

Comprehensive Economic Development Strategy for the Capital District



September 2009

**Capital District Regional Planning Commission
One Park Place, Suite 102, Albany, NY 12205**

518/453-0850 Fax: 518/453-0856 e-mail: cdrpc@cdrpc.org

Web Site: <http://cdrpc.org>

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Comprehensive Economic Development Strategy & Policy

A. Organization and Management of the Economic Development District

1. Area Designation and Participating Governments

The Capital District Region consists of the counties of Albany, Rensselaer, Saratoga, and Schenectady. In June 1984, the Capital District Regional Planning Commission (CDRPC), with the endorsement of the four counties and the Governor of the State of New York, petitioned the Economic Development Administration for designation as an Economic Development District (EDD).

In October 1984, the EDA approved the four-county area as a provisional EDD pursuant to Section 403 of the Public Works and Economic Development Act, as amended. Full EDD status was approved by the EDA in July 1987.

2. The CEDS Committee

The entire policy board of CDRPC functions as the Comprehensive Economic Development Strategy (CEDS) Committee of the EDD. To comply with the Federal requirements of broad representation on the governing board, the size of CDRPC's board was expanded in 1983 from the original twelve (12) to twenty (20) members, five from each county. The amended four-County Agreement specifies that no less than fifty-one percent (51%) of the board members shall be elected or appointed local government officials, and no less than twenty percent (20%) of them shall represent the private sector. Furthermore, there shall be at least two members who represent the Region's minority groups. All members of CDRPC are appointed by the respective governing bodies of the counties in which they reside. No separate Executive Committee has been established. However, the entire Committee may be divided into several smaller working committees to facilitate the Committee's decision-making process.

3. CEDS Strategy Committee

To obtain input from other public and private agencies, CDRPC has formed a CEDS Strategy Committee. Members of the Advisory Committee are representatives from the private sector and local, county, and regional agencies and community groups who are knowledgeable about local economic conditions and economic development programs. There are 23 members on the Strategy Committee (see Appendix for details), with 16 representing the private sector (69.6%) and 7 representing the public sector (30.4%), including local colleges and universities.

The primary role of the Strategy Committee is to advise the CEDS Committee and its staff on the preparation of the CEDS by offering ideas, alternatives, and comments. Almost as important is the Strategy Committee's role in making recommendations on additional ways in which the Planning Commission can provide services which facilitate economic development.

4. CEDS Preparation, Adoption, and Monitoring

The original Overall Economic Development Program was prepared by the CDRPC staff in 1987 and has been reviewed and revised as necessary on an annual basis. For the latest revision of the *Capital District Comprehensive Economic Strategy*, the Planning Commission has used the Internet to facilitate the review of the CEDS document and the receipt of questions, comments, and recommendations from the CEDS Committee, the CEDS Strategy Committee, and the general public. Successive versions of the CEDS have been posted online in Adobe PDF format with direct e-mail notification of the Committees for each posting, as well as a prominent link on the Commission's home page soliciting comments and suggestions.

The CEDS will be presented for adoption by the CEDS Committee (i.e., CDRPC Board) once it has been approved by EDA. Monitoring of the various programs to be implemented will be the responsibility of the implementing agency, with progress reports to be consolidated and prepared by the CDRPC staff.

It should be noted that while the Capital District Regional Planning Commission is the Region's Economic Development District, it has neither the power (legal or political) nor the funds to enforce an economic plan. The Planning Commission doesn't even have a revolving loan fund which would enable it to directly influence job creation and retention. The Commission has three primary tools it uses to contribute to the Region's economic development. First, CDRPC is a State Data Center Affiliate for demographic data and a Business Information Data Center for economic data. Quantitative information about the Region is posted to the Commission's web site for use by governmental units, organizations, and private businesses in their decision making processes. Second, CDRPC is the grantee of Foreign-Trade Zone #121 at Albany, NY, in which capacity it provides the means by which firms importing dutiable goods may save on their tariff expenses. Finally, CDRPC is a participant and facilitator in many diverse Regional efforts to improve economic conditions in the Region.

B. Government Economic Development Programs, Services, & Resources

1. Local Economic Development Agencies

Most cities, towns, and counties; and some villages in the Region have established programs to promote economic development projects within their jurisdictions. Various types of public financial assistance, most with State and federal backing, are available for private, business, and industrial development projects. The most popular ones have been Industrial Development Bonds, SBA Loans, and Community Development Block Grant assistance. Local, regional, State, federal, and private agencies are involved in the Region's economic development efforts.

a) Local Industrial Agencies

The following is a list of county and local industrial agencies which have the authority to issue industrial development bonds:

(1) Albany County

Albany County Industrial Development Agency
112 State Street, Room 700
Albany, New York 12207
(518) 447-4841

City of Albany Industrial Development Agency
21 Lodge Street
Albany, New York 12207-2104
(518) 434-2535

<http://www.albanyny.org/Businesses/EconomicDevelopment.aspx>

City of Cohoes Industrial Development Agency
97 Mohawk Street, City Hall
Cohoes, New York 12047
(518) 233-2117
<http://www.cohoesida.org/>

Town of Bethlehem Industrial Development Agency
Town Hall, 445 Delaware Avenue
Delmar, New York 12054
(518) 439-4995
<http://www.bethlememida.com>

Town of Colonie Industrial Development Agency
347 Niskayuna Road
Latham, New York 12110-2289
(518) 783-2741

Town of Guilderland Industrial Development Agency
P.O. Box 339
Guilderland, New York 12084
(518) 356-4445

Town of Green Island & Village of Green Island Industrial Development Agency
69 Hudson Avenue
Green Island, New York 12183
(518) 273-2201

(2) Rensselaer County

Rensselaer County Industrial Development Agency
1600 7th Avenue
Troy, New York 12180
(518) 270-2914

City of Rensselaer Industrial Development Agency
505 Broadway
Rensselaer, New York 12144
(518) 465-1693

City of Troy Industrial Development Agency
1 Monument Square, City Hall
Troy, New York 12180
(518) 270-44589
http://www.troyny.gov/economic_development/ida.html

Town of North Greenbush Industrial Development Agency
2 Douglas Street
Wynantskill, New York 12198
(518) 283-3525

(3) Saratoga County

Saratoga County Industrial Development Agency
50 West High Street
Ballston Spa, New York 12020
(518) 884-4705
<http://www.saratogacountyida.org/>

City of Mechanicville & Town of Stillwater Industrial Development Agency
36 North Main Street
Mechanicville, New York 12118
(518) 664-7303
<http://www.mechanicville-stillwater-ida.org/>

Town of Clifton Park Industrial Development Agency
1 Town Hall Plaza
Clifton Park, New York 12065
(518) 371-6651
<http://www.cliftonpark.org/townhall/CPIDA/>

(4) Schenectady County

Schenectady County Industrial Development Agency
433 State Street, Center City Plaza
Schenectady, New York 12305
(518) 377-1109
<http://www.schenectadycounty.com/MenuItemList.aspx?m=183>

City of Schenectady Industrial Development Agency
433 State Street, Center City Plaza
Schenectady, New York 12305
(518) 377-1109
<http://www.cityofschenectady.com/cosida.htm>

Town of Rotterdam Industrial Development Agency
1100 Sunrise Boulevard, 2nd Floor
Rotterdam, New York 12306
(518) 355-7575
<http://www.rotterdamida.org/>

b) Local Development Corporations

Some counties and municipalities have established local development corporations, which provide financing at below-market rates. They are:

(1) Albany County

AI Tech Trust Fund (County)
112 State Street
Albany, New York 12207
(518) 431-1423
<http://acchamber.org/loanprograms/AITechLoanFund.aspx>

Albany County Local Development Corporation
112 State Street
Albany, New York 12207
(518) 447-5667

Albany Local Development Corporation (City)
21 Lodge Street
Albany, New York 12207
(518) 434-2532

The Albany Local Development Corporation is also a Certified Development Company, and can facilitate Section 503 loans from the U.S. Small Business Administration program.

Cohoes Local Development Corporation
City Hall
Cohoes, New York 12047
(518) 233-2118

Cohoes Industrial Development Corporation
City Hall
Cohoes, New York 12047
(518) 233-2118

(2) Rensselaer County

The Rensselaer County Chamber Economic Development Partnership
255 River Street
Troy, New York 12180
(518) 274-7020
<http://www.renscochamber-edp.com/>

(3) Saratoga County

Saratoga Economic Development Corporation
28 Clinton Street
Saratoga Springs, New York 12866
(518) 587-0945
<http://www.saratogaedc.com/>

Mechanicville Area Development Corporation
36 North Main Street
Mechanicville, New York 12118
(518) 664-8331

(4) Schenectady County

Schenectady Local Development Corporation
105 Jay Street, City Hall
Schenectady, New York 12305
(518) 382-5147

Schenectady Metroplex Development Authority
433 State Street, Center City Plaza, 4th Floor
Schenectady, NY 12305
(518) 377-1109
<http://www.schenectadymetroplex.org>

2. Areawide Agencies for Economic Development

a) Capital District Regional Planning Commission (CDRPC)

1 Park Place, Suite 102
Albany, New York 12205
(518) 453-0850
<http://www.cdrpc.org>

Established by the counties of Albany, Rensselaer, Saratoga, and Schenectady in 1967, CDRPC is an areawide comprehensive planning agency, carrying out various development programs and research activities. The Commission is also Grantee of Foreign-Trade Zone #121 (FTZ #121) at Albany, approved by the federal FTZ Board in July 1986. The FTZ has three sites: the Northeastern Industrial Park in the Town of Guilderland, the Rotterdam Industrial Park in the Town of Rotterdam, and the Rensselaer side of the Port of Albany. CDRPC staff assistance is available for firms interested in taking advantage of the federally-sanctioned FTZ program.

CDRPC is responsible for developing and maintaining a continuing planning process for Regional economic development pursuant to federal guidelines set forth by the Economic

Development Administration. As part of its ongoing planning and research functions, CDRPC maintains Regional economic and demographic data bases which provide the basic information necessary for economic analysis.

b) Center for Economic Growth

63 State Street
Albany, New York 12207
(518) 465-8975
<http://www.ceg.org/>

Established in 1987 as a business-supported non-profit corporation to promote sustainable economic development in the region, the Center has established four major objectives and undertaken a number of related economic development activities. The first is to increase business opportunities for established companies in the region through national and international development programs and technical assistance. The second is to attract new businesses by developing and implementing a cooperative regional marketing program. The third is to provide services for new and expanding companies such as information on location and business opportunities, while the fourth is to foster public/private partnerships by assisting local companies with development issues and improving communications and coordination between the development community and local governments.

c) Tech Valley Global Business Network

1 Computer Drive South
Albany, New York 12205
(518) 694-5812

Established in 1983 as the Capital Region World Trade Council, the Tech Valley Global Business Network is a not-for-profit business association of persons interested in or involved in international trade. The purpose of the Network is to promote economic development and the prosperity of the Region by increasing international commerce. The Network programs include monthly dinner meetings with presentations by trade experts, and special seminars on import-export operations.

d) CSX Transportation Industrial Development

One Bell Crossing Road
Selkirk, NY 12158
518-767-6326

e) National Grid Economic Development

300 Erie Boulevard West Syracuse, New York 13202(315) 428-6798
<http://www.nationalgridus.com/niagaramohawk/business/ecdev/ecdev.asp>

f) Verizon Community Relations/Economic Development

158 State Street, Room 1010A
Albany, NY 12207
518-396-1027

3. State Economic Development Agencies

To stimulate business and industrial development and expansion, the State of New York has offered various investment incentives through tax credits and deductions, tax exemptions, accelerated depreciation, grants, direct loans, guaranteed loans, and technical assistance. In addition, the State has created several State organizations to facilitate economic development projects. They include the

N.Y.S. Job Development Authority (JDA), the N.Y.S. Environmental Facilities Corporation, the N.Y.S. Science and Technology Foundation (STF), and the N.Y.S. Urban Development Corporation (UDC).

A new Department of Economic Development (DED) was created in 1988 to replace the former Department of Commerce, and this was succeeded in 1996 by Empire State Development. The Commissioner is charged with the responsibility for developing and coordinating the State's economic development policies and programs, including those administered by STF, UDC, and JDA.

The State Department of Transportation also provides targeted economic development assistance.

a) **Empire State Development (ESD)**

433 River Street, Hedley Park Place, Suite 1003, 1st Floor
Troy, New York 12180 (518) 270-1130

b) **New York State Science , Technology and Innovation (NYSTAR)**

30 South Pearl Street, 11th Floor
Albany, New York 12207
(518) 292-5700
<http://www.nystar.state.ny.us/>

c) **New York State Environmental Facilities Corporation (EFC)**

625 Broadway
Albany, New York 12207
(800) 882-9721
<http://www.nysefc.org/home/index.asp>

d) **NYS Department of Transportation (DOT)**

Regional Director
NYSDOT Region 1
328 State Street
Schenectady, New York 12305
(518) 388-0388

4. Federal Economic Development Agencies

Many agencies of the federal government provide assistance for local and regional economic development.

a) **Small Business Administration (SBA)**

Syracuse District Office
401 South Salina Street, 5th Floor
Syracuse, New York 13202
(315) 471-9393

b) **Department of Housing and Urban Development (HUD)**

HUD-Albany Area Office
52 Corporate Circle
Albany, New York 12203
(518) 464-4200

c) **Department of Commerce, Economic Development Administration (EDA)**

State Economic Development Representative
U.S. Dept. of Commerce, Economic Development Administration
620 Erie Boulevard West, Suite 104
Syracuse, NY 13204
(315) 448-0938

d) **Department of Agriculture**

Farm Service Agency
441 South Salina Street, Suite 536
Syracuse, New York 13202
(315) 477-6300

USDA New York Rural Development, Region A

Serving Albany & Schenectady counties:

113 Hales Mills Road
Johnstown, New York 12095
(518) 762-0077 Ext. 4

Serving Rensselaer & Saratoga counties:

2530 NYS Rt. 40
Greenwich, New York 12834
(518) 692-9940 Ext. 203

C. Community Resources & Services for Economic Growth

The names, locations, and brief descriptions of services provided appear below for most of the special-purpose community service agencies in the Capital District.

Affordable Housing Partnership of Albany County

Albany, Rensselaer, & Saratoga counties

Provides construction and permanent financing for low and moderate income home buyers, and for developers of affordable housing projects.

255 Orange St
Albany, New York 12210
(518) 434-1730
<http://www.ahphome.org/>

Albany County Rural Housing Alliance

Village of Voorheesville

Works to improve low and moderate income individuals' access to decent and affordable housing in rural Albany County.

P.O. Box 407
34 South Main Street
Voorheesville, New York 12186
(518) 765-2425
<http://www.acrha.org/>

Albany Housing Coalition

City of Albany

Provides counseling for low and moderate income veterans.

278 Clinton Avenue
Albany, New York 12210
(518) 465-5251
<http://ahcvets.org/>

Arbor Hill Community Center

City of Albany

Provides social, cultural, recreational, and educational opportunities for the community, and a Substance Abuse Prevention Program.

50 North Lark Street
Albany, New York
(518) 463-1516

Arbor Hill Development Corporation

City of Albany

Provides information, technical assistance, and other aid to prospective first-time home buyers, and to owners of sub-standard dwelling units needing repair or rehabilitation.

241 Clinton Avenue
Albany, New York 12210
(518) 463-9993
email: ellie@arborhilldc.org

Better Neighborhoods

City of Schenectady

Facilitates sale and rental of new and rehabilitated homes to low and moderate income families.

986 Albany Street
Schenectady, New York 12307
(518) 372-6469
<http://www.better-neighborhoods.org/>

Capital District Community Loan Fund

City of Albany

Makes loans available to local groups for housing and community development projects that will benefit lower income people.

255 Orange Street
Albany, New York 12210
(518) 436-8586
<http://www.cdclf.org/>

City of Schenectady Department of Development

City of Schenectady

Provides housing rehabilitation assistance for eligible property owners in target areas, and develops new housing for low income and homeless persons.

City Hall, Room 1
Jay Street
Schenectady, New York 12305
(518) 322-5275
<http://www.cityofscheneectady.com/development.htm>

Commission on Economic Opportunity for the Rensselaer County Area

City of Troy

Community action agency providing information, outreach, referral, and direct assistance to low-income individuals and families.

2331 Fifth Avenue
Troy, New York 12180
(518) 272-6012
<http://www.ceo-cap.org/>

Department of Employment & Training

Rensselaer & Saratoga counties

Provides vocational and job skill training, and education development for economically disadvantaged participants to secure and retain unsubsidized employment.

Rensselaer County
 County Office Building, 1600 7th Avenue
 Troy, New York 12180
 (518) 270-2860
<http://www.rensco.com/employment.asp>

Saratoga County
 152 West High Street
 Ballston Spa, New York 12020
 (518) 884-4170

Hispanic Outreach Services

Cities of Albany & Schenectady

Offers advocacy, referrals and/or intervention, basic human services, and employment assistance to the Hispanic community.

40 North Main Avenue
 Albany, New York 12203
 (518) 453-6655
<http://www.hispanicoutreachservices.org/>

Troy Rehabilitation & Improvement Program

City of Troy

Provides home ownership assistance, rehabilitated homes for sale, and low-income rental housing.

Box 1249, 415 River Street
 Troy, New York 12180
 (518) 272-8289
<http://trionline.org/>

D. Regional Evaluation

1. Regional Assets

a) Assets by Type

(1) *General*

The Capital District is centered around the confluence of the Hudson and Mohawk rivers in east-central New York State, bounded by the Catskill Mountains to the south, the Adirondacks to the north, and the Berkshires and Green Mountains to the east. It contains the New York State Capital with only about 4.3% of the State's population, but 21% of the State government jobs, almost all of which are filled by Capital District residents.

There are excellent transportation linkages both within and without the Region. Interstate highways, county and local roads, and a well-developed public bus transit system connect the Region's communities with one another. Interstate highways (i.e., I-87, I-88, & I-90) provide connections in all directions to other metropolitan areas in New York State, Massachusetts, and Canada, as do commercial and passenger rail services. The deep-water Port of Albany on the Hudson River provides a connection with New York City and the Atlantic Ocean, and the Champlain and Erie barge canals provide connections to the St. Lawrence Seaway and Buffalo. Finally, the Albany International Airport provides connections to all major U.S. cities, as well as international connections.

(2) *Natural Resources*

The climate in the Capital District may be best described as moderate for its northeastern location, with warm summers, and relatively mild winters without excessive snowfall.

Water resources are plentiful and generally of high quality in the Region. After treatment, Hudson River water is potable, while the water quality of the Mohawk has continued to improve over the past decade as it is subjected to less pollution from upstream sources.

The Capital District contains a large amount of arable land, and 22% of its land area has been incorporated into officially designated Agricultural Districts. Currently, about 18% of the Region's land area is in actual productive farming use, which helps to maintain the open space character of the rural communities.

(3) *Population and Labor Force*

The Region's population has been increasing at almost twice the rate of New York State's population and that of most Northeastern states in the past decade. This rate of increase, alone, is a significant indicator of the Region's overall attractiveness, since long-term population changes may be seen from a populist vantage point as the result of people voting with their feet. The Capital District obviously contains a number of characteristics, whether in terms of jobs or amenities, which attract population.

The population is generally quite well educated, and is reasonably affluent in comparison to the State and nation, despite employment declines in some of the higher-paying sectors in favor of lower-paying sectors. The Region has less than two-thirds the percentage of poverty-level persons of the State and nation.

Labor force participation in the Capital District is high relative to the State and the nation, particularly in terms of female participation in the labor force, while unemployment rates are lower than the State and nation.

(4) *Economy*

Employment has grown in the Region's major employment sectors, with the exception of manufacturing over the past decade though during the current recession, there have been contractions in many sectors. Even some manufacturing sub-sectors -- paper & allied products, and printing & publishing -- have shown gains prior to the recession. Most of the Region's major employers have been stable or growing in the recent past, and plant closings and relocations have been minimal. Military cutbacks, unless extreme, are unlikely to severely impact the area's major defense contractors.

The Capital District constitutes a single, but diversified, labor, employment, and housing market unaffected by municipal boundaries. The Region has healthy and large private financial institutions and a strong public sector commitment to economic development.

(5) *Housing, Infrastructure, and Services*

With about an 8% vacancy rate and a high rate of new construction, housing in the Region is available in more than sufficient quantity and quality.

There are an abundance of industrial parks and plant sites throughout the Region, and large amounts of Class A and B commercial office space in the Central Cities central business districts. The CBDs have particularly highly developed infrastructure and services.

Regional human services for health care, public safety, low-income persons, senior citizens, and special needs groups are wide-spread and satisfy a wide variety of needs.

A particular strength of the Region is its many top-quality educational institutions which provide undergraduate, graduate, professional, and other educational and job training programs to serve the four counties and beyond. A variety of cultural and recreational

opportunities and facilities regularly attract a large number of tourists into the area, as well as serving the cultural and recreational needs of the residents.

2. Regional Liabilities

a) Historic Economic Problems and Liabilities

(1) *Lagging Economic Growth*

Through the 1970's and early 1980's, the Capital District lagged behind the rest of the nation in terms of economic development. The entire Northeast suffered economic stagnation and industrial decline as a result of the long-term shifts in population, employment, and investment away to other areas of the country. This geographic redistribution of such factors had a widespread impact on the Capital District and other portions of New York State.

(2) *Economic Recovery in Recent Years*

The Region has recovered from both the long-term demographic shifts and episodic recessions which occurred in the mid-1970's and early 1980's, and the national and local recessions of the 1990's except for its manufacturing and Federal and State government sectors, which have continued to decline. Unfortunately, those are the three highest paid sectors in the economy, and exchanging manufacturing, federal government, and State government jobs for service and trade jobs is a significant minus for the economy.

(3) *The 2008-09 Recession*

The current recession has impacted the Region, raising the unemployment rate and lowering both the number of employed and the size of the civilian labor force. However, the impact has been less severe than the impacts felt at the State and national levels. It is expected that the Capital Region will begin a recovery as soon as the national recession transitions into a recovery phase. However, lower tax receipts coupled with higher demands for social services have had a devastating impact on State and local government finances. With the end of direct federal stimulus support to governments approaching, there is no certainty about a recovery timeline for State and local government budgets.

b) Structural Liabilities

(1) *Natural Resources*

There are no particular liabilities to the Capital District associated with its natural resources.

(2) *Population and Labor Force*

There is a disturbing trend apparent in the 1980, 1990, and 2000 *Census* statistics on poverty level persons. While the total number of poverty level persons declined in the Region over the last two decades, the entire decline was attributable to a decline in the number of white poverty level persons. The statistics for minorities and Hispanics showed consistent increases, which probably indicates a lack of appropriate social, educational, and economic opportunities for non-whites in the Capital District. While it is impossible to isolate a specific cause or causes for this phenomenon from the raw data at this time, the trend should be analyzed and solutions developed as a matter of public policy.

The Region's unemployment rate has been found to be most closely associated with the number of unemployed at any particular time, as distinct from the level of employment. This would appear to indicate that the largest part of the Region's unemployment problem is related to a surplus of job seekers instead of a deficit of jobs. As a structural problem, the relation of unemployment rates and the numbers unemployed may have some connection

with the large number of colleges and universities in the Region, and the seasonal job-seeking of college students and graduates. This problem also requires further study.

(3) *Economy*

The Capital District economy remains heavily dependent on State government employment, with approximately 12% of its non-agricultural work force employed by the State. While State government employment has usually acted as a stabilizing force for the Region's economy, there have been a number of occasions recently when, for political or budgetary reasons, that has not been the case. A reduced degree of dependence on State and all government employment would be beneficial, not through the reduction of the government sector but rather through the relative growth of private sector employment. One way in which to do this is to strengthen the manufacturing sector by encouraging to whatever, extent possible, the formation and development of more small high-tech manufacturing firms.

(4) *Housing, Infrastructure, and Services*

The relatively high cost of housing in the Capital District may constitute a structural impediment to economic development, since it directly impacts the disposable income of the employees of firms considering expanding or relocating in the Region. The continuing deflation of housing prices is, of course, painful for existing home owners, but may bring the area more in line with the national median for housing prices. Government entities may assist in the long-term lowering of median housing prices by ensuring that all regulations governing construction and re-modeling are reasonable and necessary for their intended purpose.

Public utilities, including water and sewer service, are in need of upgrading throughout the older urban areas of the Capital District for current and future uses. A particular problem is combined sanitary and storm sewers, which need disinfection and capacity upgrades. The availability and cost of solid waste disposal facilities within the Capital District have also become very serious issues. The failure to agree on Region-wide solutions has placed each of the four counties in the position of designing, funding, and implementing their own solutions. Reserve power capacity is a problem throughout the Capital District and the Northeast, as hot day brings the threat of brownouts.

The lack of completely digital telecommunications transmission facilities in many areas of the Region is a serious deterrent to the development or expansion of information-intensive businesses in those areas. In addition, State and local taxation of public phone utilities is at a rate three times that of some neighboring states (17.0% average New York State tax on receipts as compared to 5.5% for New Jersey and 5.4% for Pennsylvania), and acts as a severe disincentive to capital investment.

Lack of infrastructure support for some of the Region's industrial parks and potential industrial sites is a distinct liability. There are a number of parks and sites with excellent development potential which lack roads, or public sewers or utility connections; the absence of which makes them quite difficult to market. The Region's older urban areas also have a large number of contaminated former industrial sites which require substantial clean-up before they can be re-cycled into brownfield or other uses. The State has programs for new purchasers and governmental units providing tax incentives for remediation of brownfields.

The loss of manufacturing bases has put the cities of Troy and Schenectady in the position of having to re-design and re-develop their downtown areas to maintain viable central business

districts. This is a difficult process in the best of times, but made even more difficult by the continuing out-migration of businesses and industry from the core cities.

3. Impact of the Regional Assets and Liabilities on Employment and Job Creation

a) General

Since the transportation linkages which connect the Capital District internally and externally are such a critical factor for its economy, it is crucial that these linkages be maintained and improved. The road networks in a number of communities are deteriorating, and inadequate to safely service existing, let alone projected future auto, transit, bicycle, and pedestrian traffic loads. Road and bridge maintenance may be neglected since it tends to be quite expensive and lacks the "cachet" of a new connection.

Rail connections are generally beyond the purview of local economic development efforts. That being said, the State has applied for American Recovery and Reinvestment Act funding for a package of rail improvement which would include the construction of a second rail track between Rensselaer and Schenectady to improve rail freight and passenger capacity, the rehabilitation of the Livingston Avenue Rail Bridge over the Hudson River, and reconstruction of the Western Gateway Transportation Center intermodal facility in downtown Schenectady.

The Erie and Champlain barge canal systems and the Port of Albany are within local and State control, and require major improvements to reach their full potential. Recent moves to eliminate or limit barge traffic on the Hudson River not only ignore the River's historic use, they would be damaging to the Region's economy.

Finally, the Region's major commercial service air facility, the Albany International Airport in the Town of Colonie, had completed a major renovation project, including the construction of a new terminal building, flight control tower, and parking garage.

b) Natural Resources

The Region's water and agricultural resources can be maintained and enhanced by a continuation of the appropriate policies and actions which are now in effect. Provision and separation of public sanitary sewers and storm sewers, and elimination of as many point and non-point sources of pollution as possible will preserve the water resources; while a continuation of the Agricultural District program and favorable municipal zoning will help preserve the Region's farming industry.

c) Population and Labor Force

Migration trends are the ultimate standard of an area's attractiveness. With over 20% of the population increase between 1980 and 2000 due to net immigration, the Capital District Region was "elected" as a good place in which to live and work. Unfortunately, IRS data on the migration of taxpayers and their dependents show a significant net out-migration of taxpayers & dependents and aggregate taxable income for the last few reporting years. The high quality of the Region's labor force and the population's relatively high levels of educational attainment have contributed significantly to the ability of the Capital District economy to create jobs.

d) Economy

While government may be needed to provide services in areas where the market fails or is weak, except in the direct hiring of employees, governments do not create jobs, the private sector creates jobs. Governments can and do make the location, re-location, and expansion of private sector businesses in their jurisdictions attractive through a number of means. If an area is attractive and nurturing for the growth of business and industry, then business and industry will

locate and expand there. There are four principal components of an attractive working environment that government can influence: labor force, services, regulation, and taxes.

Most modern business and industry jobs require a well-educated and flexible labor force. Governments at all levels may directly respond to this requirement by providing suitable educational opportunities, including remedial, vocational, and technical education, for all citizens. The Region's educational institutions have the capacity to provide the necessary educational services given the necessary political and financial support.

Adequate public services and facilities are important to many business and industry location decisions. Governments can provide appropriate transportation, water, sanitary sewer, storm sewer, and solid waste disposal facilities within their jurisdictions to attract not only employers, but also their employees. The provision of many of these services on a regional or multi-jurisdictional basis has the potential for significant economies of scale, which potential has yet to be fully realized. A positive example would be CDRPC's administration of a multi-jurisdiction Combined Sewer Overflow project which will provide significant cost savings for the six Hudson River communities involved, particularly in the implementation phase.

Government regulation of business and industry is an important issue to many firms. It is not necessarily the amount of regulation which is important, but rather the reasonableness, consistency, and impact predictability of the regulations which matter. Specific regulations addressing specific issues with performance-based solutions will typically not be objectionable, in contrast to general regulations addressing general problems with no defined solutions. Regulations whose terms must be decided on a case-by-case basis by courts are unreasonably expensive for the organizations regulated. Since New York State is highly regulated by comparison to most others, the Region's governments should work to ensure that any necessary regulations are clear, predictable, and uniform in their application.

It is usually not the absolute level of taxes which make an area attractive or unattractive, but the benefit/cost ratio of the services provided by governments. Where the services provided are viewed as reasonable and cost-effective, taxes may be relatively high without any substantial negative impact on people or employers. Taxing corporations to provide special benefits to other corporations which may very well be competitors will never result in a net gain in economic activity or jobs, only a loss.

e) **Housing, Infrastructure, and Services**

The appropriate governmental entities must continue to maintain the Region's public utilities, including transportation, water, sanitary sewer, and storm sewer facilities. In particular, a number of these facilities in older urban areas require upgrading and extending to the Capital District's many industrial parks and plant site as necessary infrastructure improvements.

Future development opportunities in the central business districts of Troy and Schenectady cities should be most carefully considered. Having lost substantial portions of their manufacturing bases, these cities are struggling to define new directions for their downtown areas, and to regain a critical mass of consumers for a viable retail presence in the face of heavy competition from the large number of shopping malls in the Region.

Human services activities within the Capital District would appear to be capable of reasonable self-maintenance. However, the educational sector is in need of some vigorous local and State support. Past State budget crises yielded constant dollar reductions in the funds available for public education. This not only directly affected the Region's primary and secondary schools, but also the State University at Albany and the local community colleges. Funding for education is a very real investment in the future of the Capital District economy. Particularly important are the

maintenance and expansion of cooperative programs between the business community and educational institutions which result in a better trained labor force.

4. Conditions Imposing Limitations on Regional Development

a) Economic and Demographic Trends

Demographic change and industrial restructuring have been noticeable throughout the Region, State, and nation in recent years. The economic potential and well-being of the Region have been significantly dictated, and often negatively affected by structural shifts in the national and global economic environments. The impacts of economic and demographic change have been observed in private sector behavior, and in State and local public policy.

The following observations are intended to provide information on issues affecting the economic development of the Northeast in general, and the Capital District Region in particular:

(1) Demographic Change and Structural Unemployment

The Central Cities and other older communities were hard hit by demographic and economic shifts accompanying the suburbanization process of the post-World War II period, and the economic recessions of the past three decades. The changing demographic patterns in Central Cities have resulted in an older, less skilled, and relatively more immobile labor force. Combined with a steadily diminishing supply of blue collar jobs, these changes have created serious long-term unemployment problems, especially among minority youth.

The cities of Albany, Troy, and Schenectady have all exhibited significantly higher unemployment rates than those of their corresponding counties. The disparity among unemployment rates runs 2% or more above the respective county levels. Though this phenomenon is not limited to the cities within the Capital District, it has posed heavy constraints on public sector initiatives and private sector participation in urban economic development efforts.

(2) Industrial Restructuring

While the economy of the Capital District Region has been, and remains reasonably well diversified, certain important industries have continued to decline beyond the last economic downturn and into the present one as part of an overall restructuring of the Region's economic base. Between 1988 and 2008, the four-county area lost 17,775 manufacturing jobs, or 44.6% of manufacturing employment. As a result, the manufacturing sector's share of private sector employment fell from 10.8% in 1988 to 5.2% in 2008.

The continued loss of manufacturing employment between 1988 and 2008 was concentrated in Rensselaer and Albany counties, with lesser losses in Schenectady and Saratoga counties. Despite employment losses, the manufacturing sector did show a slight increase in the number of establishments. This initially suggests a lower scale of production in the Region, and a movement toward smaller manufacturing plants. The movement toward more moderate-sized manufacturing plants is taking place in all the Region's counties, as well as at the State and national levels. Technological advances (i.e., Computer Assisted Design/Computer Assisted Manufacturing, Robotics, etc.) have continually dampened labor coefficients in production facilities, and have propelled new production arrangements beyond the traditional "Frederick Winslow Taylor" approach.

In examining the shifts in manufacturing establishment totals by average numbers of employees per establishment, it is obvious that most losses in employment can be attributed to the contraction of large facilities.

Another aspect of Regional economic restructuring can be found in examining pay scales across industries. Though expansions in other sectors such as services, trade, and finance have more than outweighed the employment losses in the manufacturing sector, they have been no match in terms of pay. An average employee's manufacturing salary is 125% of an average service sector salary. In fact, all non-manufacturing sectors, including the government sector, exhibited significantly lower salaries on average than manufacturing.

Shifting employment from manufacturing industries towards service, retail, and construction sectors, along with associated differences in salary have added a strong causal element for a growing labor force. Disparities among pay scales, coupled with increases in the cost of living (e.g., increasing housing prices, health care costs, etc.) have, in part, fueled a significant increase in labor force participation, especially among women. Though much higher than the State's rates of growth, the Region's total labor force and female labor force still expanded at less than the national rates.

(3) *Technological Change and Manufacturing Obsolescence*

Since the economy of the Northeast had developed earlier than most other regional economies in the nation, key elements of its physical and economic infrastructure were developed around an industrial, transportation, communications, and energy technology different from that preferred or considered necessary today. In many ways, the old technological base of the Northeast has been deemed unsuitable for the needs of modern business and industry. The result has been a marked shift in industrial location away from the Northeast, with the Capital District Region being no exception

Changes in preference for product types and material resources have also caused a continuing obsolescence of machinery at established plants. Such changes, coupled with prospects of relatively lower wage scales, less stringent regulations, newer infrastructure, and locational incentives in other Regions, have provided common opportunities for plant closings and relocations.

In addition, many of the industries which had historically maintained a strong Regional presence due to past locational advantages have matured and declined because of a deteriorating comparative advantage in production relative to other countries. In a number of cases, market saturation and a deterioration in demand for certain durable manufactured products have resulted in the decline of those manufacturing sectors. The ripple effects throughout the economy have been amplified by deteriorating backward and forward linkages to what were once considered "core" industries: a negative multiplier effect.

On the upside, a rebirth in manufacturing has been taking place with the increasing formation of smaller establishments. Unfortunately, many smaller manufacturers find it more difficult to keep up with Research and Development costs, technological change, capital investment, and labor training. Moreover, they often fall prey to larger firms in terms of heavy competition or contractual dependency. The relative flexibility and improved organization of smaller establishments cannot outweigh the economies of scale for transportation costs and production when high technology, labor training, and capital cannot be acquired as easily.

An aggressive approach toward economic development, geared towards improving the Region's competitiveness in manufacturing, is needed. Careful investigation of potential opportunities is required to reinstate a more competitive manufacturing industry, and lessen Regional economic dependence on State government. Research into the viability of enhancing small manufacturing firm networks and filling product niches which are

experiencing increased demand within and beyond the Region's borders should be considered (i.e., cluster-based economic development).

b) Regional Cooperation

There are a number of service issues and problems for the four counties which, in nature or complexity or expense, require Regional solutions. To a limited degree, regional cooperation has been successful in a number of areas, including transportation, economic development, and education through organizations such as the Capital District Transportation Authority, the Capital District Transportation Committee, the Capital District Regional Planning Commission, the Capital District Youth Center, the Center for Economic Growth, the Regional Coordinating Council, the Capital Region Technology Development Council, the Capital Region Education Center for Economic Development, the Stakeholders, Inc., the Council of Community Services of Northeastern New York, and the Hudson-Mohawk Association of Colleges and Universities. Some other issues which appear to require similar Region-wide cooperation for their successful solution include solid waste disposal facilities, and Region-wide service facilities such as the Albany International Airport. Sub-regional, multi-jurisdictional approaches may also be appropriate, resulting in the same two-fold benefit: elimination of unnecessary levels of government bureaucracy, and more efficient and cost effective service delivery programs.

5. Significant Exporting Industry Clusters

a) Cluster Identification Methodology

The first data source investigated to derive information on Regional exporting business and industrial clusters was the Regional Economic Information System (REIS), published by the U.S. DOC, Bureau of Economic Analysis. Unfortunately, the REIS earnings data even for the Albany-Schenectady-Troy Metropolitan Statistical Area contained too much data suppression to be of any value. While the data were suppressed to prevent the identification of individual firms, the effective result was to prevent the identification of significant business and industrial clusters.

The next data source investigated and ultimately used to develop a provisional identification of the Capital District's significant exporting clusters was the 1996 ES-202 data from the New York State Department of Labor. This data is derived from required payroll tax payments and is available aggregated at the zip code level by four-digit SIC code for total employment, number of firms, and quarterly payroll by industry. CDRPC further aggregated the data into county and Regional totals for the Capital District (Albany, Rensselaer, Saratoga, and Schenectady counties), as well as an area which included the Region's surrounding counties (Columbia, Fulton, Greene, Montgomery, Schoharie, Warren, and Washington counties).

The first step after aggregating the data to the Capital District and Greater Capital District areas was to compute an average rank for each industry based on their employment and payroll rankings. Average ranks were used to minimize the impacts of either unusually high or unusually low average salaries in particular industries.

The second step in the analysis was to sort the industries by ascending rank and to display for each industry its Major Industry Group (2-digit SIC) and Industry Group (3-digit SIC). Certain businesses and industries, such as Eating & Drinking Places and Food Stores, were eliminated from consideration since they are not "exporting" businesses and industries. Note that while State Government Services is by far the most significant exporting industrial cluster for the Capital District, it was not included in this analysis because it is not considered appropriate to promote growth in the government sector, although some consideration might be given to the possible synergies resulting from further consolidation of State Government services in and near the State Capitol.

As a final step, the Capital District RIMS II (Regional Input-Output Modeling System) from the U.S. Dept. of Commerce, Bureau of Economic Analysis was investigated to determine whether it could provide additional information on the Region's exporting clusters. Unfortunately, the lack of industry-specific detail in the RIMS II output multipliers prevented the identification of any specific businesses or industries (since the most detailed matrix provides 471 input industries but only 38 output industry groups).

b) Capital District Exporting Clusters

The result of the analysis was the selection of a dozen provisional Capital District exporting business and industrial clusters, ranked in approximate order of importance in terms of employment.

1. **The Health Services Cluster** (with about 1,500 business units) includes health practitioners and facilities, and medical supply manufacturers and renters, but excludes home health care services, which is not considered an exporting business. This cluster had 1996 employment of 38,792 and a fourth quarter payroll of \$307,050,000, which represented 10.0% and 10.5% of the Regional totals, respectively.
2. **The Educational Services Cluster** (77 business units) includes general educational services, colleges and universities, and vocational schools. It excludes elementary and secondary schools, and libraries. This cluster had 1996 employment of 13,507 and a fourth quarter payroll of \$106,782,000, which represented 3.5% and 3.6% of the Regional totals, respectively.
3. **The Insurance Cluster** (179 business units) includes insurance carriers and pension, health, and welfare funds, but not insurance agents. This cluster had 1996 employment of 9,013 and a fourth quarter payroll of \$81,220,000, which represented 2.3% and 2.8% of the Regional totals, respectively.
4. **The Research and Testing Services Cluster** (89 business units) includes commercial physical and nonphysical research, noncommercial research organizations, and testing labs. This cluster had 1996 employment of 5,896 and a fourth quarter payroll of \$62,386,000, which represented 1.5% and 2.1% of the Regional totals, respectively.
5. **The Computers and Data Processing Services Cluster** (228 business units) includes computer manufacturing and all varieties of computer and data processing services. This cluster had 1996 employment of 5,284 and a fourth quarter payroll of \$42,366,000, which represented 1.4% of the Regional totals.
6. **The Turbines Cluster** (8 business units) includes manufacturers of turbines and generator sets. This cluster had 1996 employment of 4,668 and a fourth quarter payroll of \$76,886,000, which represented 1.2% and 2.6% of the Regional totals, respectively.
7. **The Plastics and Rubber Cluster** (122 business units) includes manufacturers of plastics and rubber materials and products. This cluster had 1996 employment of 4,370 and a fourth quarter payroll of \$54,839,000, which represented 1.1% and 1.9% of the Regional totals, respectively.
8. **The Printing and Publishing Cluster** (145 business units) includes all varieties of printing and publishing except newspaper publishing, as well as typesetting and plate making services, commercial photography, and commercial art and graphic design. This cluster had 1996 employment of 3,803 and a fourth quarter payroll of \$35,246,000, which represented 1.0% and 1.2% of the Regional totals, respectively.

9. **The Paper and Paper Products Cluster** (23 business units) includes paper and paperboard mills, manufacturers of paper and paperboard products, and paper industries machinery. This cluster had 1996 employment of 2,622 and a fourth quarter payroll of \$27,230,000, which represented 0.7% and 0.9% of the Regional totals, respectively.
10. **The Manufacturing Support Cluster** (41 business units) contains a number of industries which would more properly be associated with other manufacturing clusters if the relevant data were available. It includes manufacturers of tools and machinery which are used in other manufacturing processes (e.g., the production of turbines, ordnance, and garden equipment) such as hoists and cranes, machine tools, and special dies, tools, jigs, and fixtures. This cluster had 1996 employment of 1,266 and a fourth quarter payroll of \$13,195,000, which represented 0.3% and 0.5% of the Regional totals, respectively.
11. **The Ordnance Cluster** is the Watervliet Arsenal, which, if the appropriate data were available, would be associated with its related manufacturing support firms as cited above.

In addition, one more cluster was originally identified centered around a lawn and garden equipment manufacturer, Gardenway. Gardenway went out of business after receiving millions of dollars in State and local government assistance, despite the proscription in the State Economic Development Plan against assisting individual businesses. The official New York State Economic Development Plan espouses cluster-based economic development.

6. Past, Present, and Projected Future Economic Investment in Region

The economic investments made over the past 10 years by federal, State, and local governments may be broadly classified as 1) infrastructure related, including transportation, 2) research & development related, and 3) education related, including work force development initiatives. These types of past and present investments are projected to continue into the future indefinitely.

a) Transportation Facilities

In 2001, EDA approved a \$1 million dollar grant for the Port of Albany to acquire a heavy lift crane. That investment has been followed by several millions of dollars in State funds to make significant improvements to the Port's dock, rail, and warehousing facilities, most recently to replace the last section of the old Port dock in 2010. These improvements have allowed the Port to make dramatic increases in its tonnage handled, helping to establish Albany as an Inland Port serving as a distribution point for intermodal containers from PANYNJ.

With assistance from the FAA and State DOT, the Albany International Airport has built a new terminal, tower, and parking garage to improve the facilities at the Region's only airport with scheduled commercial service. Emplanements have risen over 40% during the last decade.

State assistance has funded a direct connection of the Canadian Pacific rail lines to the GE Power Systems generator plant, and rail improvements at the Selkirk switching yard and Port of Albany.

Federal Highway funds have paid for numerous improvements in the Region's road transportation system, including remodeling a number of traffic circles into roundabouts and adding exits to the local Interstate highway system in the interest of commerce.

b) General Infrastructure

Besides the EDA assistance for infrastructure development at the Moreau Industrial Park, the Schenectady County Community Business Center, and the Green Island Industrial Park; and support for a business plan for the Watervliet Arsenal; State and local governments have spent and will continue to spend on infrastructure to support business activities. One of the largest

scale projects is the Saratoga County water system construction in support of a GlobalFoundries chip plant.

c) Research & Development

Probably the most significant investment in research and development facilities over the last ten years has been the major addition to GE's Global Research division facilities, privately funded by GE. A close second would be the federal and State funding of nanotech research at the University at Albany and the Rensselaer Polytechnic Institute.

d) Education

New York State has invested heavily in higher educational institutions in the Region, and most particularly in the University at Albany and Hudson Valley Community College, which President Obama visited in September 2009 for a speech on the importance of community colleges to the economic recovery. Major State and local funding has also gone into the establishment of Tech Valley High School, which was created in 2007 to provide students with modern workforce skills.

It should be noted that there is typically a cross-over and synergy between the research & development and educational investments, where funds spent to advance technical education often yield new research which can be developed into products, and funds spent on research & development often provide the subject and object of educational opportunities.

E. Goals and Objectives

1. Regional Vision

During the past three decades, the Capital District has been experiencing the challenges of a rapidly changing economy. The national economy has been moving from large, traditional corporate structures to smaller, more flexible networks of specialized companies. The new economy values knowledge, skills, and the ability to adapt in a rapidly changing environment.

The Capital District's economy has had three traditional pillars: government, heavy industry, and education. Heavy industry has suffered the brunt of the economic changes. As older manufacturing facilities became obsolete and globalization permitted many manufacturing operations to move out of the country, the Capital District saw a dramatic decline in large, traditional manufacturing operations. To make matters worse, the lost jobs were in the highest paying segment of the Region's economy. While the changes have been significant and often painful, the Capital District is in an excellent position to make a speedy transition to the new economy.

The Capital District's extensive system of higher education is being leveraged to produce both the workforce and the businesses required by the new economy. Through research, business incubators, industry partnerships, and job-specific curricula, the Region's colleges and universities are becoming the key element in reviving the Region's export business sectors.

The progress already made should be supported with resources and information that only the public sector has the resources to provide. The Region's new businesses no longer fit into the corporate mold for which traditional public sector support was designed. In order for the Region to be competitive, public sector support will have to be tailored to the specific needs of the employers and exporting industrial clusters.

By utilizing its location, infrastructure, and expertise, the Capital District can continue to create and attract high paying jobs and industries. By doing this, the Region can fully restore its private sector in a flexible, coordinated form that will provide long-term growth and stability.

2. Regional Goals

- a) Maintain High Levels of Stable, Well-Paying Employment in the Region.
- b) Reduce Underemployment and Address Pockets of Unemployment.
- c) Improve the Quality of Life for the Residents of the Capital District.

3. Regional Objectives

- a) Increase the Region's National & International Competitiveness.
- b) Retain & Expand the Region's Economic Base.
- c) Improve Planning Processes for Economic Development & Quality of Life Issues.
- d) Maintain and Upgrade the Skill Level of the Region's Labor Force.

4. Discussion of the Regional Objectives

- a) Increase the Region's National & International Competitiveness.

The Capital District has a number of advantages that give it the opportunity to compete nationally and internationally. Home to the Capital of New York State, the Region will remain the State's center for government operations and lobbying efforts. The Region's labor force is well educated, and its educational facilities are first-rate. The colleges and universities draw students and faculty from around the world and have exceptional programs in technology and engineering. The Capital District is located at the center of a highway, rail, and canal network connecting the New England States with the Mid-Atlantic States, and New York City to Montreal. It has, in the Port of Albany, a deep-water port connecting it with New York City and the Atlantic Ocean. The Albany International Airport has passenger and cargo connections to most major American cities.

One of the underutilized assets for increasing the competitiveness of the Capital District in national and international markets is its Foreign-Trade Zone. The Planning Commission, as grantee of the FTZ has filed an application under the FTZ Board's new Framework which will allow the Commission to provide FTZ designation for user businesses within 30-45 days. This should substantially contribute to the Region's competitiveness and its ability to market the benefits of Foreign-Trade Zone use.

Some of the constraints on the Region's economic development have traditionally been its lack of a modern manufacturing base and its relatively high labor costs. The Region has made progress in meeting the challenges of industrial restructuring, rapid technological change, and manufacturing obsolescence. After years of decline, value added in the manufacturing sector has stabilized, while the number of jobs has continued to decline.

In our rapidly changing economy, the knowledge and skills of the Regional workforce have become a major determining factor for success. This works in favor of two of the Capital District's greatest strengths: its educational institutions and its highly educated workforce. The Region should fully utilize this competitive advantage. Steps in that direction include: expanding educational partnerships, enhancing business incubators, and maintaining excellent primary and secondary school systems.

The challenge in becoming more nationally and internationally competitive requires the Capital District to effectively enhance and utilize its location, infrastructure, and technical expertise.

- b) Retain & Expand the Region's Economic Base.

The Capital District's economic development efforts should be focused on its economic base – activities which bring in resources from outside the Region. The resources which are brought in

from outside the Region by its basic industries are essential for all of the Region's sectors to prosper. Some of the Capital District's non-basic economic sectors appear to be relatively self-regulating, expanding and contracting to serve the needs of the area's immediate population. One of the largest sectors of the region's economic base, State government, is entirely out of local control. Other sectors should be encouraged to expand where possible. These include research & testing, manufacturing, software development, post-secondary education, health care services, and business services.

A comprehensive and ongoing cluster analysis of the Capital District creates the opportunity to effectively provide support, information, and coordination to each identified exporting group. This, in turn, can create a climate and support system that allows each cluster to grow and thrive. Cluster based economic development also provides a more stable employment situation. With established clusters, employees become more confident in their prospects and less dependant on the sometimes turbulent path of individual companies in the new economy.

Collecting and providing accurate, targeted information is essential for the retention and attraction of industry. With the American Community Survey data, the Region has the opportunity to provide more demographic and economic information than ever before possible to businesses and industries. CDRPC is an Affiliate Data Center for both economic and census data, and has been using the data it receives under those programs to provide both standard and custom information services to governments, businesses, and industries. More publicity is required to inform interested parties of the availability of the Census and economic information, and information on government assistance programs.

The constraint on these activities is, of course, cost. Processing data into information from a CD-ROM is a time-consuming process. A lack of reliable funding support has prevented CDRPC from reaching its full potential as a Regional Data Center.

The obvious constraint on maintaining and expanding the Region's economic base is the competition from other areas and regions, both throughout the State, nation, and world. A survey by *Fortune* magazine asking CEOs the most important factor in their locational decisions determined that where the CEO wanted to live was #1 by a wide margin. This indicates that quality-of-life issues are likely an essential element to the retention and expansion of the Region's economic base.

The Capital District is at the center of some of the most popular recreational and resort areas in the Northeast. To the north, the Adirondacks, Lake George, and Lake Champlain provide an exceptional variety of recreational and cultural opportunities. To the east, Vermont and the Berkshires do the same, while to the south, the Catskills are a primary vacation spot for the New York Metropolitan Area.

Tourism is a major element in expanding the Region's economic base. The Capital District has a variety of opportunities to promote tourism for its cultural and recreational facilities, ranging from the State Capitol and Museum to the Saratoga racetracks and battlefield. What appears to be required is a Regional effort on behalf of the wide array of attractions, since few individual communities have sufficient attractions or the funds to advertise them properly.

Tourism has both direct and indirect benefits. While it provides jobs, improves recreational opportunities, and brings new capital to the Region, it also exposes visitors to the best aspects of the Capital District. Tourism allows the Capital District to showcase the Region to businesses that might not otherwise visit the area.

c) **Improve Planning Processes for Economic Development & Quality of Life Issues.**

There are an extraordinary number and variety of public and private agencies in the Capital District concerned with economic development and quality of life issues. Improving the planning processes for these issues requires cooperative efforts on a very large and complex scale, particularly since many of the agencies serve different aggregations of counties. Some "regional" agencies serve four-, six-, eight-, ten-, and eleven-county areas, many of which are also termed the "Capital District." Given the combined resources of the interested agencies, the opportunities are great, but so are the challenges.

An approach to bringing together the many different public and private agencies would be to initiate a broad-based and inclusive participatory planning process. If a process with a high level of public participation is used to provide regional direction, momentum for better interagency cooperation could be established.

d) **Maintain and Upgrade the Skill Levels of the Region's Labor Force.**

Educational programs to upgrade labor force skill levels present an opportunity to structure educational programs to be more responsive to the needs of the general population. Traditional education programs have focused on children and young adults, and have often ignored the needs of the adult population. In an economy where tomorrow's job skills don't even exist today, it is unacceptable to leave any segment of the population out of the educational process.

The principal constraint on expanding educational programs to include adults is, not surprisingly, the cost and who will bear it. Adult education and job training are areas where the open market has a tendency to break down. Everyone can agree that it is essential to have a well-trained workforce but it is often difficult to decide who will pay for it. Employers must have trained workers, but it is difficult to ensure that employees will not take their expensive skills to a different employer. Employees need better skills to improve their standard of living, but they frequently do not have the means or time to pay for the training themselves. Communities have the need for a prosperous citizenry, but they do not receive immediate, direct benefits from training their workforce. This is why partnerships between all the stakeholders, such as those being developed at HVCC, are essential to the economic future of the Region.

5. Selection Process for Regional Goals and Their Priorities

The CEDS goals and their priorities are initially suggested by the CDRPC staff as a function of their importance to economic development in the Region and the degree to which they can be implemented by cooperative efforts by the organizations and agencies within the Region concerned with economic development activities. The goals, as well as their priorities, are reviewed by the CEDS Strategy Committee, which has representatives from local, county, and regional agencies involved in economic development efforts, as well as representatives from minority and female organizations. Revisions are made taking into consideration the Strategy Committee's comments and suggestions. The list of goals in priority order is then submitted to the CEDS Committee for final approval. The *Comprehensive Economic Development Strategy* is then submitted to each of the four counties for their endorsement.

F. Strategies

1. Regional Objectives and Strategies

Many of the strategies were mentioned in the discussions of the objectives. The Region's near-term Objectives and Strategies, together with the agencies responsible for their implementation are given below.

a) **Objectives and Strategies**

Regional Objectives & Strategies

| Objectives and Strategies | Agencies Having Primary Functional Responsibility |
|---|---|
| <p>a. Increase the Region's national & international economic competitiveness by:</p> | |
| <p>1. Developing cooperative programs for Regional promotion and creating private investment.</p> | <p>N.Y.S. Dept. of Eco. Dev. (DED), Capital Regional Economic Dev. Corp. (CREDC), Center for Economic Growth (CEG), and CDRPC</p> |
| <p>2. Promoting Regional cooperation on issues affecting the Region's business climate.</p> | <p>CREDC, CEG, and Colleges and Universities</p> |
| <p>3. Promoting the Foreign-Trade Zone program for manufacturing firms.</p> | <p>CDRPC, Port of Albany, CEG, and CREDC</p> |
| <p>4. Better utilization of the Capital District World Trade Center.</p> | <p>Capital Region World Trade Center (CRWTC)</p> |
| <p>5. Leveraging State and federal aid for infrastructure improvements, job training, and exporting cluster support.</p> | <p>Local and County EDCs/IDAs, Colleges and Universities, and local municipalities</p> |
| <p>6. Maximizing the potential of the Region as a major transportation and distribution center in the Northeast.</p> | <p>Capital District Transportation Committee, Albany Port Commission, Albany International Airport, and Shippers (e.g., UPS, FedEx)</p> |
| <p>7. Promoting foreign trade, and providing export counseling, assistance, and market research to small and medium size firms.</p> | <p>DED, CEG, the State University at Albany (SUNYA), and CRWTC</p> |
| <p>8. Providing the highest possible quality of life for the residents of the Region.</p> | <p>Local and State Government</p> |
| <p>b. Facilitate the retention and expansion of the Region's economic base by:</p> | |
| <p>1. Providing access to information about local and Regional attributes, economic clusters, and government assistance programs.</p> | <p>CDRPC</p> |
| Objectives and Strategies | Agencies Having Primary Functional Responsibility |
| <p>2. Maintaining a Regional database for demographic and economic activities and trends.</p> | <p>CDRPC</p> |

| | |
|--|---|
| 3. Upgrading existing industrial sites with necessary improvements in public utilities and facilities, access roads, and rail; and providing adequate space at reasonable cost for start-up operations or the expansion of existing firms. | EDCs/IDAs |
| 4. Articulating positive Regional factors for attracting new high-tech industries to the Region. | Center for Economic Growth (CEG) |
| 5. Providing assistance for the development and expansion of small businesses, especially those owned by minority groups. | DED, SBA, EDCs/IDAs, and Chambers of Commerce |
| 6. Encouraging foreign reverse investment in the Region. | Empire State Development and CEG |
| 7. Establishing Regional public/private task forces to work with potential firms coming into the Region, and to promote the retention of existing businesses. | Local/Regional ad hoc groups |
| 8. Identifying and developing business clusters in order to provide the proper economic infrastructure and strengthen synergies within the Region's economic base. | CDRPC and CRTDC |
| 9. Expanding and developing business incubators to foster more innovative start-ups in the Tech Valley. | EDCs/IDAs, ESD, and Chambers of Commerce |
| 10. Increase tourism in the Region by: | |
| a) Promoting Region for nation-wide and Statewide convention activities. | County Convention Bureaus |
| b) Supporting the renovation of historic sites and implementation of urban cultural parks and the Canal Master Plan. | Urban Cultural Park Commission and N.Y.S. Canal Recreationway Authority |
| c) Promoting the Region's cultural activities and natural recreational assets. | Chambers of Commerce and County Convention Bureaus |
| d) Encouraging Regional coordination in tourism promotion and information exchange among various local tourist bureaus. | Chambers of Commerce and County Convention Bureaus |
| 11. Providing needed public assistance to the Region's existing businesses and manufacturing firms contemplating expansion or relocation to other areas. | EDCs/IDAs and ESD |
| c. Improve planning processes for economic development and quality of life issues by: | |
| Objectives and Strategies | Agencies Having Primary Functional Responsibility |
| 1. Preserving and enhancing downtown business areas through effective use of various public incentives and leveraging programs. | City Governments of the Region's major cities, Local and County EDCs/IDAs, and BIDs |

| | |
|--|---|
| <p>2. Improving the urban living environment, including housing and neighborhood conditions, traffic, public safety, and elementary and secondary education systems, to attract young and middle and upper income households back to the cities.</p> | <p>Units of Local Government and Local School Districts</p> |
| <p>3. Promoting development of long-range master plans and local capital improvement programs.</p> | <p>CDRPC</p> |
| <p>4. Expand the role of public participation on the front-end of the planning process.</p> | <p>CDRPC</p> |
| <p>d. Assist the Region's labor force to upgrade its skills by:</p> | |
| <p>1. Encouraging cooperation between the area's colleges, industries and industry clusters in job training and upgrading.</p> | <p>Private Industry Councils, CDREC, and the Mohawk Hudson Association of Colleges and Universities</p> |
| <p>2. Improving special training programs for existing or displaced workers to meet the requirements of a new job markets.</p> | <p>Job Training Partnerships (JTPs)</p> |
| <p>3. Promoting labor force productivity through better labor-management relationships.</p> | <p>Chambers of Commerce</p> |
| <p>4. Providing free public education, training and re-training for adults.</p> | <p>Private Industry Councils, JTPs, and CDREC</p> |

b) Specific Projects

CEDS Priority Projects as of 9/09

| EDA Category | Project | Community | EDA Aspect | EDA Funds Needed | EDA Eligible Costs | Total Costs | Job Creation Short/Long Term | Distressed Area |
|-------------------------|---|---|---|------------------|--------------------|---------------|------------------------------|-------------------|
| Counties | | | | | | | | |
| Public Works | Harriman Campus Building 7 Rehabilitation | City of Albany | Rehabilitation for private use of State Office Campus building | \$854,000 | \$1,700,000 | \$1,700,00 | 15/660 | EDA Eligible Area |
| Technical Assistance | Master Plan for North Albany Waterfront District | City of Albany | Mixed-use Dev. Plan for employment, housing, retail, entertainment | \$50,000 | \$250,000 | \$250,000 | Not Applicable | EDA Eligible Area |
| Technical Assistance | Master Plan for South Albany Waterfront District | City of Albany | Mixed-use Dev. Plan for site that potentially could include the re-creation of Ft. Orange | \$50,000 | \$250,000 | \$250,000 | Not Applicable | EDA Eligible Area |
| Technical Assistance | Best Practices Study of Brownfield Re-Development | City of Troy + Four Other Communities Statewide | Study & Suggestions for Brownfield Re-Development | \$2.0 Million | \$4-5 Million | \$4-5 Million | Not Applicable | EDA Eligible Area |
| Public Works | So. Troy Working Waterfront Redevelopment Project | City of Troy | Mixed-use commercial-industrial development | \$2.5-3 Mil. | \$5-6 Million | \$7-8 Million | 100/500 | EDA Eligible Area |
| Capital District | | | | | | | | |
| Financial Assistance | Revolving Loan Fund | Capital District | start-up funds | \$500,000 | \$500,000 | \$833,000 | Not Applicable | EDA Eligible Area |
| Planning Assistance | District Planning | Capital District | planning | \$57,000 | \$57,000 | \$114,000 | Not Applicable | -- |

c) Vital Projects

The most vital programs in need of assistance in the Region are its educational programs, both at the grade school level and at the higher education level. To move from a manufacturing and service economy to a knowledge based economy will require that a very large proportion of the Region’s students be educated to top university standards, which must begin with the basics of reading, writing, and arithmetic. The Region is attracting high levels of investment in its research universities and research facilities – it is one of the principal nanotech research centers in the world – but it is essential to build on the Region’s past successes, starting from the ground up. This is particularly challenging in a recession which has had a devastating impact on New York State’s budget.

The next most vital program, unfortunately also very much dependent on State financial assistance, is the remediation and re-development of brownfields throughout the Region’s urban areas. A report on *Estimating the Fiscal Impact of Alternative Futures for the Capital Region* makes a very strong case that future Regional growth should be directed back into its urban core areas in view of the astronomical cost of providing new infrastructure to accommodate the

growth in suburban and rural areas. A secondary benefit is, of course, the revitalization of the urban areas, but the first requirements will be to clean up the urban brownfields for re-development and residential, business, or industrial re-use.

The last vital project is the promotion of more regional solutions to local problems. There is a vast array of regional and sub-regional organizations which work on similar projects, sometimes duplicating work and sometimes at cross-purposes. Additionally, there are a number of problems which are regional in nature and would hugely benefit from regional solutions to reduce the cost of providing local government services. One of the principal hurdles to attracting and retaining businesses in New York State is the very high cost of government services. The Regional Planning Commission succeeded in establishing a four-county Secure Juvenile Detention Center and is currently administrating a Combined Sewer Overflow study and plan project for six communities on the Hudson River. These projects have resulted in significantly lower costs than the combined costs of separate municipalities and counties running their own individual programs. There are other projects and programs which would be best delivered on a regional basis, most particularly including solid waste disposal, since the two largest municipal dump sites will be closed in less than 10 years. Sometimes it only takes a well executed study to sell the benefits of certain regional operations, but some studies are very expensive – the part A CSO study cost over \$180,000.

2. Long-Term Regional Economic Development Objectives

The CEDS Committee has long-term economic development objectives for the Region in four main areas, as described below.

a) Economic Information

In terms of economic information, there are four publications that would be of great assistance to economic developers in the Region if published on a quarterly or an annual basis. The first would be a survey of the real estate market for both commercial and residential properties, giving general locations, availability, and prices. The second would be an inventory of industrial parks and plant sites, together with available space, uses, infrastructure services, and transportation connections. The third would provide socio-economic snapshots and fact sheets of pertinent information for each of the counties and their minor civil divisions. The fourth would be a comprehensive listing and index of relevant economic indicators for the Region. Portions of each of these are published regularly; however, none are complete as described.

b) Sector Employment Shares

Employment in the Capital District by business and industry sector has been fairly well diversified over the past several decades. Manufacturing employment has historically provided the Region's highest value "exports" to other areas, as well as its highest worker compensation. Efforts must be made to maintain the Region's manufacturing base, most particularly by encouraging manufacturing start-ups and expansions, and maintaining a high quality of life for its residents.

c) Foreign Trade Zones

The Capital District's Foreign-Trade Zone is under-utilized. One of the Region's long-term objectives is to get more companies operating within the general-purpose zone sites, and to establish several sub-zones for in-place manufacturing operations such as the General Electric Power Systems Division (turbines and generators). This objective is consistent and complementary with the objective of retaining and improving the Region's manufacturing base, since Foreign-Trade Zones have the most significant financial benefits for importing and exporting manufacturers.

d) Brownfield Redevelopment

Cleaning up and reusing old industrial sites can raise the quality of life and bring jobs and new industry to urban neighborhoods that need the most help. It is also an effective way to utilize existing infrastructure and maintain open spaces. The Capital District has been relatively slow to redevelop its old industrial sites. This is largely due to provisions in current State laws which discourage brownfield redevelopment. The State Legislature has been unable to decide which mechanisms should be used to encourage brownfield redevelopment. This logjam must be broken if the Capital Region is to develop its industrial sites in an intelligent manner. The Region has thousands of acres of vacant industrial sites located near its most depressed neighborhoods. If these properties can be brought back to life with clean industries, the Region's inner-city areas can experience a revival. Otherwise, at taxpayer expense, development and employment trends will continue to place ever greater demands on the Region's infrastructure and transportation services while leaving large, centrally located properties vacant.

e) Education

Another long-term objective relates to adult education. It should be possible for any resident in the Region to obtain whatever courses are required for a high-school diploma on a full- or part-time basis, without direct cost to the resident (i.e., included in school district budgets). As mentioned earlier, education in the State (and nationally) is structured to suit the needs of the youth and not adult population. To successfully complete its transition to the new economy, the Region requires an educated work force. In contrast to the Capital District's large number of highly educated people, as of 2000, almost 14% of the population over 25 in the Region did not have a high school diploma, which is a basic, practical necessity in today's job market. Vocational training, on both a full- and a part-time basis, should also be freely available for the Region's work force and employers.

f) Service Delivery

The interdependent nature of the Region provides the opportunity to establish multi-jurisdictional approaches to address many critical issues. The need for greater efficiency in governmental functions requires that existing service delivery systems be evaluated, and new more effective and efficient means discovered for providing the services and programs demanded by the population and economy, both of which are growing more diversified. One prime need is better access to transportation and daycare for workers with limited needs. To help address this need, the Region should make every reasonable effort to fully utilize existing infrastructure before expanding that infrastructure to allow development of previously undeveloped land. This will enable employment and support services to be located in closer proximity, providing easier access to both for the Region's workforce.

g) Assistance to Significant Exporting Clusters

The Region's economy is changing. Old corporate structures are giving way to more diversified networks of specialized, smaller firms. By focusing on business and industrial clusters, federal, State and local assistance programs can be tailored to the specific needs of many businesses and industries. A fundamental advantage of cluster based economic development is that it has the scale to reach many more firms than company-by-company approaches. Given the proper funding, CDRPC can establish Regional cluster working groups and track their growth, changing needs, and synergies. This will enable effective facilitation of inter-organizational cooperation and a more effective provision of public support.

h) Coordination with State Economic Development Plans

As mentioned above, CDRPC is a State Data Center Affiliate for demographic data and a Business Information Data Center for economic data. In that capacity, it works closely with the State Department of Labor and Empire State Development, the State's economic development arm, on State data and development priorities. The official policy of the State in its Economic Development Plan is to assist businesses by providing relevant information for their decision making and through cluster-based economic development. The CDRPC study which determined the Region's principal exporting clusters was done at the direction of, and under contract with, Empire State Development.

Planning Commission staff meet regularly with the State departments of labor and economic development and expects to retain close relations with them in the future so that the State and Regional plans and priorities remain congruent.

G. Development Strategy

1. Program and Project Selection

a) Project Classification

There are various activities and projects which can be used to implement economic development objectives and policies. They can be classified into the following types, based on the intended purpose or results.

(1) *Industrial Infrastructure Development*

Any project designed for ultimate industrial usage, which encourages industrial location, expansion, or retention (e.g., industrial parks/sites, water/sewer/roads for industrial areas). Port and airport improvement projects may also be classified as industrial infrastructure when related to specific local industries or principal users at an adjacent industrial park.

(2) *Community Infrastructure Development*

Replacement or expansion of basic community facilities or services essential to future development, such as infrastructure improvements, street lighting, curbs, sidewalks, multi-purpose community centers; and rehabilitation of public buildings.

(3) *Commercial Infrastructure Development*

Any projects specifically designed for primary commercial use where the facilities are necessary for commercial growth or revitalization, such as ports, airports, shopping centers, convention centers, warehouses, and distribution centers.

(4) *Tourism/Recreation Development*

Any project that provides the area with added attractions which promote commercial and tourism activity, or are designed to promote additional expenditures in the area, such as marinas, museums, and cultural centers.

(5) *Planning Capacity Development*

Any project designed to enhance economic development planning capacity at local and regional levels, such as information collection, analyses and forecasts, and development of promotional materials.

(6) Management Capacity Development

Any project or service designed to improve management capacity of a business or industry, such as financial and labor management, inventory and cost controls, marketing, and business incubators.

(7) Human Resources Development

Facilities and services to improve human conditions or to provide for skill training to upgrade skills leading to productive employment and higher paying jobs, such as health service centers and vocational training centers.

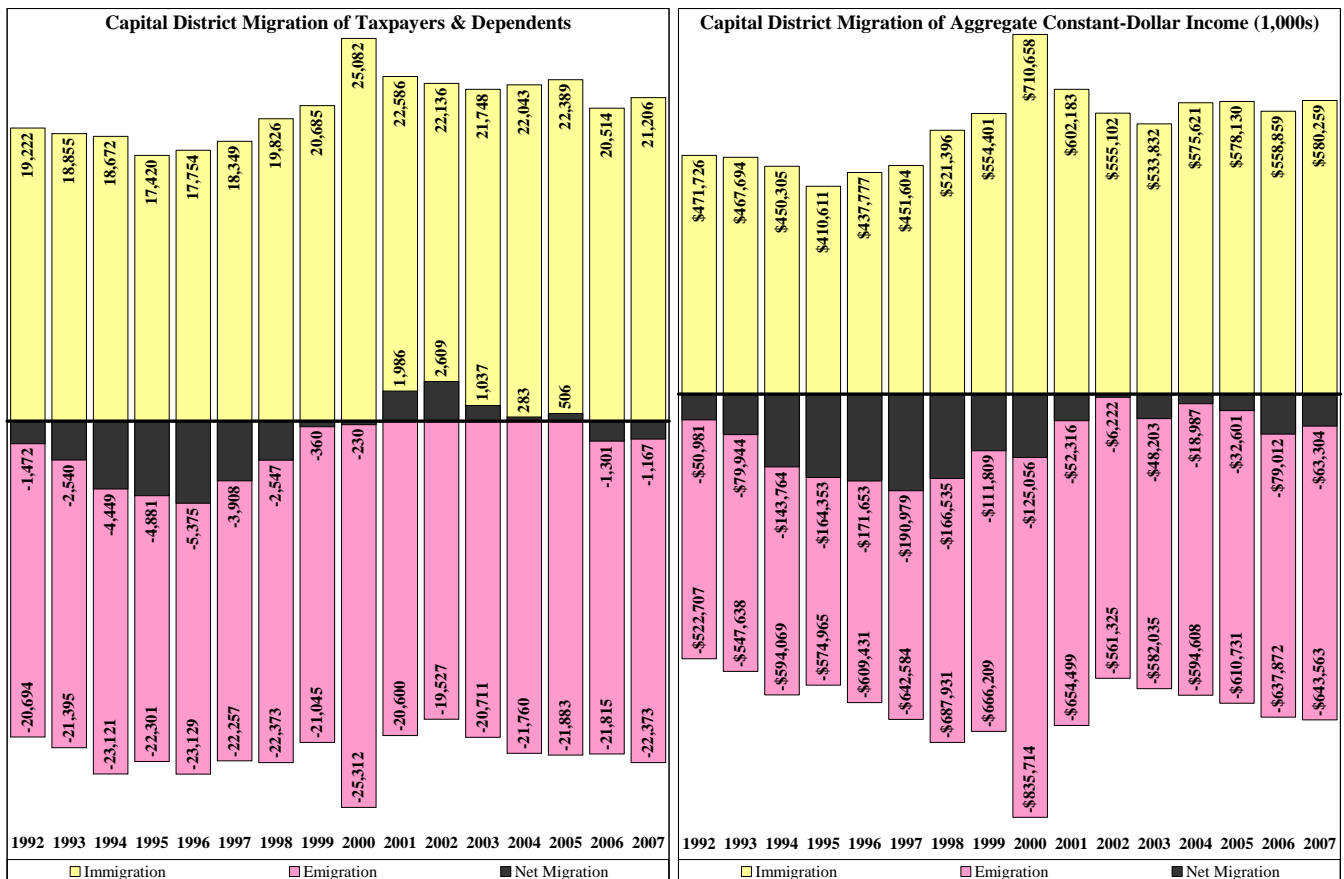
(8) Cluster Based Economic Development

Projects that utilize cluster based analysis to assist groups of similar businesses and industries.

b) Economic Trend and Distressed Area Assumptions

(1) General Outlook for the Region's Economy

After the 1990-91 recession, the Capital Region economy experienced a recovery in 1992 and 1993 and a strong growth phase in 1994, with all-time high employment and low unemployment. But in 1995, Regional employment was down, unemployment up, and the Region entered into a local recession which persisted through 1996. In 1997, the Regional economy entered a modest recovery phase which strengthened in 1998, and in 1999 the transition was made to a growth phase, which continued through 2007 until the most recent national recession.



The migration data for Taxpayers & Dependents from the U.S. Internal Revenue Service appear to serve as a leading indicator of the Region's economic fortunes over the last 15-16 years (see migration charts through 2007, the latest year available). However the aggregate taxable income data show a significant out-migration extending back to 1992.

The Capital District's main exports continue to be manufactured goods, State government services (including the University at Albany), higher educational services, and research services which are highly interconnected with higher education. These four sectors provide the basis for the Region's economy and the principal support for its remaining sectors. Sectors such as retail trade, finance, and medical services, while selling some of their output of goods and services outside the Region, still rely on Capital District residents for the majority of their sales. In contrast, GE Power Systems sells no turbines or generators for local use and the amount of State government and higher education services consumed by local residents is only a small proportion of the total provided within the Region. While GE Power Systems currently has a backlog of contracts and is adding a unit for wind turbines, State Government revenues are significantly down, and its current budget deficit will require even further cuts to existing programs and services. Enrollments in the Region's higher educational institutions are still rising and the research sector is strong, with an increasing number and scale of major research facilities such as GE Global Development in Schenectady County and Sematech North and the nanotech research facilities in Albany and Rensselaer counties.

While the Capital Region is certainly not recession-proof, it appears to be experiencing a relatively mild version of the national recession, with an unemployment rate almost 2.5% lower than the national average. Unless there are further major shocks to the U.S. economy, the Region may expect to begin a recovery period coincident with the recovery in the national economy.

(2) *Areas with Special Economic Development Needs – EDA Distressed Areas*

(a) EDA Eligibility Criteria

EDA awards public works and development facilities grants under 13 CFR Part 305 and economic adjustment grants under Part 308 for projects to enhance economic development in economically distressed areas.

An area is eligible for a project grant under Part 305 or 308 if it has one of the following:

1. An unemployment rate that is, for the most recent 24-month period for which data are available, at least one percent greater than the national average unemployment rate. For example, if the national average unemployment rate is 6 percent, an area is eligible under this provision if it has an unemployment rate of 7 percent.
2. Per capita income that is, for the most recent period for which data are available, 80 percent or less of the national average per capita income.
3. A special need, as determined by EDA, arising from actual or threatened severe unemployment or economic adjustment problems resulting from severe short-term or long-term changes in economic conditions, for example:
 - a. Substantial out migration or population loss;
 - b. Underemployment, that is, employment of workers at less than full time or at less skilled tasks than their training or abilities permit;

- c. Military base closures or realignments, defense contractor reductions-in-force, or Department of Energy defense-related funding reductions;
- d. Natural or other major disasters or emergencies;
- e. Extraordinary depletion of natural resources;
- f. Closure or restructuring of industrial firms, essential to area economies; or
- g. Destructive impacts of foreign trade.

(b) Determination of EDA Eligible Areas in the Capital District Region

(i) Data Sources

Pursuant to 13 CFR Part 301, Section 301.2, the Capital District Regional Planning Commission did an investigation of the available and appropriate data sources for making EDA eligibility determinations. The two principle criteria for eligibility are an unemployment rate that is, for the most recent 24-month period for which data are available, at least one percent greater than the national average unemployment rate; or per capita income that is, for the most recent period for which data are available, 80 percent or less of the national average per capita income. A third special criterion which might apply within certain areas of the Region is substantial out-migration or population loss as a "Special Need" under the EDA Rules.

The most current and appropriate unemployment rate data for small areas are those based on the New York State Department of Labor monthly estimates of county employed, unemployed, and unemployment rates, derived from U.S. Department of Labor state-level data. Using the method approved by the U.S. and New York State Departments of Labor for distributing the county-level data to municipalities and Census Tracts, CDRPC computed the number employed and unemployed over the last 24 months (10/07-9/09) for each of the minor civil divisions and Census Tracts in the Region.

Unfortunately, the most current and appropriate per capita income data available are from the 2000 Census of Population and Housing. Using the published Census reports, CDRPC determined the per capita incomes for each of the Region's minor civil divisions and Census Tracts.

The most current and appropriate data for determining migration rates are based on the U.S. Internal Revenue Service reports of the migration of taxpayers and their dependents and taxable income. While these data are only available at the county level, they are reasonably current, with the latest published for calendar year 2007. From the IRS data, CDRPC computed the net migration of taxpayers and their dependents and the net migration of taxable income for each of the Region's four counties between 1992 and 2007. That time period represents the earliest and latest dates for which the taxable income data are available.

(ii) Selection Process

The Regional Planning Commission selected the unemployment rate as its principle criterion for the determination of EDA eligible areas because it represents the most current data available. An initial selection of eligible areas (minor civil divisions and Census Tracts) was made based on their individual eligibility according to the unemployment rate or the per capita income criteria. Next, the unemployment rate for the total of areas selected was computed to insure that, overall, the selected areas

met the EDA criterion. Finally, to the extent possible, whole minor civil divisions were included in instances where not all of a particular minor civil division's Census Tracts were eligible.

(iii) Capital District Region EDA Eligible Areas— See Appendix

(iv) Additional EDA Eligible Areas

While there exists no explicit standard for "Substantial out migration or population loss" under the EDA regulations, the IRS migration data may justify considering all of Albany County, New York, an EDA eligible distressed area. For the five year period ending in 2007, Albany County lost 5,881 taxpayers and their dependents. That represents an average annual decline of over 0.5% per year. Albany County also lost \$309,846,000 in taxable income, for an average annual rate of decline of 0.87% per year. These rates of loss for population and income would appear to be substantial and severe and persistent, thereby justifying the classification of Albany County as EDA eligible.

c) **Criteria For Evaluating Project and Resource Utilization Priorities**

The following are the general criteria for evaluating project proposals for the purpose of meeting EDA and other Federal funding requirements.

(1) Project Timeliness

(a) Project Feasibility

The project shall be deemed feasible to be implemented according to the preliminary feasibility study and related market analysis.

(b) Project Readiness

There shall be no foreseeable major engineering, environmental, or ownership problems which might cause long delays in project implementation.

(2) Benefits for Unemployed and Underemployed

(a) Job Creation

The project will create new permanent jobs or save existing jobs. This is separately considered for short term and long term job creation. Short term is two years or less.

(b) Unemployment Relief

The project will benefit the long-term unemployed and structurally dislocated workers.

(c) Minority Benefits

The project will benefit economically underprivileged persons and minority groups.

(d) Educational Benefits

The project will provide education, training of re-training benefits to unemployed and underemployed persons and at-risk employees.

(3) Utilization of Economic Programs

(a) Cost/Benefit Ratio

Public project costs will be compared with jobs created or saved. Environmental and social costs will also be noted and considered.

(b) Term for Project and Hiring Completion

Short term is two years or less.

(c) Private Investment Leverage

The project will leverage private investments in plant construction, renovation, modernization, site improvements, machinery, equipment, etc.

(c) Public Funds Leverage

The project will leverage participatory funds from local, State, and other federal agencies.

(4) Geographic Locations of Development Activities

(a) Distressed Area Location

The project will help in the revitalization of distressed areas. Distressed areas include Economic Opportunity Zones or Enterprise Zones, places with major plant closings or job losses, and EDA-eligible distressed areas.

(b) Consistency with Plan and Policies

The project is consistent with established local and Regional development plans and policies.

(c) Long-Term Community Benefit

The project will increase local tax revenue and have positive spin-off activities.

(5) Program/Project Sponsorship and Management

(a) Experience

The program/project sponsor has relevant experience in implementing the type of program or project proposed.

(b) Resources

The program/project sponsor has available the staff and financial resources or commitments for financing which will be required to successfully implement the program or project.

2. Course of Action

a) Project Types Eligible for EDA Assistance

Most types of economic development activities have the potential for generating both increased employment and increased earnings, although the mix of each, together with the relative proportion related to the short- or the long-term, will vary with the individual project. A brief discussion of the impacts of particular types of projects and programs follows.

(1) Public Works Projects

Public works projects in support of (typically) industrial development tend to have two distinct impacts, one short-term and one long-term. The expected short-term employment and earnings may be determined in advance of the project, are quite certain, and usually quite substantial. The long-term impact, unless rental or purchase contracts have been executed in advance, can be completely unknown, since a poorly chosen site may never have any industrial occupants. On the other hand, a well-chosen site will pay handsome dividends, since it will usually be occupied soon after construction is complete, and provide jobs and earnings for the area indefinitely. In either event, the post-development benefits (or costs) to the community are rather easy to compute.

(2) Technical Assistance Projects

Technical assistance projects, which are typically conducted with the purpose of determining an appropriate re-use for an industrial or commercial site, will have no significant short-term benefits, because they are not labor- or material-intensive. Long-term benefits depend on the nature and quality of the findings: poor quality advice would result in inappropriate development or non-development, either of which is a loss to the community; while good quality advice always benefits the community, either in terms of eventual jobs and earnings, or in a saving of further effort. Some sites are simply not economic to re-develop. Only the advice to develop has a computable benefit.

(3) Financial Assistance Programs

Financial assistance programs, such as loan-subsidy or guaranty programs, typically result in some short-term benefits, since they leverage start-up firms or expansions. If successful, the benefits in terms of employment and earnings are similar to those of successful public works projects, with the additional benefit that the funds are repaid and re-cycled. If unsuccessful, they result in a long-term compounded loss in the form of the opportunity cost of not assisting firms which might have been successful, since the loan funds won't be repaid. The benefit for successful projects is easy to compute, but not the opportunity costs.

(4) Planning Assistance Programs

The benefits of planning assistance programs are very difficult to measure, since they typically provide information on request to businesses without any follow-up. It may be assumed, for instance, that timely and accurate demographic and economic information will help the business requesting it to develop a useful marketing plan. But absent any continuing contact with such businesses, there is no way to determine the ultimate economic value of a marketing, or a business, or an affirmative action plan.

b) Regional Revolving Loan Fund (Industrial Infrastructure Development)

A Regional revolving loan fund is urgently needed to supplement existing local and county loan funds, many of which have been exhausted. Revolving loans would be advanced for capital improvements, working capital for new or expanding businesses, and for retention of small and medium size firms for the benefit of EDA-eligible distressed areas. These loans would leverage considerable amounts of private investment. The need for the establishment of such a fund is stated in detail in the Economic Development District's Title IV Strategy Plan.

c) Continuing Planning Projects (Planning & Management Capacity Development)

- CDRPC will maintain an areawide planning process and carry out the following activities:
- Update of the Comprehensive Economic Development Strategy.
- Technical Assistance regarding grant applications, project development, and project feasibility studies.
- Promotion and administration of the Capital District Foreign-Trade Zone.
- Area-wide marketing and promotion in cooperation with other local and regional development organizations.
- Maintenance of the economic development data base and services, including an employment data file, directories on industry, the *Data News*, and economic and social data.

- Region-wide coordination with various elements of local and State government, intergovernmental reviews, and participation in organizations involved with Regional economic issues.
- Special Regional economic research, including employment projections, and sector profiles.

H. Implementation Plan

1. Program Strategy Actions

a) Agency Actions

For the Capital District Region's *Comprehensive Economic Development Strategy*, there are no particular statutory or regulatory changes envisioned or required. CDRPC will make every possible effort to secure the endorsement of the CEDS by the Region's economic development agencies and organizations. The proposed *Capital District Revolving Loan Fund* will require the establishment of a public not-for-profit corporation by CDRPC with the endorsement of participating localities.

There are two actions or potential actions required in connection with the Foreign-Trade Zone program. The first is approval of the current application that CDRPC has made to the Foreign-Trade Zones Board under its Alternative Site Framework. This will allow the Planning Commission, as grantee of FTZ #121, to rapidly obtain approval for businesses seeking to use Zone procedures at their existing places of operation. The second would be obtaining approval for the GlobalFoundries chip fab plant, now under construction, as a Foreign-Trade Subzone.

b) Project Financing

Project financing will be dependant on the nature and scope of individual projects.

2. Monitoring and Evaluating Program Implementation

The performance measure for evaluating the program implementation are listed below, together with the specific metrics that will be used to evaluate them.

a) Performance Measures

(1) *Created & Retained Jobs*

1. **Employment, Unemployment, Unemployment Rates**
2. **Employment, Payroll, & Average Annual Pay by Industry Sector**

(2) *Public & Private Investments*

1. **Taxable Sales by County**
2. **Residential Building Permits**

(3) *Economic Trends*

1. **General Business Reports**
2. **Bankruptcy Filings Data**
2. **Census Population Estimates**

b) Reporting

Monitoring of projects and programs will be accomplished by the sponsoring agency. The agency will be expected to collect information on the progress and outcomes from the project or program it sponsors and submit that information to CDRPC. CDRPC will evaluate the progress

of each project or program based on the specific objectives stated for that project or program, and their relation to the CEDS. Evaluations of assisted projects and programs will be submitted on an annual basis by CDRPC to EDA as part of the CEDS Annual Report.

3. Monitoring and Evaluating Changes in the Region's Economy

CDRPC will continue to monitor the Region's economy by following the trends exhibited in its economic data series. The data series which make up the CDRPC economic trend series are as follows:

- a) **Civilian Labor Force, Employment, & Unemployment**
Monthly series from the N.Y.S. Dept. of Labor.
- b) **Employment, Payroll, & Average Annual Pay by Industry Sector**
Annual series from the N.Y.S. Dept. of Labor.
- c) **Taxable Sales by County**
Quarterly series on sector taxable sales by county from the N.Y.S. Division of Taxation & Finance.
- d) **Consumer and Producer Price Indices**
Monthly series from the U.S. Dept. of Labor, Bureau of Labor Statistics.
- e) **Residential Building Permits**
Monthly & Annual series from the U.S. Dept. of Commerce, Bureau of the Census.
- f) **Multiple Listing Service Sales of Existing Homes**
Quarterly & Annual series from the County Board of Realtors.
- g) **IRS Migration Data**
Annual series from the Internal Revenue Service.
- h) **Bankruptcy Filings Data**
Annual series from the U.S. District Court.
- i) **Census Bureau Population Estimates**
Annual series from the Census Bureau.

Appendix

Regional Location Map

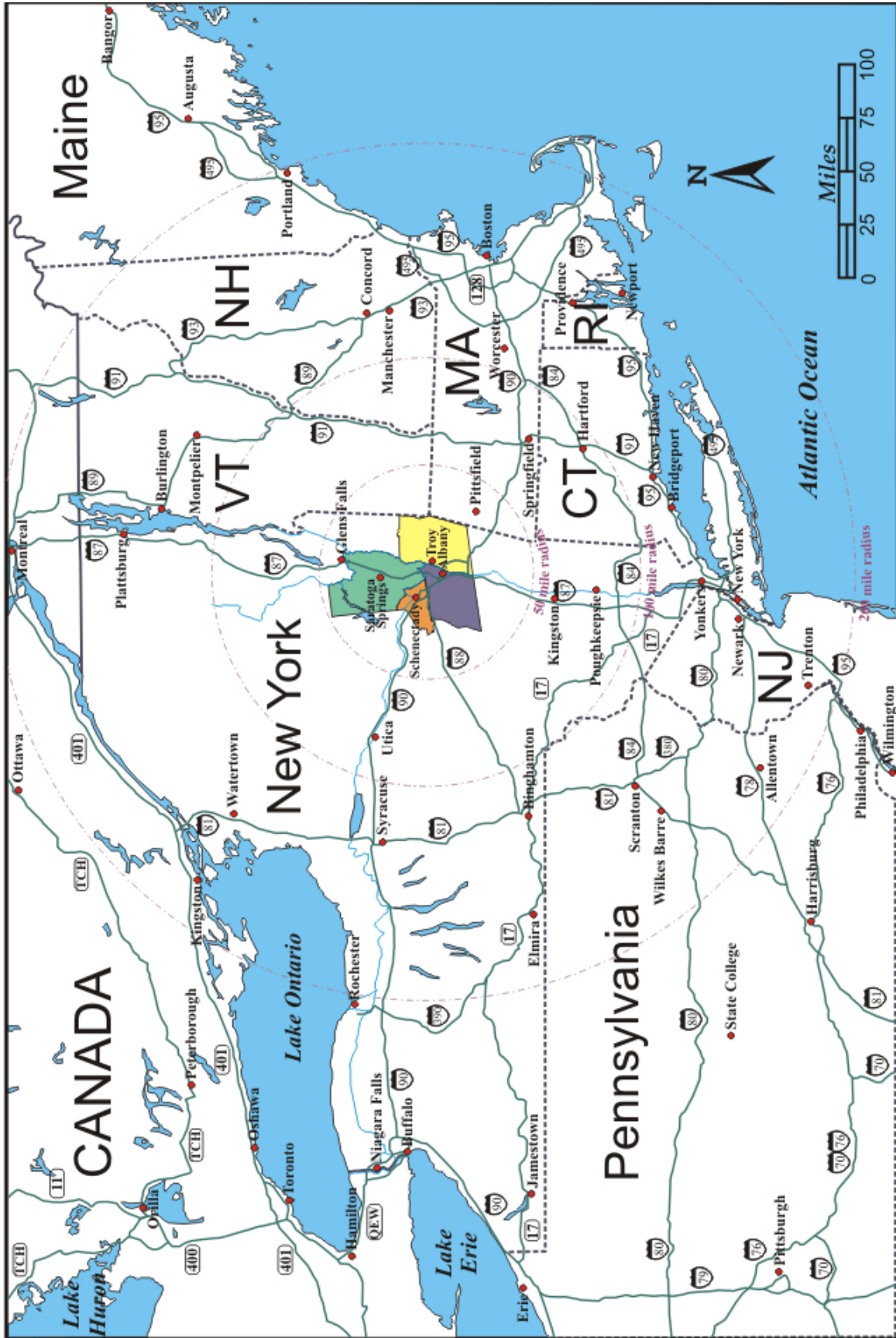
CEDS Strategy Committee Members

FTZ #121 Maps

Table of EDA Eligible Areas as of 9/09

Regional Location Map

Capital District Location Map



Prepared by The Capital District Regional Planning Commission

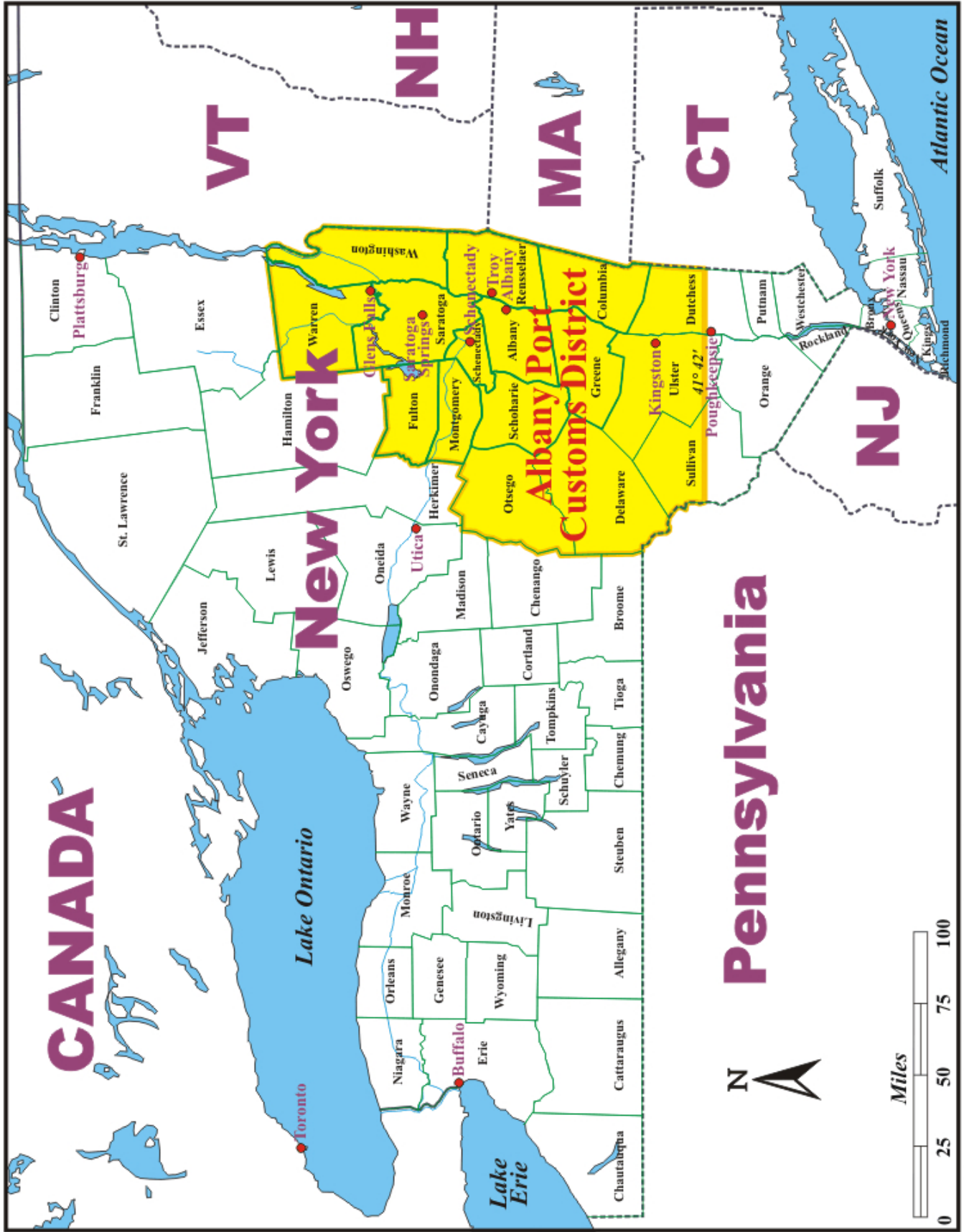
CEDS Strategy Committee Members

Capital District CEDS Strategy Committee Members & Affiliations

| Name | Title | Organization | County | Sector |
|-----------------------|--|--|-------------|---------|
| Anne Tranelli, CSJ | Executive Director | Hispanic Outreach Services | Albany | Private |
| David Ahl | Real Estate & Marketing | The Galesi Group | Albany | Private |
| Doug Sauer | CEO | Council of Community Services of NYS | Albany | Private |
| Elizabeth Miller, PHR | Executive Director | Capital District Women's Employment & Resource Center | Albany | Private |
| F. Michael Tucker | President/CEO | Center for Economic Growth | Albany | Private |
| John Seacord | Assistant District Manager | Vocational & Rehabilitation Services for Individuals with Disabilities | Albany | Private |
| Kim Fine | Senior VP for Policy, Planning & Comm. | Albany Medical Center | Albany | Private |
| Linda Glassman | Executive Director | CARES, Inc. | Albany | Private |
| Linda Hill | Economic Development Specialist | National Grid | Albany | Private |
| Erin Crotty | Director of Community Relations | Rensselaer Polytechnic Institute | Rensselaer | Private |
| Lucille Marion, Ph.D | Executive Director | Capital District Educational Opportunity Center | Rensselaer | Private |
| Ryan Silva | Membership Director | Rensselaer County Chamber of Commerce | Rensselaer | Private |
| Joseph Dalton | President | Saratoga County Chamber of Commerce | Saratoga | Private |
| Kenneth Carlstedt | Trade Controls & Compliance | Momentive Performance Materials USA Inc. | Saratoga | Private |
| Tom Lewis | Vice President | Stewart's Ice Cream Company | Saratoga | Private |
| Charles Steiner | President | Schenectady County Chamber of Commerce | Schenectady | Private |
| Chris O'Neill | Senior Transportation Planner II | Capital District Transportation Committee | Albany | Public |
| Daniel Gentile | Executive Director | Capital Region Workforce Investment Board | Albany | Public |
| Edward Cupoli | Professor | College of Nanoscale Science and Engineering, University at Albany | Albany | Public |
| Miriam Trementozzi | Assoc. VP of Community Engagement | University at Albany | Albany | Public |
| Thomas Leitz | Senior Economic Development Planner | Albany County | Albany | Public |
| Andrew Matonak | President | Hudson Valley Community College | Rensselaer | Public |
| Ray Gillen | Commissioner of Planning | Schenectady County Planning Dept. | Schenectady | Public |

Foreign-Trade Zone #121 Maps

Albany Port Customs & Border Protection District Jurisdiction



FTZ #121 Service Area

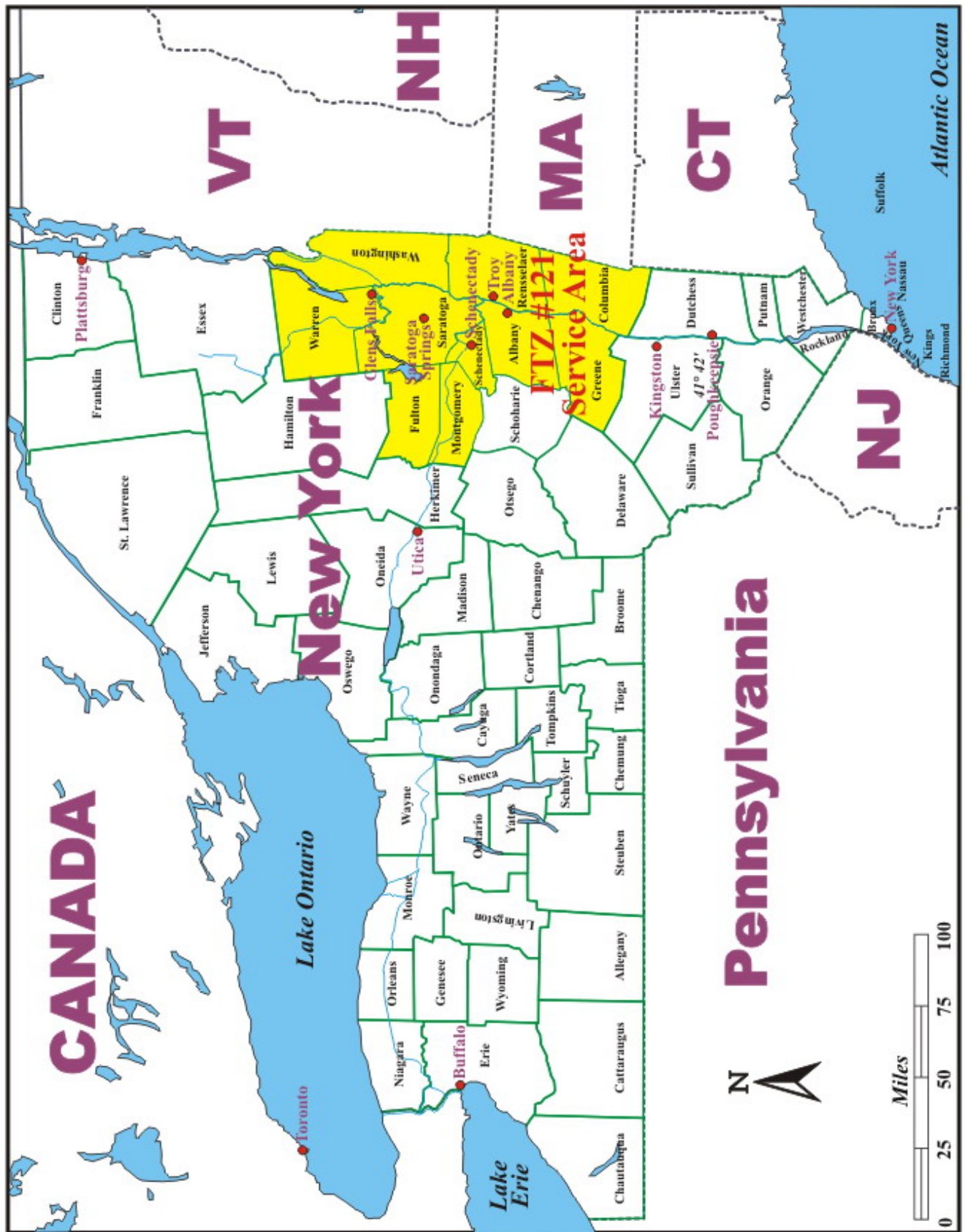


Table of EDA Eligible Areas as of 9/09

| Area | 10/07 to 9/09 Unemp. Rate | 1999 PCI | Median HH Inc. | Median Fam. Inc. | 1999 Pov. Rate | EDA Eligibility Basis | | | Minor Civil Division |
|------------------------------|------------------------------|-------------|-------------------|---------------------|-------------------|-----------------------|-------|------------|-------------------------------------|
| | | | | | | Unemp. Rate | PCI | Total | |
| Albany County | 5.5% | \$23,345 | \$42,935 | \$56,724 | 10.6% | • | • | • | Albany County |
| City of Albany | 10.5% | \$18,281 | \$30,041 | \$39,932 | 21.7% | Unemp | • | Distressed | City of Albany |
| Census Tract 128 | 4.4% | \$14,266 | \$27,191 | \$34,830 | 20.1% | • | PCI\$ | Distressed | City of Cohoes |
| Census Tract 129 | 4.2% | \$15,603 | \$19,049 | \$25,031 | 27.7% | • | PCI\$ | Distressed | City of Cohoes |
| Census Tract 132 | 4.4% | \$16,258 | \$24,816 | \$35,051 | 18.7% | • | PCI\$ | Distressed | City of Watervliet |
| Census Tract 136.01 | 11.4% | \$22,923 | \$43,191 | \$61,902 | 5.7% | Unemp | • | Distressed | Town of Colonie |
| Census Tract 143.01 | 14.2% | \$19,983 | \$48,643 | \$51,722 | 10.1% | Unemp | • | Distressed | Town of Bethlehem |
| Rensselaer County | 6.0% | \$21,095 | \$42,905 | \$52,864 | 9.5% | • | • | • | Rensselaer County |
| City of Troy | 11.7% | \$16,796 | \$29,844 | \$38,631 | 19.1% | Unemp | PCI\$ | Distressed | City of Troy |
| Census Tract 515 | 6.9% | \$15,274 | \$26,829 | \$35,357 | 16.4% | • | PCI\$ | Distressed | City of Rensselaer |
| Saratoga County | 5.2% | \$23,945 | \$49,460 | \$58,213 | 5.7% | • | • | • | Saratoga County |
| Town of Corinth | 8.4% | \$16,003 | \$35,199 | \$41,732 | 11.9% | Unemp | PCI\$ | Distressed | Town of Corinth |
| Village of Corinth | 8.0% | \$16,134 | \$30,539 | \$39,205 | 11.9% | Unemp | PCI\$ | Distressed | Village of Corinth |
| Town of Day | 10.2% | \$17,949 | \$36,131 | \$38,281 | 19.1% | Unemp | • | Distressed | Town of Day |
| Village of Galway | 10.3% | \$18,299 | \$32,000 | \$33,750 | 25.4% | Unemp | • | Distressed | Village of Galway |
| Town of Hadley | 11.4% | \$17,560 | \$38,150 | \$42,438 | 9.2% | Unemp | • | Distressed | Town of Hadley |
| City of Mechanicville | 1.9% | \$17,236 | \$34,509 | \$42,143 | 8.0% | • | PCI\$ | Distressed | City of Mechanicville |
| Village of South Glens Falls | 9.3% | \$17,260 | \$31,623 | \$41,694 | 10.6% | Unemp | PCI\$ | Distressed | Village of South Glens Falls |
| Village of Schuylerville | 9.1% | \$18,664 | \$30,799 | \$37,083 | 11.7% | Unemp | • | Distressed | Village of Schuylerville |
| Village of Stillwater | 2.0% | \$17,221 | \$43,516 | \$50,577 | 10.8% | • | PCI\$ | Distressed | Village of Stillwater |
| Census Tract 602 | 9.3% | \$17,260 | \$31,623 | \$41,694 | 10.6% | Unemp | PCI\$ | Distressed | Village of South Glens Falls |
| Census Tract 612 | 13.1% | \$19,750 | \$30,693 | \$44,505 | 9.3% | Unemp | • | Distressed | City of Saratoga Springs |
| Census Tract 614.01 | 6.2% | \$16,858 | \$42,842 | \$43,806 | 9.4% | • | PCI\$ | Distressed | Town of Milton |
| Census Tract 621 | 2.0% | \$17,221 | \$43,516 | \$50,577 | 10.8% | • | PCI\$ | Distressed | T. of Stillwater & V. of Stillwater |
| Census Tract 622 | 1.9% | \$16,848 | \$32,357 | \$41,151 | 9.1% | • | PCI\$ | Distressed | City of Mechanicville |
| Census Tract 625.05 | 11.1% | \$22,076 | \$43,594 | \$55,000 | 5.1% | Unemp | • | Distressed | Town of Halfmoon |
| Schenectady County | 5.9% | \$21,992 | \$41,739 | \$53,670 | 10.9% | • | • | • | Schenectady County |
| City of Schenectady | 8.7% | \$17,076 | \$29,378 | \$36,458 | 20.8% | Unemp | PCI\$ | Distressed | City of Schenectady |
| Census Tract 325.02 | 11.0% | \$24,809 | \$61,542 | \$66,276 | 3.1% | Unemp | • | Distressed | Town of Glenville |
| Census Tract 328.01 | 1.4% | \$17,236 | \$33,224 | \$38,750 | 11.1% | • | PCI\$ | Distressed | Town of Rotterdam |
| Census Tract 328.02 | 11.4% | \$18,615 | \$40,893 | \$42,500 | 7.4% | Unemp | • | Distressed | Town of Rotterdam |
| New York State | 6.38% | \$23,389 | \$43,393 | \$51,691 | 14.6% | | | | |
| United States | 6.90% | \$21,587 | \$41,994 | \$50,046 | 12.4% | | | | |

Note: Counties are not eligible (i.e., do not meet the criteria). Municipal and Census Tract eligibility is based on the 24-month moving average Unemployment Rate exceeding the U.S. rate by at least 1% and/or a 2000 Census Per Capita Income of not more than 80% of the U.S. Per Capita Income. Median Income and Poverty Rate data are provided as additional indicators of distress.

Capital District Regional Planning Commission

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Henry E. Dennis, Jr.
John Graziano, Jr.
Lucille M. McKnight
Michael B. Whalen, Jr.

Saratoga County

Fred Acunto
Philip Barrett, *Vice Chair*
Jason Kemper
John Murray
Paul Sausville

Rensselaer County

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Stan Brownell
Leon B. Fiacco
James D. Shaughnessy
Mike Stammel, *Chair*

Schenectady County

Robert J. Godlewski
Gary Hughes
Barbara Mauro, *Secretary*
Michael Petta
David Vincent

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| | |
|-------------------------|----------------------------------|
| Rocco A. Ferraro, AICP | Executive Director |
| David Lang Wardle, AICP | Director of Information Services |
| Todd M. Fabozzi | Program Manager/GIS |
| Deborah A. Shannon | Assistant Planner |
| Donna M. Reinhart | Office Manager |
| Joanna Hart King | Planning Intern |



The Capital District Regional Planning Commission was established as a regional planning board in 1967, by and for the counties of Albany, Rensselaer, Saratoga, and Schenectady. It performs a wide range of activities, including comprehensive planning, economic development planning, aviation system planning, human resources planning, and technical assistance and information services for the Region. As part of its comprehensive planning mission, the Commission prepares a variety of projections, including population, employment, and school enrollment projections. The Commission also performs a number of economic planning functions with financial assistance from the U.S. Dept. of Commerce, Economic Development Administration, such as maintenance of the Region's *Comprehensive Economic Development Strategy*, preparation of economic reports and studies, economic impact estimation for local governments and private businesses throughout the Capital Region, and supervision of Foreign-Trade Zone #121 at Albany, New York.