, quilting, fire fighting, glass blowing, jewelry making, mushroom production and wine making. This is remarkable since there has been no effort to date to collectively market the area as an experiential educational region. Using economic impact figures compiled by the Washington Economics Group, it can be expected that the economic value for moving forward to expand this market would be no less than \$8M of benefit annually. More compelling, in addition to educational economic benefit, the added value of manufacturing has substantial promise. According to the MIG2011 Study, the employment multipliers for the fermentation cluster range from 5.31 for distilleries to 2.57 for wineries with cheese having the highest with 6.58 and breweries having 4.14.

According to the World Travel and Tourism Council, tourism makes up 4% of US GDP and is expected to grow by 4% annually. According to the Oxford Economics Company study completed in 2013, over \$57B was spent in NYS providing an overall economic impact of \$95.4B. The international market made up \$18B of the spend or 31%. Of that figure, 28% of the travelers were from overseas with 3% coming from Canada. In the Finger Lakes, the total tourism spend was reported to be \$2.8B, impacting 58,384 jobs. Within the Southern Tier, Tompkins County led the region with 6% of the tourism dollars/travelers. Steuben and Chemung Counties were both individually attributed with 4% and Schuyler County, surprisingly, was only attributed with 1%. Clearly there is an opportunity to increase the overall value of the foreign dollars in the region and to have Schuyler County with the Seneca Lake asset drawing net new foreign and domestic visitor dollars by significantly extending stays and spending in the area. With a focused effort on innovation, creating a desirable sense of place, and adding a unique experience for businesses, foreign investors, and new workers, the Southern Tier can position itself as the ideal location for niche advanced manufacturing in multiple sectors.

Existing Opportunities to Leverage:

According to the United States Patent & Trademark Office the patents granted in the region averages about 250 annually. The majority are related to higher education and large employers. The patents granted to individuals in Schuyler County that are not related to either a major employers or institution of higher education averages 2-4 annually. As a result, SCOPED sees an opportunity to (1) leverage patents for commercialization that are at or near the end of their protected life and (2) encourage patent applications related to precision agriculture and advanced manufacturing in and around the culinary and vinification sciences.

According to local employers and NYS DOT, there are over 150 truckloads of locally produced goods hauled through the Village of Watkins Glen and Montour Falls on a daily basis. This does not include the additional traffic related to local deliveries or through truck traffic. By encouraging the use of rail service and rerouting much of the truck traffic, the region could enhance it's attractiveness to attract external investment including FDI.

(8) Describe the clear and measurable impact of the proposed Strategic Initiative.

- (1) Make Watkins Glen the focal point for tourism in the Southern Tier by strengthening the tourism infrastructure through the implementation of Project Seneca initiatives that will lead to additional tourists and increased local spending resulting in the creation of additional, year-round, living-wage jobs.
- (2) Significantly increase the exportation of locally produced, high value-add and ultra-premium products to the global markets by 20% by 2021.
- (3) Renew the entrepreneurial spirit within the Southern Tier by attracting and retaining Millennials through student loan forgiveness programs, creating a vibrant sense of place and providing access to capital for advanced manufacturing business start-ups and expansions. Increase the number of stage 1 and 2 businesses by 15% and Stage 3 companies by 10%.
- (4) Create an entrepreneurial ecosystem that allows Schuyler County and the Southern Tier to become the hub for precision agriculture related to cool climate vinification.

(9) Describe how the proposed Strategic Initiative is focused and leverages the investment of partner entities; i.e., private sector, academic institutions, municipalities, etc.

Although there are many components to this initiative, each piece supports the effort to create a bi-national ultra premium wine, craft beverage and culinary region that leverages existing regional assets and strengths that fosters innovation and cutting edge technology within the culinary and vinification sciences.

Additional investment of potential partners to be leveraged may include:

- (1) Municipal in-kind contributions.
- (2) Higher education in-kind contributions and capital investments related to research opportunities.
- (3) Financial institutions.
- (4) Private equity of business owners and investors.

(10) Describe Best Practices used to guide development of the proposed Strategic Initiative.

SCOPED used several best practices to develop this proposal. First, the background data was researched and sourced from Federal data sources, Research Institutions, International Economic Development organizations, Michael Porter and Mary Jo Waite's work on economic clusters and maximizing the value chain, non-profit institutions focused on entrepreneurialism and sustainability. Secondly, SCOPED utilized the best practice of engaging large and small businesses that represent specific business sectors within the economic clusters. Through this public and focused engagement, there were linkages to supply chain and customers; opportunities both short term and long term identified; critical issues impacting business and regional competitiveness, key learnings of interconnectedness and leaders identified to carry the momentum forward.

We have also utilized the Project Seneca steering committee, which has been engaged for the previous three years, to move economic development projects forward along the southern shore of Seneca Lake. The planning process for these projects involved extensive and ongoing community engagement efforts. The resulting plans are living documents that are adaptable as the future needs of the community evolve. Project Seneca has public and private engagement and related resources. It has a defined vision and structure and provides an excellent model for future endeavors.

In addition, SCOPED engaged in a comprehensive economic development planning process that started with an economic data analysis that identified emerging clusters within Schuyler County.

SCOPED then engaged key stakeholders within cluster-related businesses and identified opportunities for attracting suppliers and customers.

The approach utilized within this initiative is data driven and draws on best practices within the field of economic development.

The data resources utilized to support the effort include:

US Census Bureau, Economic Census

US Dept of Commerce, BEA

Edward Lowe Foundation, Your Economy Database

Moody's Economy.com

Brookings Institution

Pew Foundation

Agriculture-based Economic Development in HYS: Trends and Prospects

<http://www.brookings.edu/research/papers/2015/04/29-relationship-taxes-growth-state-level-gale#.VUI4CczkkMk.email>