

*An Industry Targeting
Analysis
for
The Ulster County Economic
Development Alliance
Kingston, NY*

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Introduction

Ulster County is at a critical juncture in the transition of its economy. Since the closing of the IBM Kingston facility over 20 years ago, there has been no one sector that has dominated the local economy like the computer giant. Health services, retail, tourism and other sectors have contributed to the local economy, often producing rates of job growth at or near the top of New York's counties. In the past decade or so, the outlines of a new economic base may have begun to emerge in the County. Many local employers have occupied specialized niches offering innovative products or processes to serve new markets. The Hudson Valley and Catskills regions emerged as major tourism destinations, their longstanding reputations for outdoor recreation now complemented by the Valley's emergence as an important wine and food destination.

Increasingly, quality of life is identified as an important contributor to an area's economic development potential. Ulster County has real strengths here as indicated by its scenic beauty, multiple opportunities for outdoor recreation and its thriving arts community.

The County is not without its challenges, but clearly there are elements here that can provide a basis for economic growth and prosperity in the years to come. The biggest challenge may be continuing to identify and cultivate niches of long-term competitive strength while responding to the day-to-day crises and opportunities associated with changes in the local, national and global economy.

This industry targeting analysis defines opportunities for growth in jobs and investment that can be pursued by Ulster County. Specifically, it consists of three stages products:

An Analysis of Existing Conditions in Ulster County's economy in terms of its abilities to attract business investment and promote job growth compared to "benchmark" locations and as assessed by site location consultants.

A Description of the Industry Targets that are the core opportunities for Ulster County, while defining the ways in which Ulster County will pursue the opportunities identified (e.g., through advantageous access to markets, labor force, low cost location, etc.). The description will also specify the roles and responsibilities of public, private and not for profit organizations in implementing these strategic initiatives. Particular attention will be paid to opportunities to build upon existing employers and enterprises in the County as a way to grow the County's economic base and build momentum for future industry attraction efforts.

A Description of County-wide Priorities for Economic Development and the Strategic Approach to Business Retention/Expansion/Attraction tying them back to the industry targets and explaining how addressing these priorities will improve the economic competitiveness of the County.

Each of these products described in major sections of this report.

Summary of Analysis of Existing Conditions

The following pages provide a summary of the key findings from the analysis of existing conditions. More detailed information on this analysis can be found in the appendices to this report.

Benchmark Analysis with Selected Counties

At its meeting on June 3, 2015 the project steering committee identified 11 counties in the Hudson Valley, outside the Hudson Valley in New York State, and outside New York State to serve as “benchmarks” for Ulster County. The intention was to compare various aspects of the demographics and economics of these counties to Ulster County to better understand the ways in which Ulster County is (and is not) comparable to these other areas in terms of its ability to sustain and/or attract economic activity. The counties included in this benchmark analysis are:

- Hudson Valley Counties: Other counties in the Hudson Valley: Albany, Dutchess, Greene, Orange, Sullivan, and Saratoga Counties. These counties are included to compare Ulster to other counties in the same geographical region.
- Other Counties of Similar Size &/or location: Tompkins County is the home of Cornell and Ithaca universities. Chittenden County is the largest county in Vermont, home to Burlington and the University of Vermont. Hays County, Texas is of comparable size and located on the edge of the Austin metropolitan area.
- Large Counties with Technology-based Economies: Santa Clara County in California, and King County in Washington, which are included to compare Ulster County to large counties with technology-based economies.

The individual measures of demography and economic activity vary from county to county, and Ulster shows strengths in some areas and weakness in others. Nonetheless, one conclusion that can be drawn from this analysis is that, Ulster has few glaring weaknesses in most of the dimensions included in this benchmark analysis. The data suggest that in many ways, Ulster County appears quite competitive with counties of similar size in New York and beyond. Clearly, its location in a high-cost state like New York presents its own obstacles for economic development. But, within that set of constraints, Ulster County should have the capability to compete for target industries that are suited to take advantage of those opportunities offered by Ulster County. Such opportunities include:

- relatively lower costs for an area with ready access to New York City area and the growth hub emerging in the Capital District associated with Global Foundries and related activity
- lower costs and high quality of life available for small, specialty firms participating in the greater New York City area’s creative arts and information sectors
- key locations in the County that have the transportation access and supporting infrastructure to accommodate larger economic development projects

The full analysis is found in the “Existing Conditions Report” in the appendices to this document. The following sections highlight some of the most important finding from that report.

Commuting Patterns: An Out-commuting County with ties to New York City

Understanding the commuting patterns in Ulster County provides several insights in to the County's economy. At the most basic level, it provides a sense of where the people who work in the County come from and where the County residents work. That, in turn provides a sense of how economic activity in the County connects to places elsewhere in the region and beyond. Table 1 shows data compiled from the American Community Survey of the US Census Bureau for the year 2012.

Where Ulster County Workers Lived, 2012:			Where Ulster County Residents Worked, 2012:		
	Count	Share		Count	Share
Kingston city, NY	5,699	9.8%	Kingston city, NY	9,250	12.7%
New York city, NY	1,729	3.0%	New York city, NY	7,380	10.2%
Hurley CDP, NY	932	1.6%	Poughkeepsie city, NY	2,060	2.8%
Saugerties village, NY	856	1.5%	New Paltz village, NY	1,833	2.5%
Highland CDP, NY	796	1.4%	Lake Katrine CDP, NY	1,399	1.9%
New Paltz village, NY	725	1.3%	Highland CDP, NY	975	1.3%
Poughkeepsie city, NY	600	1.0%	Newburgh city, NY	959	1.3%
Lincoln Park CDP, NY	555	1.0%	Albany city, NY	898	1.2%
Ellenville village, NY	552	1.0%	Woodstock CDP, NY	765	1.1%
Lake Katrine CDP, NY	505	0.9%	Ellenville village, NY	666	0.9%
Saugerties South CDP, NY	496	0.9%	Saugerties village, NY	664	0.9%
Port Ewen CDP, NY	490	0.8%	Lincoln Park CDP, NY	635	0.9%
Glasco CDP, NY	464	0.8%	Fairview CDP, NY	616	0.8%
West Hurley CDP, NY	417	0.7%	Marlboro CDP, NY	525	0.7%
Marlboro CDP, NY	406	0.7%	Rhinebeck village, NY	493	0.7%
Woodstock CDP, NY	395	0.7%	Wallkill CDP, NY	448	0.6%
Tillson CDP, NY	366	0.6%	Gardnertown CDP, NY	388	0.5%
Newburgh city, NY	309	0.5%	Scotchtown CDP, NY	387	0.5%
Rosendale Hamlet CDP, NY	303	0.5%	Stone Ridge CDP, NY	382	0.5%
Shokan CDP, NY	270	0.5%	Arlington CDP, NY	334	0.5%
Stone Ridge CDP, NY	244	0.4%	Middletown city, NY	311	0.4%
Kerhonkson CDP, NY	238	0.4%	Hurley CDP, NY	281	0.4%
Wallkill CDP, NY	217	0.4%	Beacon city, NY	272	0.4%
Hillside CDP, NY	210	0.4%	Orange Lake CDP, NY	262	0.4%
Albany city, NY	194	0.3%	Port Ewen CDP, NY	248	0.3%
All Other Locations*	40,026	69.0%	All Other Locations*	40,143	55.3%
TOTAL:	57,994	100.0%	TOTAL:	72,574	100.0%

Source: US Census Bureau. American Community Survey, 2012.

*The balance of the locations consists of many communities each with fewer than 0.3% of the total population of either residents (the left-hand column) or commuters (the right-hand column).

The data show that Ulster has a net out-commutation of approximately 20 percent of its workforce, with 57,994 jobs in the County and 72,574 jobs held by County residents in the County and elsewhere. Kingston is the largest population center and employment center in the County, so it is no surprise that it holds first rank as both the chief place of employment for people working in Ulster County and Ulster County residents. It is somewhat surprising that New York City is the second ranked place of residence for Ulster County workers as well as the place of employment for Ulster County residents. The fact that

New York far surpasses other locations in the County and such regional population and employment centers as Newburgh, Poughkeepsie and Middletown speaks to a strong connection between the County's economy and that of New York City. Note: the proportion of Ulster County residents working in New York and Ulster County workers commuting from Manhattan is roughly comparable to the corresponding data for Dutchess County. However, that only emphasizes the strong link Ulster has to New York, given the fact that Dutchess is served by MetroNorth commuter rail service and that the southern reaches of that County are much closer by travel time than any point in Ulster County.

The commutation data also make clear the extent to which the labor market in the County is fairly self-contained. Twenty of the top twenty-five areas in which Ulster County workers live are in Ulster itself. The non-Ulster locations are major employment centers such as New York, Poughkeepsie, Newburgh and Albany. Similarly 15 of the top twenty-five areas in which Ulster County residents work are in the County. The major destinations for out-commuters are (as mentioned above) New York, Poughkeepsie and Albany.

Structural Composition of the Ulster County Economy

Figure 1 provides an overview of the composition of the Ulster County economy and how it has changed from 2008 (the official end of the last recession) to 2013 (the most recent year for which data are available). Major sectors in the economy are indicated by spheres, with each sphere sized according to the size of employment in that sector. In turn each sector is arrayed along two axes. In the chart at the top of Figure 1, the vertical axis shows the average annual wages for each sector in 2008. The horizontal axis shows the percentage change in employment for each sector from 2002 to 2008. In addition, the green line on the horizontal axis shows the average US wage rate for 2008. The blue line shows the average annual salary for all industries in Ulster County for that year. The figure can be viewed in terms of four quadrants providing an overview of the potential for sectors in each of those quadrants.

About Figure 1: The purpose of the charts in Figure 1 is to provide a sense of the "portfolio" of sectors in the Ulster County economy. The charts show which sectors pay relatively poorly but show growth potential for employment, which sectors pay poorly and have little potential for job growth, which pay well but have little potential for job growth and, finally, and most desirably, which sectors pay well and have relatively high potential for job growth.

Note that the sectors in the upper right-hand ("growth engines") quadrant that have high wages and high job growth tend to be relatively small and few in number. This is not unique to Ulster County. High-wage operations tend to be those with high productivity. Consequently, they can get work done with fewer, higher paid employees. In some cases, higher-wage firms experience such substantial increases in productivity, they can get their work done with fewer employees. As explained below, sectors with such firms would show up in the "Innovators" quadrant. Again, it is worth noting that sectors with high-wage/high-productivity forms of employment tend to generate fewer jobs per dollar of value created. That adds to the challenge of securing high-wage jobs for communities across the nation, including Ulster County. Here is how the charts are organized:

In the chart at the bottom of Figure 1, the vertical axis shows the average annual wages for each sector in 2013. The horizontal axis shows the percentage change in employment for each sector from 2008 to 2013. In addition, the green line on the horizontal axis shows the average US wage rate for 2013. The

blue line shows the average annual salary for all industries in Ulster County for that year. Note that while the average annual wage for the US increased from \$45,559 to \$49,701 from 2008 to 2013, Ulster County's average annual wage fell from \$35,843 to \$34,099 in the same time period. The changing composition of the chart from 2008 to 2013 suggests that this is due at least in part to a shift in the composition of the County economy, with some high-wage sectors experiencing losses (e.g., various manufacturing sectors)

The charts in Figure 1 are each divided into quadrants providing an overview of the potential for sectors in each of those quadrants.

Innovators: the upper left-hand quadrant identifies sectors with relatively high wages and shrinking employment. These are sectors that could be using technology to improve productivity to boost wages while eliminating jobs.

Potential Problems: the lower left-hand quadrant identifies sectors with relatively low wages and shrinking employment. These are sectors that could be suffering from a lack of competitiveness and are thereby losing employment and they lose business to competitors.

Cost Minimizers: the lower right-hand quadrant shows sectors with relatively low wages and above-average employment growth. These are sectors that could be competing for new business by controlling costs (including wages) to sustain a competitive advantage.

Growth Engines: the upper right-hand quadrant shows sectors with both relatively high wages and above-average employment growth. Sectors in this quadrant could be important sources of high-wage job growth in the future.

Note: the use of the quadrants is not intended to provide a detailed diagnosis of the sectors, but rather to suggest ways of thinking about the condition of each of the sectors in each quadrant.

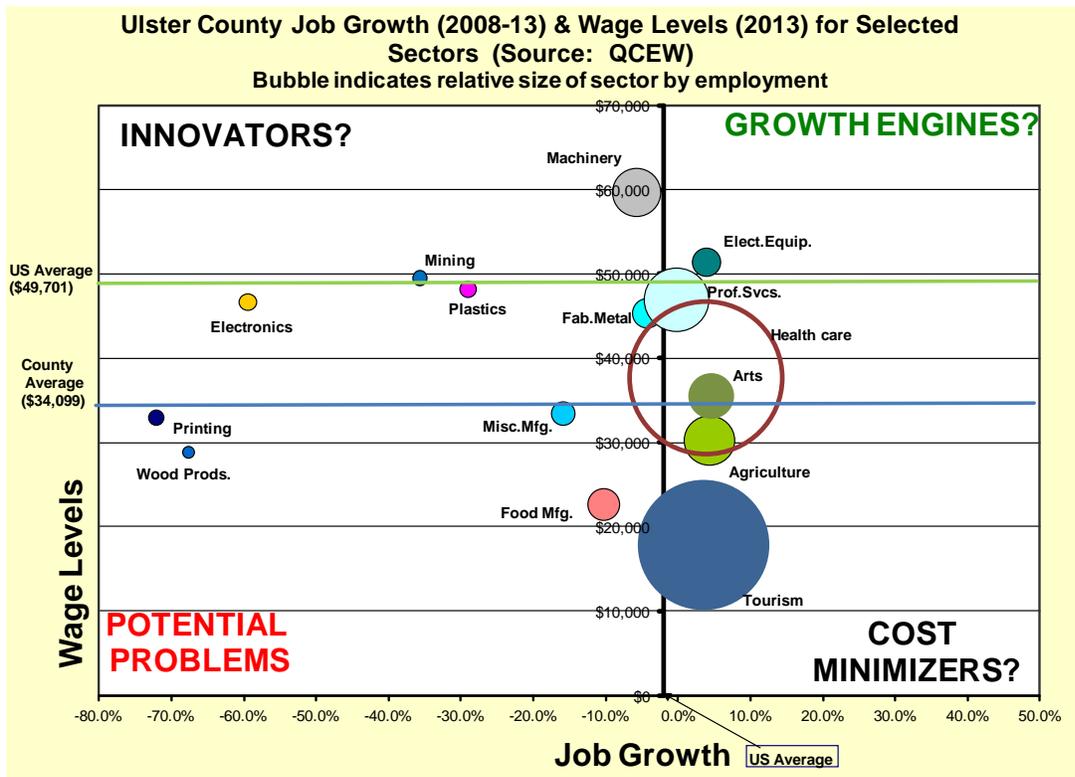
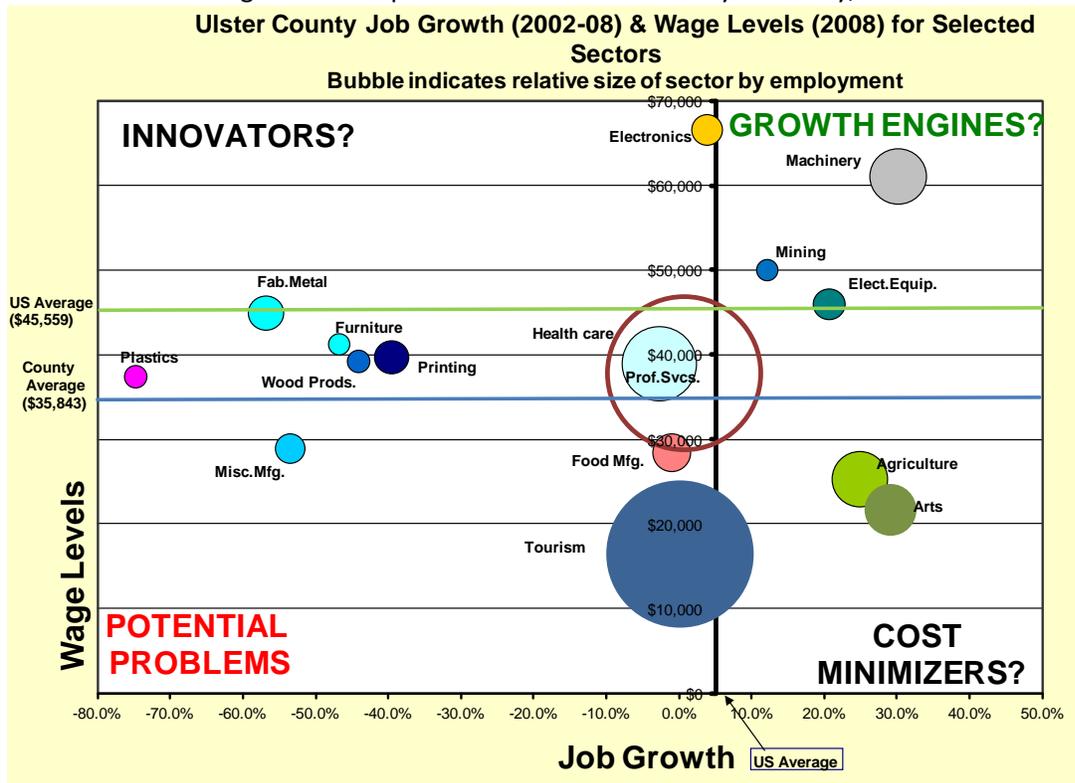
As you can see, tourism & hospitality and retail trade have remained two of the largest employers in the County, with tourism employing 7,000 workers and retail trade accounting for 9,000 workers. As shown in the figure, both of the sectors pay wages below the County average and have experienced employment growth while employment in the US economy declined 0.2 percent overall.

There are several smaller sectors that play an important role in the County economy. Several of these fall under the general category of advanced manufacturing. Machinery manufacturing and electrical equipment manufacturing are small, high-wage sectors. They both outpaced job growth in the overall economy from 2002 to 2008, but have lagged behind in the 2008-2013 time period. Fabricated metals and miscellaneous manufacturing are small sectors that experienced declines in employment but fairly robust wage growth during this time. Food manufacturing employment declined from 2008-2013, but saw wages rise by almost a third during that period.

Professional services jobs saw their pay rise relative to the US average, while experiencing little job growth (or decline) in the County in the two time periods.

Agriculture and the arts are both located in the "cost minimizers" quadrant. With total employment levels that equal or exceed many of the manufacturing sectors in the County, both sectors have outpaced overall US job growth in both time periods.

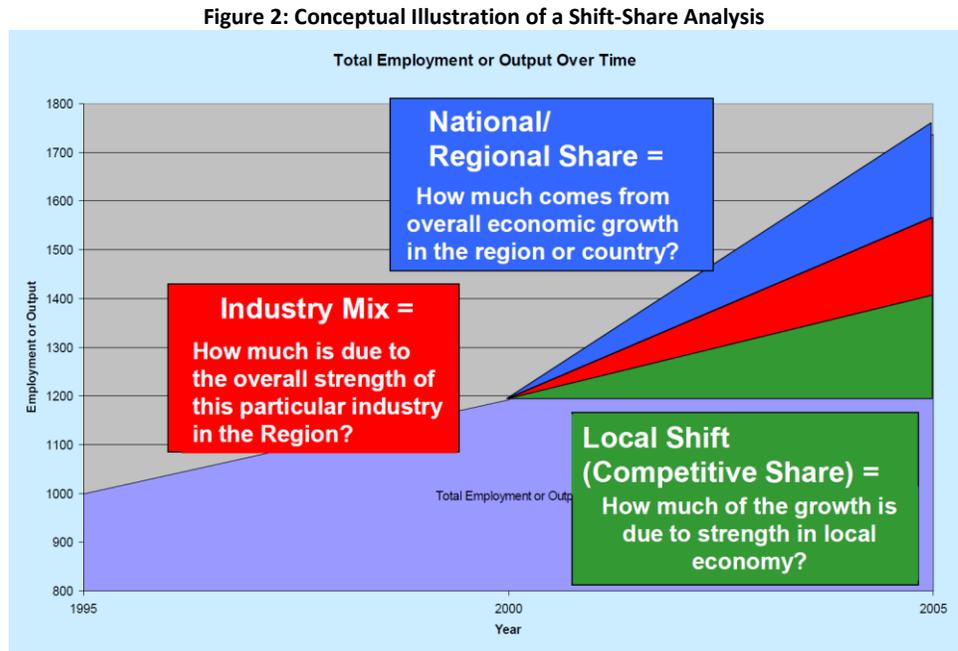
Figure 1. Composition of the Ulster County Economy, 2008 & 2013.
 Ulster County Job Growth (2002-08) & Wage Levels (2008) for Selected Sectors



Source: US Bureau of Labor Statistics, Quarterly Census of Employment & Wages.

Shift-Share Analysis

Figure 2 presents an illustration of shift-share analysis. A “shift-share analysis” compares changes in job growth in a local area with changes in a larger economy in which the area is located to isolate the factors driving the local changes. Shift-share analysis isolates the share of overall growth in the County that can be attributed to the overall growth in the United States economy (the “Regional Share”/



blue wedge). Next, the analysis isolates the share of overall growth in the County due to growth in that particular industry cluster in the US economy (“Industry Mix”/ red wedge). Finally, the analysis identifies the share of overall growth due to a particular strength in the County economy itself (“Local Shift”/green wedge). The shift/share analysis has been used to compare growth in Ulster County to growth in the New York State and then to compare growth in the County to growth in the Mid-Hudson area (e.g., Dutchess, Greene, Orange, Ulster and Sullivan counties).

The results of the shift/share analysis are provided in Table 2. The first part of the table shows the results for Ulster County industries when employment change in the County from 2008-2013 is compared to the New York State economy. The lower part of the table compares changes in Ulster County employment to those in the larger Mid-Hudson region of Dutchess, Greene, Orange, Sullivan and Ulster counties. For each sector named in the table, the average annual employment in that sector in Ulster County in 2013 is provided in parenthesis following the industry name.

The left-hand side of the table shows industries that are growing at the State level (Positive Industry Mix) and in which the County industry is also growing faster (or declining slower) than the overall economy statewide. Four County industries are in this position: beverage manufacturing, other information services, performing arts and repair and maintenance services. The analysis suggests these are overall favorable industries to have in the County. The right hand portion of the table shows industries that are declining or growing slowly at the State level, but for which those industries in the County are growing faster than the overall economy. This indicates industries that may be struggling at the State level, but for which Ulster County remains a favorable location. This includes textile product mills, nonmetallic mineral manufacturing, fabricated metal manufacturing, machinery manufacturing,

electronic equipment manufacturing, transportation equipment manufacturing, miscellaneous store retailers, and whole sale trade.

The bottom portion of Table 2 shows that, when compared to the regional economy, a few more industries have both a positive industry mix and local shift. The added industries include professional & technical services, other information services, and transportation equipment manufacturing. Those additional industries that have a positive local shift compared to the region but a negative industry mix at the regional level include merchant wholesalers, transportation and warehousing, motion picture & sound recording, building material stores, general merchandise stores and miscellaneous retailers.

Table 2. Summary of Results of Shift/Share Analysis	
Ulster County industries versus New York State	
Positive Industry Mix & Positive Local Shift (2013 Ulster County Employment)	Negative Industry Mix but Positive Local Shift (2013 Ulster County Employment)
<ul style="list-style-type: none"> • Beverage & Tobacco Product Manufacturing (169) • Other Information Services (220) • Performing Arts (286) • Repair & Maintenance Services (654) 	<ul style="list-style-type: none"> • Textile Product Mills (109) • Nonmetallic Mineral Manufacturing (238) • Fabricated Metal Manufacturing (332) • Machinery Manufacturing (866) • Electronic Equipment & Appliance Manufacturing (291) • Transportation Equipment Manufacturing (61) • Miscellaneous Store Retailers (347) • Wholesale Trade (1,379)
Ulster County Industries versus the region including Dutchess, Greene, Orange Sullivan & Ulster Counties	
Positive Industry Mix & Positive Local Shift (2013 Ulster County Employment)	Negative Industry Mix but Positive Local Shift (2013 Ulster County Employment)
<ul style="list-style-type: none"> • Beverage & Tobacco Product Manufacturing (169) • Professional & Technical Services (1,543) • Other Information Services (220) • Transportation Equipment Manufacturing (61) • Performing Arts (286) • Repair & Maintenance Services (654) 	<ul style="list-style-type: none"> • Nonmetallic Mineral Manufacturing (238) • Merchant Wholesalers, Electronic Markets, Agents & Brokers(104) • Transportation & Warehousing (1,395) • Motion Picture & Sound Recording Industry (88) • Building Material & Garden Equipment & Supply Stores (745) • General Merchandise Stores (1,294) • Miscellaneous Store Retailers (347)
Source: Shift/share analysis results from US Department of Labor Data from the Quarterly Census of Employment and Wages.	

Thus the analysis presents a picture of Ulster County as a competitive location for sectors that showed statewide or regional growth (including beverage product manufacturing, other information services as

well as professional & technical services). The County also appears to be a competitive location for industries that may be declining at the State or regional level. These include a variety of manufacturing sectors as shown in the right hand column of Table 2. The fact that the local industries are resisting the declines seen at the regional or state level suggests they are niche operations, consistent with the findings from the stakeholder interviews.

A description of the full analyses is found in the “Existing Conditions Analysis” in the appendices to this document.

Buyer/Supplier Linkages in Ulster County and New York State

Part of understanding a local economy involves identifying the suppliers and customers of firms in the economy. This can sometimes identify opportunities for business attraction. For example, a particular industry (printing, for example) may rely on a certain industry for supplies (in the case of printing, ink manufacturers). In that case, if a local economy has a sizeable printing sector, but no ink manufacturers, it may be advantageous for an ink manufacturer to locate to the area, providing it with better access to market while also strengthening the local supply network for the printers.

These supplier and customer relationships can be systematically examined via input/output multipliers for a local economy. These multipliers are often used to create economic impact analyses by showing how spending in one industry has a ripple effect on a local economy as firms in that industry use money they receive to purchase goods and services. In that way, the multipliers trace the supplier customer links between industries. The analysis examines the buyer supplier links that exist locally (i.e., in Ulster County). It then examines those same buyer/supplier links at the State level to determine if there are major buyers or suppliers for that industry at the State level that do not exist locally. In some cases, the suppliers or buyers may not exist locally because that type of industry operates from a central location or is located close to important sources of raw material. In others, the absence of the buyer or supplier at the local level may represent an attraction opportunity for the local economy.

In this case, the analysis examined industries in Ulster County Type 1 multipliers from the IMPLAN input/output model, identifying the top 15 industries from which each industry purchased goods or services to meet demand for its product or service. The analysis showed that, for the most part, industries in Ulster County rely upon external suppliers for raw materials that would not easily be relocated to the County: primary metal manufacturing, large scale production agriculture, and specialized industry-specific services for which insufficient demand would be found among Ulster County businesses alone.

The one potential exception to this rule may be machine shops. It may be the case that these are also specialized firms that must serve a large geographic area to capture sufficient business to be profitable. On the other hand, as the County’s economy grows, it is important to monitor the growth in demand for machining to see if firms in that supplying industry may eventually find the County an increasingly attractive place from which to do business. A detailed description of the industry linkages can be found in the Existing Conditions Analysis in the appendices to this document.

The physical infrastructure assets of Ulster County

The physical infrastructure in an economy provides the “platform” on which businesses operate. This can include such assets as road, rail, air, water, sewer, and telecommunications broadband. This type of infrastructure is particularly important major development projects that require substantial service in terms of transportation electricity, water and waste water, etc. The various aspects of Ulster County’s infrastructure are summarized below. The analysis confirms that, from the perspective of major development projects, the areas best served by infrastructure are in 3 general locations, listed from North to South: Saugerties, the City of Kingston/Town of Ulster and New Paltz. As the analysis shows, there are other locations that could also support (or already do support) substantial employment activity, but these are the three locations best served by existing infrastructure, including transportation access, sewer and water facilities and telecommunications services. The full description of these assets can be found in the “Existing Conditions Analysis” in the appendices to this report.

The County’s Institutions of Higher Education

Given the importance of workforce and technological innovation to the 21st Century economy, institutions of higher education have emerged as important components of economic development infrastructure. There are two important institutions serving Ulster County: SUNY-Ulster and the State University of New York at New Paltz. Both have substantial resources to contribute to Ulster County’s economy.

According to the SUNY-Ulster website,

SUNY Ulster has been cited in three different areas as an important contributor in the Hudson Valley region's role in New York State's economic future. In a report commissioned by SUNY Chancellor Nancy L. Zimpher and conducted jointly by the Nelson A. Rockefeller Institute of Government and the University at Buffalo Regional Institute, SUNY Ulster was singled out for its contributions through the Small Business Development Center (SBDC), the Clean Energy Technology Training (CETT) Consortium and through its role in the Hudson Valley Education Consortium. . . .

SUNY Ulster also hosts the Darlene L. Pfeiffer Center for Entrepreneurial Studies which brings together students, faculty, alumni, entrepreneurs, business leaders, mentors, and government agencies to work together on entrepreneurial projects, with an emphasis on technology and sustainability.¹ Its customized workforce development offerings are highly regarded by the region’s manufacturers and SUNY Ulster can be expected to make major contributions to industry training in fields ranging from manufacturing (including food products) to coding for websites and digital apps.

The State University of New York at New Paltz also has an array of business-related offerings beyond its academic programs in Business Administration, Electrical Engineering, Mechanical Engineering and Computer Science. For example the Hudson Valley Advanced Manufacturing Center provides opportunities for businesses and individuals to have access to the latest technology in digital design and fabrication (i.e., 3 dimensional printing). According to the campus website:

¹ https://www.sunyulster.edu/economic_development/

3D printing at SUNY New Paltz integrates the College’s strengths in engineering, computer science, technology, and the innovation and creativity of the arts. The organizational home of this effort is the Hudson Valley Advanced Manufacturing Center at SUNY New Paltz. Launched in May 2013, the center brings state-of-the-art 3D printing equipment to the region and a curriculum in Digital Design and Fabrication, giving rise to powerful forces—art and technology, creativity and ingenuity. Additional elements of the initiative include: active recruitment of 3D printing enterprises, with access to venture capital funds and potential for participation in the Governor’s Start-Up NY tax incentive program; and a network of equipment access and collaborative educational programming at Hudson Valley community colleges and select high schools to expand 3D printing capability in the region.²

Based upon interviews with Dr. Daniel Freedman, the Director of SUNY-New Paltz’s School of Science and Engineering, the main benefit that SUNY New Paltz can provide to users of digital design technology are educated graduates to serve as employees and capable student interns to participate in short-term projects for local companies. But in addition, the campus has additional capabilities related to digital design and fabrication summarized in Table 3.

Table 3. Current Offerings to Regional Businesses by the School of Science and Engineering		
Offerings:	Service Provider:	Customers/clients
Design & Prototyping of new parts using 3-D printing capabilities	Hudson Valley Advanced Manufacturing Center	Entrepreneurs; Molding/tooling companies; Dies and fixtures for manufacturing operations Independent designers who need the capacity for 3-D printing beyond a simple desktop printer to prototype new products as well as producing short runs of inexpensive gift or novelty items for as souvenirs and/or corporate promotions.
Technical assistance on the use of 3-D applications and materials to create “final use” parts (NOTE: The printing technology is continually improving, closing the gap between the quality and durability of creating a part via injection molding versus 3-D printing)	Hudson Valley Advanced Manufacturing Center	-Final use parts for a variety of applications using a range of engineering plastics - Molds for silicone, limited plastic injections runs, metal forming, vacuum forming, etc.

The campus has also received SUNY 2020 funding to construct a 20,000 square foot building that will include incubator space as well as opportunities for companies and entrepreneurs to have access to other technologies important to them. In addition, SUNY New Paltz will be a partner with Rochester Institute of Technology in a newly formed Center for Advanced Technology for Additive Manufacturing that will provide R and D resources partially funded through the State to respond to the technology

² <http://www.newpaltz.edu/3d/>

needs of local businesses. It is expected that such services will be limited to a few types of applications depending upon the available skills of faculty and students combined with the availability of space and associated equipment.

Both institutions work closely with the Hudson Valley Technology Development Center and are able to refer employers and entrepreneurs to the HVTDC for additional in-depth assistance with technology-related issues and opportunities.

SUNY Ulster and SUNY New Paltz are also participating in StartUp NY, which is intended to provide substantial economic incentives for small and start-up businesses to locate on or near SUNY campuses and draw upon campus resources to create new jobs.

Agriculture in Ulster County

For a County with a significant presence in beverage and food manufacturing, Ulster's agricultural base can be thought of as an important part of its economic development infrastructure.

According to data from the Census of Agriculture, Ulster County had its major loss of farmland in the period from 1950 to 1969, when land in farms dropped by 60 percent from 227,497 acres in 1950 to only 91,581 acres in 1969. Livestock and dairy operations virtually disappeared during that time and were accompanied by declines in feed crops, vegetables and other commodities. In general operations were consolidated in to more efficient units, as average farm size rose from 89.1 acres in 1950 to 120.3 acres by 1969.

While the loss of land in farms has continued, the rate of decline has dramatically tapered off as the land that remains in farms tends to be the most productive soils and the operators remaining in farming tend to be the best managers of farm operations. According to the 2012 Census of Agriculture, the County has 71,222 acres in farms, a drop of 10 percent over 43 years. Consolidation of operations continued over that span and average farm size is now 150 acres.

The fact that the average farm size has stabilized at around 150 acres is an indication of an important change taking place in agriculture in Ulster County and beyond: increased opportunities in specialty agriculture. In the post war era, the emphasis in agriculture has been on commodity production: producing uniform quality goods at the lowest possible costs. Over the last 20 years, there has been increasing emphasis on specialty segments in agriculture focusing on local foods and other specialized niches (e.g., organics). These specialty operations seek to produce higher quality/higher value added goods and therefore do not face the same pressure for ever greater consolidation that is a fact of life for commodity producers. Although still a small segment of overall agriculture production, these segments are growing rapidly. Within 100 miles of New York City—one of the largest markets for such specialty production—Ulster County is uniquely positioned to take advantage of this emerging trend in food and food products.

Stakeholder Interviews

As part of the industry targeting process, interviews were conducted with representatives of business organizations throughout Ulster County and beyond. Specifically, in addition to phone interviews, members of the board of the Council of Industry of Southeastern New York (a regional manufacturing trade organization) were questioned as part of a board retreat held for that organization. Thirty-seven organizations were contacted by email and phone. Eighteen interviews were completed, including those participating in the Council of Industry board retreat. A list of those contacted and interviewed is included in the appendices to this report.

These interviews served to identify strengths and weaknesses of Ulster County as a location for business, while also defining needs of local businesses. Strengths identified in this process include quality of life, supportive local politicians, and proximity to several metropolitan areas. Weaknesses include high cost of living, lack of a skilled workforce and lack of quality suppliers. Business owners expressed the difficulty of expanding business in the current climate and the need for “liaisons” or “brokers” to help them navigate public programs for grants and/or loans.

Quality of Life

Many of the stakeholders indicated that quality of life is the main reason why their business is located in Ulster County. Despite the high cost of living and doing business, business owners stay here because they prefer the friendly communities and natural beauty of Ulster County. Stakeholders suggested that when attracting new workers and businesses to the area, quality of life should be emphasized.

Location

Stakeholders expressed that location is both a strength and a weakness. Ulster County’s proximity to Albany, New York City, and Boston allows businesses to easily reach larger markets. However, quality workers often flock to these metropolitan areas rather than stay in Ulster County. In addition, proximity to New York City drives housing costs up, which is prohibitive to attracting young entry-level workers.

Workforce

Skilled workforce is a major concern among Ulster County businesses, particularly manufacturers. Many stakeholders see a marked decline in workforce quality over the past few decades as the baby boomer generation retires. Stakeholders feel that it is difficult to attract and keep young workers in this area due to high cost of living and that many young people want to move to large cities. In addition, quality workers are more attracted to larger companies that offer higher salaries or more name recognition. The need for more technical training programs at local high schools and colleges was emphasized.

Supply Chain

A major challenge expressed by Ulster County stakeholders, especially in manufacturing, is a lack of a quality supply chain. Stakeholders felt that this held them back from expanding their business or maintaining a higher level of quality in their products. For example, businesses are unable to attract

larger clients because they cannot reach the quality standards or shipping times needed. Often there is only one choice for a certain service or commodity and businesses must compromise their standards because there is no other option.

Some business owners expressed the desire to expand their companies by integrating “backwards” to eliminate the need to rely on sub-standard suppliers. However, given the slow pace of economic growth nationally, they felt they may need public subsidies to help them make the initial expansion.

The Importance of Maintaining a “Niche” Position in the Market

Lack of quality suppliers can impair small businesses’ ability to maintain their niche markets. As small businesses, they cannot provide the quantity or the low prices that large commodity businesses can. However, these smaller businesses aim to provide specialty and high quality products. Weak or low quality supply chains lower the quality of the final product or make it more expensive for companies to source the supplies and services they need to remain niche.

A need for public financing?

Some stakeholders expressed an interest in participating in public programs. However, small business owners often do not have the time or staff to research these programs, apply, and then ensure that the businesses are fulfilling the program’s reporting requirements.

This is an important consideration in light of an emerging consensus among economists that the US economy is in a prolonged period of slow growth.³ Through such programs as IDA tax incentives and the now-expired Empire Zone, Ulster County’s economic developers have used public subsidies to successfully foster private sector investments and growth by such companies as Huck/Alcoa at the Kingston Business Park, Zumtobel Staff Lighting in the Town of Lloyd and several firms along King’s Highway in Saugerties. These types of subsidies are likely to become increasingly important to enable firms to relocate and/or expand in the context of a slow-growing economy. This is because slow growth means slower returns to any investments made to promote growth and/or innovation. Subsidies have the effect of lowering the costs of investments and making the slower return manageable for the firm. They can be the difference between a firm being willing to grow “ahead of the market” to maintain or create a competitive advantage or that firm losing its edge by delaying investments needed to innovate and grow.

³ c.f., Congressional Budget Office, *The Budget & Economic Outlook, 2015-2025*, USGPO, January, 2015.; AT Kearney Global Business Policy Council, *Global Economic Outlook, 2015-2020: Beyond the Mediocre?*, January, 2015.; World Bank Group, *Global Economic Prospects: the Global Economy in Transition*, June, 2015.

Identifying Potential Target Industries

The existing conditions analysis presents a picture of Ulster County as an attractive location for sectors that showed statewide or regional growth (including beverage product manufacturing, other information services as well as professional & technical services). The County also appears to be an attractive location for industries that may be declining at the State or regional level. These include a variety of manufacturing sectors. The fact that the local industries are resisting the declines seen at the regional or state level suggest they are niche operations, consistent with the idea that Ulster County has the capacity to support certain specialty operations in manufacturing.

The existing conditions analysis also indicates that tourism & hospitality and retail trade are sizeable if relatively low-paying sectors in Ulster County. The analysis also identified several smaller sectors that play an important role in the County economy. Several of these fall under the general category of advanced manufacturing. Machinery manufacturing and electrical equipment manufacturing are small, high-wage sectors. They both outpaced job growth in the overall economy from 2002 to 2008, but have lagged behind in the 2008-2013 time period. Fabricated metals and miscellaneous manufacturing are small sectors that experienced declines in employment but fairly robust wage growth during this time. Food manufacturing employment declined from 2008-2013, but saw wages rise by almost a third during that period.

Professional services jobs saw their pay rise relative to the US average, while experiencing little job growth (or decline) in the County in the two time periods.

Agriculture and the arts are also important to Ulster County according to the existing conditions analysis. With total employment levels that equal or exceed many of the manufacturing sectors in the County, both sectors have outpaced overall US job growth in both time periods.

These preliminary indications were investigated further through data from the US Clusters Project, a web-based application developed by the Harvard Business School for the US Economic Development Administration. The US Clusters Project has been constitute as a set of tools for examining long-term structural conditions in a local economy to better understand the groupings of businesses that are particular catalysts for economic activity in that area. According to the project website:

The U.S. Cluster Mapping Project is a national economic initiative that provides over 50 million open data records on industry clusters and regional business environments in the United States to promote economic growth and national competitiveness. The project is led by Harvard Business School's Institute for Strategy and Competitiveness in partnership with the U.S. Department of Commerce and U.S. Economic Development Administration. . . .

. . . . Researchers from Harvard Business School, MIT Sloan School of Management, and Temple University's Fox School of Business generated cluster definitions based on a novel algorithm that allows for the systematic generation and comparison of clusters across the United States. The paper that explains this methodology is "Defining Clusters of Related Industries" (Delgado,

Porter and Stern 2014), which revisits and extends "The Economic Performance of Regions" (Porter 2003).⁴

The Importance of Traded Clusters

The US Cluster Mapping Project seeks to identify those portions of the local economy that are exporters of goods and services and importers of income and wealth. This is a very important distinction for economic development purposes:

Industries are first classified as "traded" or "local." Traded industries are industries that are concentrated in a subset of geographic areas and sell to other regions and nations. Local industries are industries present in most (if not all) geographic areas, and primarily sell locally. Within the two large groups, sets of traded industries are then organized into traded clusters based on an overall measure of relatedness between individual industries across a range of linkages, including input-output measures, use of labor occupations, and co-location patterns of employment and establishments. Local industries are grouped primarily based on similarities in activities reflected in aggregated U.S. industry categories⁵. . . .

. . . . The main underlying data source for the generation of benchmark cluster definitions is the U.S. Census Bureau's County Business Patterns dataset on employment, establishments, and wages by six-digit NAICS code (North American Industry Classification System), collected at the regional level of states, economic areas, metropolitan and micropolitan statistical areas, and counties.⁶

Figures 3, 4 and 5 identify the "traded clusters" in Ulster County's economy (i.e., those groups of businesses that bring money into the economy by serving markets outside of it) as defined by the US Cluster Analysis project. The horizontal axis of the graph shows the local cluster's change in the share of national employment in that cluster from 1998 to 2013. The vertical axis shows the local cluster's current share in national employment in that cluster as of 2013. The "bubbles" for each cluster illustrate its relative size in terms of employment. The colors of the bubbles indicate whether the cluster has gained employment (indicated by a green color) or lost employment (signified by a red color) over the fifteen years between 1998 and 2013.

⁴ Source: <http://www.clustermapping.us>

⁵ Author's note: The traded category is an important component of an economic base. These are industries whose customers primarily come from outside the County. These traded clusters thus constitute the primary means by which a local economic generates new income, jobs and wealth.

⁶ Source: <http://www.clustermapping.us>

Figure 3 shows all of Ulster County’s traded clusters. To better understand the position of each cluster, the chart was disaggregated by employment. Therefore, Figure 4 shows the County’s traded clusters for those clusters with over 500 employees. Figure 5 shows the County’s traded clusters that have employment ranging between 100 and 500 employees. Following the three bubble charts is a bar chart that compares the actual growth in employment from 1998 to 2013 in each of Ulster County’s traded clusters with the expected growth in that cluster based upon national trends.

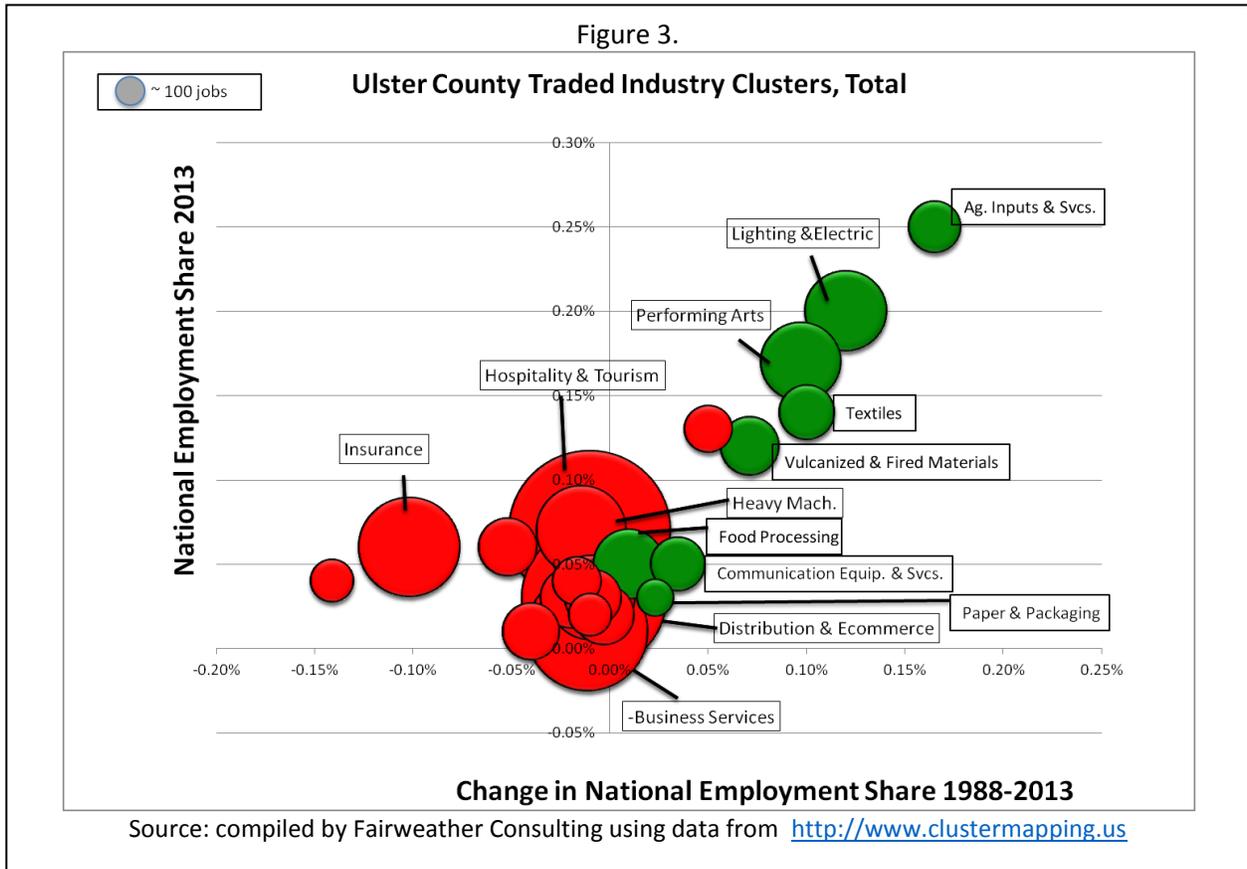
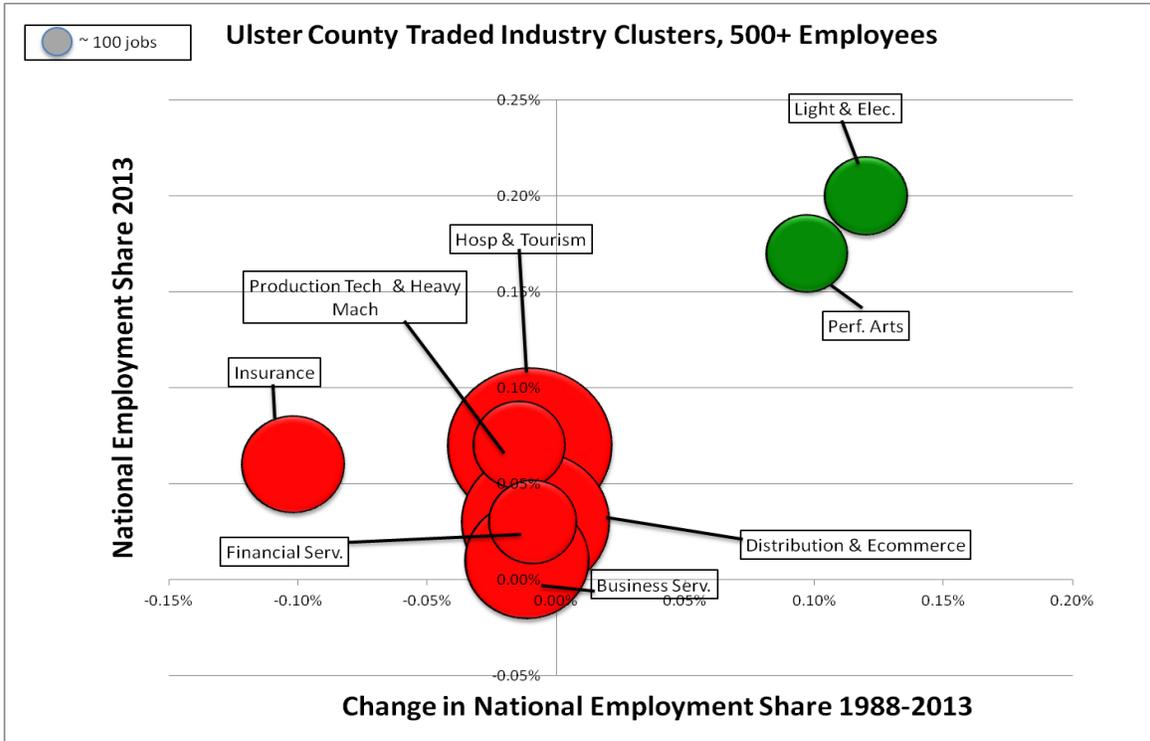
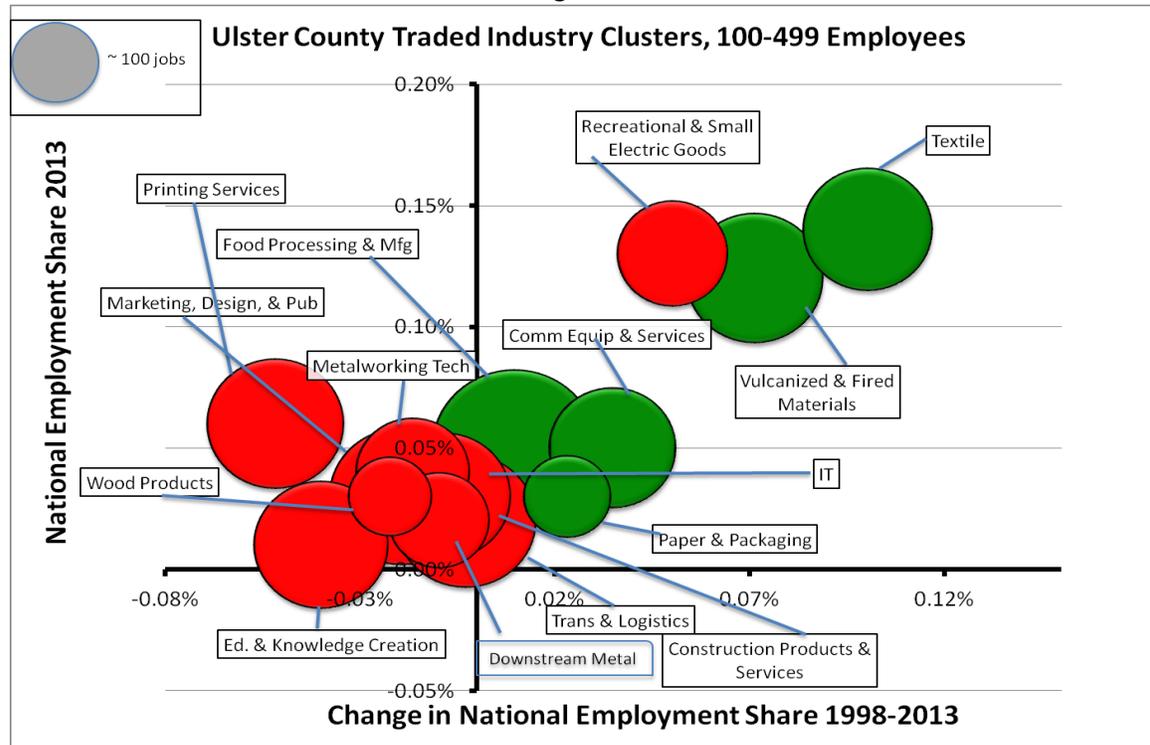


Figure 4.



Source: compiled by Fairweather Consulting using data from <http://www.clustermapping.us>

Figure 5.

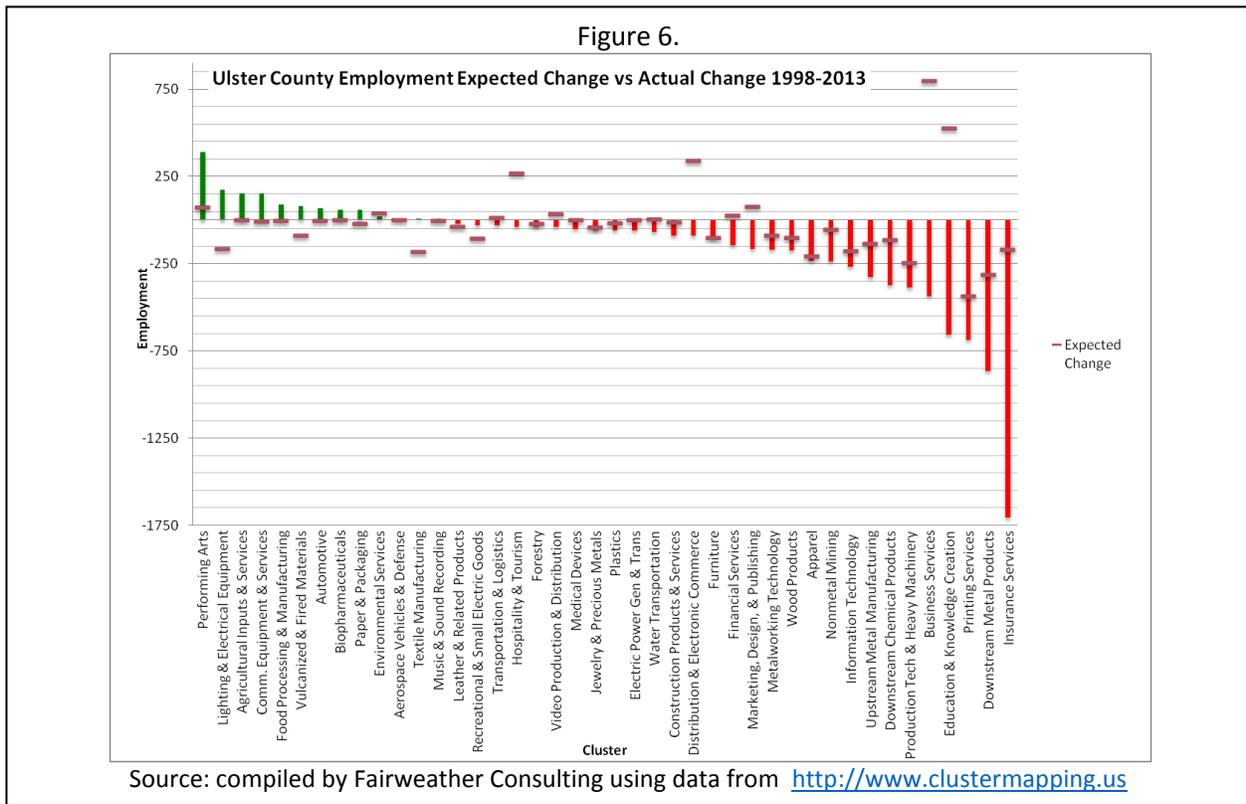


Source: compiled by Fairweather Consulting using data from <http://www.clustermapping.us>

Figure 6 compares change in employment from 1998 to 2015 for Ulster County’s traded clusters with change in employment in those clusters that would be expected if Ulster County’s traded clusters followed the national trends for those same clusters. The actual change in employment is indicated by a bar (green means positive employment growth, red means negative employment growth). The expected change for each of Ulster County’s traded clusters is indicated by a purple dash in the same column as the bar showing actual change.

In Ulster County, nine traded clusters had employment growth that exceeded expectations based upon national trends: Performing Arts, Lighting and Electrical Equipment, Communication Equipment and Services, Agricultural Inputs and Services, Food Processing and Manufacturing, and Vulcanized and Fired Materials are clusters that each have over 250 employees and beat national expectations. Automotive Parts Manufacturing and Biopharmaceuticals and Paper & Packaging also showed similar strength, although each of these two clusters employs fewer than 80 people in the County.

Most of the rest of the County’s traded clusters showed little or no change in employment and were consistent with national expectations. A few sectors (e.g., Business Services, Education & Knowledge Creation, Insurance Services, etc.) had long-term losses of employment that exceeded expectations based upon national trends.



Ulster County’s Target Industries

Based upon this approach, the logical target industries for Ulster County would be those that have demonstrated an ability to grow in the County, in some cases, even outperforming national trends in their respective clusters. From this analysis, and based upon the existing conditions analysis and the stakeholder interviews, the following clusters have been identified as target industries for Ulster County’s economic development efforts.

Table 5.		
TARGET INDUSTRY: AGRICULTURE & FOOD PRODUCTION		
Definition: Enterprises engaged in the production of food and/or beverage products as well as those providing support services to agricultural operations.		
COMPONENT CLUSTERS		
US Clusters Project Cluster Code	Cluster Name	Description
2	Agricultural Inputs and Services	This cluster includes establishments primarily engaged in farming and related services. Farming includes soil preparation, planting, cultivation, harvest, fertilizer creation, and post-harvest activities. It also includes services that supply farm labor, support for animal production, and additional operations management.
18	Food Processing and Manufacturing	This cluster includes firms involved in the processing of raw food materials and the manufacturing of downstream food products for end users. This includes millers and refineries of rice, flour, corn, sugar, and oilseeds. These upstream products contribute in part to producing specialty foods, animal foods, baked goods, candies, teas, coffees, beers, wines, other beverages, meats, packaged fruits and vegetables, and processed dairy products.
28	Livestock Processing	This cluster contains establishments engaged in processing meat from livestock and livestock wholesaling.

Table 6.		
TARGET INDUSTRY: ARTS PRODUCTION		
Definition: Enterprises engaged in the production of works of art or in providing support services that contribute to the production of works of art.		
COMPONENT CLUSTERS		
Cluster Code	Cluster Name	Description
33	Music and Sound Recording	Establishments in this cluster are primarily involved in the production and distribution of music and other sound recordings.
37	Performing Arts	This cluster contains services that produce, promote, and support live artistic performances. Live performances include those by theater companies, dance troupes, musicians, and independent artists.
48	Video Production and Distribution	The establishments in this cluster are primarily involved with the production and distribution of motion pictures and other video. This includes specialized viewing venues such as drive-in theaters.

Table 7.		
TARGET INDUSTRY: ADVANCED MANUFACTURING		
Definition: Enterprises that produce goods that incorporate digital technology and/or are produced using such technology.		
COMPONENT CLUSTERS		
Cluster Code	Cluster Name	Description
8	Communications Equipment and Services	This cluster involves goods and services used for communications. This includes cable, wireless, and satellite services, as well as telephone, broadcasting, and wireless communications equipment.
12	Downstream Metal Products	This cluster contains establishments that manufacture metal containers, prefabricated metal structures, and end user metal products. These end user products include ammunition, kitchenware, hardware, metal bathroom fixtures, and similar metal products used in home finishing such as doors, windows and ornamentation.
18	Food Processing and Manufacturing	This cluster includes firms involved in the processing of raw food materials and the manufacturing of downstream food products for end users. This includes millers and refineries of rice, flour, corn, sugar, and oilseeds. These upstream products contribute in part to producing specialty foods, animal foods, baked goods, candies, teas, coffees, beers, wines, other beverages, meats, packaged fruits and vegetables, and processed dairy products.
23	Information Technology and Analytical Instruments	This cluster consists of information technology and analytical products such as computers, software, audio visual equipment, laboratory instruments, and medical equipment. The cluster also includes the standard and precision electronics used by these products (for example, circuit boards and semiconductor devices).
25	Jewelry and Precious Metals	Establishments in this cluster manufacture jewelry, silverware, and fine tableware. This cluster also includes the upstream manufacture of jewelry parts and the processing of gemstones.
26	Leather and Related Products	This cluster consists of manufacturers of luggage and handbags made of leather and fabric. It also includes producers of personal and assorted other leather goods, as well as mills that produce textile bags and related products made from canvas.
27	Lighting and Electrical Equipment	This cluster contains firms involved in the manufacture of electrical equipment and electronic components. The companies in this cluster manufacture wire for communications, wiring devices, fiber optic cables, switchboards, lighting fixtures, motors, transformers, and related products.

29	Marketing, Design, and Publishing	This cluster consists of establishments involved in design services (physical and graphical), marketing (including advertising creation, marketing research, media buying, and public relations), and publishing (both in hard copy and on the internet).
30	Medical Devices	Establishments in this cluster primarily manufacture surgical, medical, dental, optical, ophthalmic, and veterinary instruments and supplies.
32	Metalworking Technology	The establishments in this cluster manufacture machine tools and process metal for use in metal working. The cluster also contains the downstream manufacture of metal fasteners and hand tools.
36	Paper and Packaging	This cluster contains the paper mills and manufacturers of paper products used for shipping, packaging, containers, office supplies, personal products, and similar products.
42	Textile Manufacturing	This cluster contains textile mills that primarily produce and finish fabrics for clothing, carpets, upholstery, and similar uses. The textiles include yarn, thread, fibers, hosiery, knits, and other specialty fabrics.
49	Vulcanized and Fired Materials	This cluster contains firms that manufacture construction and other materials out of earthen substances such as clay, sand, and rubber at extremely high temperatures. The production processes create goods made of tile, brick, ceramic, glass, and rubber (including refractories and tires).

**Table 8.
TARGET INDUSTRY: DIGITAL DESIGN & TECHNOLOGY**

Definition: Enterprises that produce digital media and/or software applications.

COMPONENT CLUSTERS

Cluster Code	Cluster Name	Description
23	Information Technology and Analytical Instruments	This cluster consists of information technology and analytical products such as computers, software, audio visual equipment, laboratory instruments, and medical equipment. The cluster also includes the standard and precision electronics used by these products (for example, circuit boards and semiconductor devices).
29	Marketing, Design, and Publishing	This cluster consists of establishments involved in design services (physical and graphical), marketing (including advertising creation, marketing research, media buying, and public relations), and publishing (both in hard copy and on the internet).
48	Video Production and Distribution	The establishments in this cluster are primarily involved with the production and distribution of motion pictures and other video. This includes specialized viewing venues such as drive-in theaters.

Table 9. TARGET INDUSTRY: HOSPITALITY & TOURISM		
Definition: Enterprises that sell services or goods specifically targeted to consumers who are visiting Ulster County.		
Cluster Code	Cluster Name	Description
22	Hospitality and Tourism	This cluster contains establishments related to hospitality and tourism services and venues. This includes sport venues, casinos, museums, and other attractions. It also includes hotels and other accommodations, transportation, and services related to recreational travel such as reservation services and tour operators.

NOTE: In every case, the component clusters listed for the target industry are illustrative rather than exhaustive. For example, there may be advanced manufacturing companies that represent growth opportunities for the County that do not neatly fit into any of the clusters listed above. A full description of the clusters can be found in the appendices to this report.

Interrelationships Among the Target Industries

Unlike many target industry analyses, the results from this project have identified a set of highly inter-related targets. For example, there are clusters that are found in more than one target industry. Food processing, for example, is both an advanced manufacturing enterprise and an agricultural enterprise. Beyond that, functional relationships exist among these industries.

For example, firms in the Digital Design and Technology industry are likely to provide support services for firms in advanced manufacturing, agriculture and food production, arts production and hospitality and tourism. Similarly, an Arts Production firm may be engaged to develop content for a Digital Design and Technology firm.

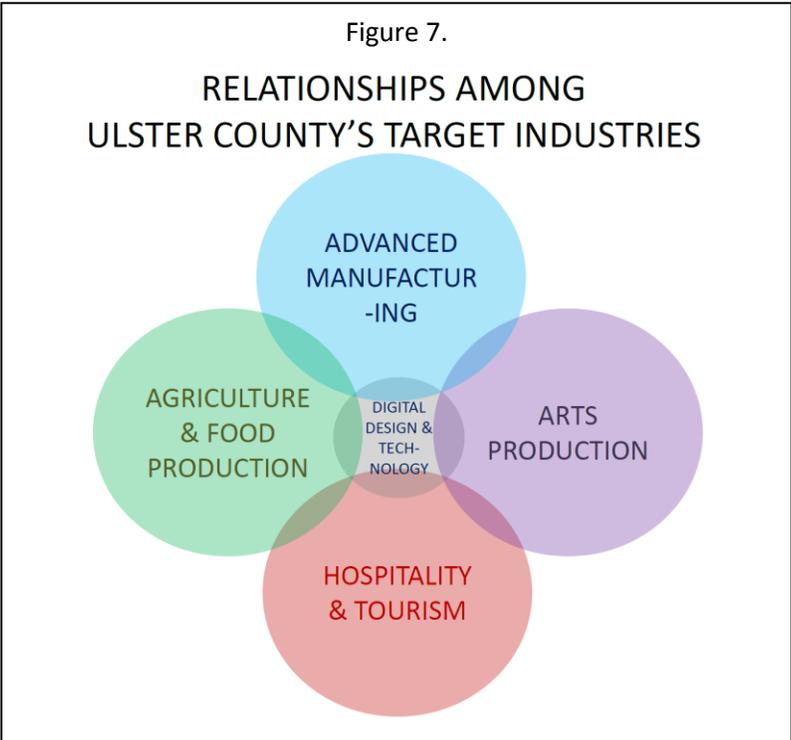


Figure 7 shows the many ways in which these target industries are interrelated. One important implication of this is that success in growing any one of these sectors may depend upon the condition of the other sectors in the County. In addition,

success in growing any one of these sectors is likely to lead to additional success in growing the other target industries in the County.

Ulster County and Industry Attraction

One of the virtues of identifying target industries for a local economy is it provides a focus for efforts to grow those industries either by attraction or expansion of existing industries. Currently the climate is quite challenging for industry attraction in general. As indicated above, the economy may be in a long period of slow growth. At the same time, investments in company relocations have barely recovered from the previous recession.

Indeed, according to data presented at the 2015 annual meeting of the International Economic Development Council, as of 2013 (the most recent year for which data are available), investment in new manufacturing facilities was still below the level it had reached in 2007. While nonmanufacturing has had a stronger recovery nationwide, The Northeastern United States was lagging behind every other region of the country except the Pacific region in per capita measures of investments in new facilities.⁷

In this context, it is important that Ulster County think carefully about how it wishes to pursue industry attraction. One of the most common ways to pursue attraction is to court site selectors, the firms that evaluate locations in behalf of corporate clients. Therefore understanding the criteria site selectors use to evaluate locations is important as Ulster County considers how to move forward with its target industries.

What factors do site selectors consider? Factors that are listed as crucial for many site selectors include⁸:

- Talent
- Access to markets
- Overall business climate (e.g., taxes and regulations)
- Supply chain (i.e., how does the site support the company's ability to access suppliers or serve buyers important to it?)
- Transportation/logistics (Is there transportation infrastructure in place to get products to market?)
- Overall operating costs at the location

⁷ Angelos Angelou, *Trends in Site Selection 2015*, IEDC Annual Meeting, Oct 6, 2015

⁸ Angelos Angelou, *Trends in Site Selection 2015*, IEDC Annual Meeting, Oct 6, 2015; Area Development, *11th Annual Consultants Survey: Consultants' Exhibit Confidence and Increasing Project Activity*, First Quarter, 2015; J. Michael Mellis, *New York's Overall Competitiveness—The State's Strengths and Perceived Weaknesses in Today's Global Economic Development Environment*, New York State Economic Development Council Seminar, August 2015; The Site Selectors Guild, *Corporate Expansion Trends and Forecasts: Results of the Membership Survey*, 2015.

The precise ranking of these vary from case to case and from site selector to site selector. In his presentation at the International Economic Development Council, site selector Angelos Angelou indicated that the most important factors for a site to make the final cut is his analysis were:

- Talent attraction (the presences of the 25-44-year-old population segment
- Educational attainment of the workforce
- Top rank in Favorable Business Climate
- Presence of Right to Work Laws⁹

New York does not do well in two of these four criteria. It is not a “right to work” state. It also does not rank well in terms of evaluations of the business climate. For example, in a ranking compiled by CNBC in 2014 to determine “Top States for Business,” New York ranks 40th overall, 50th for cost of doing business, and 43rd for workforce.¹⁰

Since New York generally ranks low for favorable business climate and is not a “Right to Work” state, it is difficult for counties in the State to garner the attention of site selectors. Nonetheless, the County still has opportunities to compete for firms that are expanding within New York State or plan or relocating to New York. This is particularly true for firms that are seeking a location to serve the New York City metropolitan area.

In that situation, the next step for a site location analysis would involve examining the supply chain, i.e., how well the location enables the firm to access its customers and/or suppliers. Ulster County’s ability to compete on this basis will vary depending upon the geographic make up of that particular firms supply chain. The other factor that will come into play at this point would be the supply and educational level of the workforce. Table 10 summarizes the workforce competitiveness of Ulster County compared to the other New York State counties in the New York City metropolitan area. As with the previous benchmark analysis, Ulster County is reasonably competitive, but has no clear advantage in this competition, with some demographic markers that would put it at a disadvantage from a site selector’s perspective (e.g., educational attainment) and some that might provide an advantage(e.g., the cost of labor and housing).

There are three implications to this: First, Ulster County will only be considered by site selectors for those situations in which the firm interested in relocating can gain some substantial advantage with respect to supply chain. Such cases will no doubt appear, but they will be very few in number. Second, Ulster County can successfully compete on a cost basis for firms interested in serving markets in the New York City metropolitan area. Third, Ulster County has to find such firms by contacting them directly. It cannot count on “making the cut” with most site selectors.

⁹ Angelos Angelou, *Trends in Site Selection 2015*, IEDC Annual Meeting, Oct 6, 2015

¹⁰ CNBC, “America’s Top States for Business 2014” <http://www.cnbc.com/2014/06/24/americas-top-states-for-business.html>

This last point may not be such a disadvantage. Site selector Angelos Angelou has indicated that two-thirds of firms that relocate do not use a site selector to do so. Thus, Ulster County's approach to attracting firms (particularly in Advanced Manufacturing and Digital Technology & Design) should focus on establishing direct contact with firms that are either in or interesting in relocating to the New York metropolitan area. This will be discussed further in the recommendations section of this report.

County-wide Priorities for Economic Development

This industry targeting study has recommended particular sectors or clusters that should be the focus of Ulster County's economic development efforts. The final step in this process is to outline the approach or approaches the County should take as it focuses on these targets.

Geographic Focus

The most fundamental element of this approach is its geography: these efforts will primarily focus on retaining existing firms and seeking to attract firms that are serving markets in and around the New York City metropolitan area. Ulster County can act as a relatively low-cost competitor for firms participating in New York City markets, with labor costs and real estate costs considerably cheaper than in counties closer into the City itself.

Note: Ulster can also compete for firms serving the Albany area markets, but in doing so, the County gives up the cost advantage it enjoys vis-à-vis New York City. The presence of Global Foundries in the Capital District would suggest Ulster may be able to attract some of that firm's suppliers. While the immediate vicinity of the plant has seen approximately twenty suppliers open shop, preliminary reports on Global Foundries operations indicated that the firm often uses suppliers from across the globe on a job-by-job basis, making it difficult for firms to relocate to the area to serve as a supplier to Global Foundries. This may change as the firm expands its presence in the Capital District, providing sufficient demand for more suppliers to locate in areas farther from its home in Saratoga County.¹¹

In light of this, it is clear that Ulster County should concentrate its attraction efforts on the New York City metropolitan area—at least until demand from Global Foundries and its related enterprises develops further. This focus on New York City need not involve direct competition with the City and the inner counties of the metropolitan area. If firms active in that market require a lower cost structure to compete, it is better for all concerned if such firms can find a location that improves their competitiveness and keeps them in New York State. In that sense, Ulster County's recruitment effort could be conducted in cooperation with New York City's economic development organizations, helping them keep firms seeking lower cost locations in the State while still poised to serve New York City businesses and/or consumers.

Indeed, the County would seem to be attractive to New York City business people who are dual homeowners who vacation in Ulster County and who may be interested in relocating their business from its current location in the New York City area. Part of the industry attraction effort could involve the cultivation of such dual homeowners who may be predisposed to consider Ulster County for this reason.

¹¹ "Global Foundries: Supply Chain." *Albany Business Review*, September 13, 2013.

INDUSTRY TARGETING ANALYSIS FOR THE ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE

Table 10. Comparing Ulster County's Workforce Demographics to other Hudson Valley counties in the New York Metropolitan area.

	Lower Hudson Valley				Mid-Hudson Valley		Upper Hudson Valley		
	Ulster	Putnam	Rockland	Westchester	Dutchess	Orange	Columbia	Greene	Sullivan
Total population 2015	184,133	100,286	320,669	960,997	298,385	380,063	63,920	49,438	76,430
Total population change 2010-15	0.9%	0.6%	2.9%	1.3%	0.3%	1.9%	1.3%	0.4%	-1.4%
Population 25-44 2015	23.6%	22.5%	22.9%	23.6%	23.3%	23.9%	21.2%	21.8%	23.1%
Population change 25-44 2010- 2015	-0.5%	-1.7%	-0.7%	-1.8%	-0.7%	-1.3%	-0.6%	-0.9%	-0.6%
Ed. attainment 2015 AA,BA,and MA+	31.3%	39.9%	49.4%	53.3%	44.4%	39.2%	41.4%	31.9%	32.7%
Diversity Index	40.4	39.2	62.6	71.1	50.7	57.20	27.1	28.2	51
Employment by industry 2015									
Manufacturing	7.0%	4.5%	6.5%	4.5%	5.1%	7.4%	6.9%	7.1%	4.9%
Services	52.1%	52.3%	55.7%	55.4%	52.5%	47.8%	49.9%	47.6%	51.0%
Employment by Occupation 2015									
White Collar	61.4%	67.6%	68.0%	67.9%	61.6%	61.1%	60.0%	56.1%	54.1%
Management	12.2%	17.8%	15.1%	18.5%	14.1%	13.9%	13.8%	11.4%	10.4%
Professional	25.0%	25.5%	28.7%	26.5%	25.1%	21.8%	24.1%	19.7%	22.2%
Sales	11.0%	10.7%	11.3%	11.0%	9.6%	11.0%	9.8%	9.3%	9.1%
Blue collar	19.2%	16.1%	13.6%	13.5%	18.5%	19.8%	21.0%	23.3%	24.9%

Source: U.S. Census Bureau Census 2010 Summary File 1. Esri forecasts for 2015 and 2020. Esri converted Census 2000 data into 2010 geography.

Avg Home Price	\$242,500	\$406,000	\$465,100	\$547,000	\$314,500	\$299,500	\$224,100	\$181,300	\$186,000
Avg Property Tax Burden	\$4,473	\$7,689	\$8,762	\$9,647	\$5,220	\$5,883	\$3,763	\$2,654	\$3,757
Property Tax as Share of Home Value	1.8%	1.9%	1.9%	1.8%	1.7%	2.0%	1.7%	1.5%	2.0%

Benjamin Harris & Brian David More, Residential Property Taxes in the United States. Brookings Tax Policy Center, November 18, 2013.

Average Wage by Industry, 2013									
Manufacturing	\$46,086	\$57,226	\$84,254	\$96,647	\$98,929	\$51,101	\$44,903	\$55,331	\$29,887
Professional and Business Services	\$43,445	\$47,493	\$60,340	\$107,968	\$53,546	\$44,616	\$47,230	\$49,029	\$37,320

Source: US Bureau of Labor Statistics, Quarterly Census of Employment and Wages.

NOTE: Data reported in red, bold-face type indicates a variable in which Ulster County is at a disadvantage.

Building Long-term Relationships in the Target Industries

Research for this project has indicated that most firms make their relocation decisions without using a site selection consultant. Therefore, Ulster County can improve its chances of fostering relocations to and expansion in the County by making firms aware of what the County has to offer them so that the firms have this information before they begin making such decisions. This effort has two components:

1. Expanded Business Retention & Expansion (BR&E) efforts: Ulster County's Office of Economic Development already does significant outreach to existing firms to ensure they have the assistance they need to remain competitive. With the County's target industries now defined, the Office has the opportunity to formalize this effort, setting priorities to make regular visits to firms in these industries, and creating a formal referral system that can ensure that firms get access to the types of assistance they require, whether it is business planning from the Small Business Development Center, workforce development from SUNY Ulster or BOCES, or technical assistance from the Hudson Valley Center for Advanced Manufacturing.
2. Regular participation in trade shows serving the industry targets: The BR&E program will foster closer ties with existing companies. At the same time, Ulster County should seek to develop relationships with firms that may gain from relocating to the County. This can be done by regularly attending key trade shows for firms in the target industries. A list of illustrative trade shows is included in the appendices to this report. The actual list of key trade shows can be developed in consultation with firms in the County who belong to the target industries. Participation could include sponsorship or purchase of a booth that would include material highlighting Ulster County's ability to provide a low-cost base of operations from which to serve the New York City area.

Continue to Partner with Regional Industry Attraction Efforts

By itself, Ulster County may not have the resources to launch a marketing campaign to attract its target industries. However, the County should continue to leverage the industry attraction efforts of such groups as the Hudson Valley Economic Development Corporation (HVEDC) and the Mid-Hudson regional office of Empire State Development Corporation. Making these organizations aware of Ulster's target industries and assisting them with promotions to prospects in those industries will be an important part of the County's industry attraction efforts. For example, the County Office of Economic Development may wish to collaborate with the HVEDC as it participates in trade shows and other efforts directed at the County's target industries.

Continue to strengthen and document Workforce Development Capabilities

Having an adequate supply of skilled workers is important to all five of the target industries. The extent to which Ulster County continually improves its ability to provide effective workforce development programming to employers, it will improve the competitiveness of the County's current employers, while creating a track record of successful workforce development that can serve as an attraction incentive to firms considering relocating to the County. This is particularly important given the fact that, at this time, Ulster County has no clear advantage in terms of workforce given the County's demographics and levels of educational attainment (c.f., Table 10.)

Ulster County is fortunate to have a variety of effective workforce development partners. SUNY Ulster, Ulster BOCES and SUNY New Paltz each have various strengths to contribute to this effort. The central thrust of this effort will involve creating specialized training opportunities for each of the target industries. These are each be detailed in the recommendations specific to those target industries.

Workforce housing is an important issue across all industries. The Ulster County Office of Economic Development should continue to cooperate with the efforts of County Planning Department to work with local governments to promote a mix of housing types locally and to provide opportunities for lower-cost housing located along existing and planned transit lines linking homes for entry-level workers with major employment centers.

Focus Incentives on the needs of firms in the Target Industries

In terms of industry attraction efforts, site selectors have pointed out that incentives don't make the deal, they only help close it if all other needs of the firm have been met (e.g., access to markets, infrastructure, workforce, etc.). In that context, it is recommended that incentives be targeted to the needs of the businesses being courted for expansion or relocation. The key need expressed by companies is for grants to offset the costs of relocation and/or expansion.¹² It may be possible to leverage existing loan funds (e.g., "defederalized" portions of municipal revolving loan funds—i.e., funds available from repaid loans) to create a program of forgivable loans to cover relocation costs, with forgiveness tied to job creation and wage targets for the those industries. (Guidelines for such a program in Minnesota are included in the appendices to this report.)

The importance of subsidies.

As indicated at the conclusion of the section on stakeholder interviews in this report, such subsidies for relocation and/or expansion may be increasingly important in a time of slow economic growth. Reducing the costs for relocation and/or expansion may enable firms to grow and innovate ahead of their competition despite slow growth in demand for their products or services. The forgivable loan program described above could contribute to such an effort. The Office of Economic Development should seek to assemble other tools that can be used to reduce the costs of relocation and/or expansion for the target industries.

Start-Up NY is an example of such a tool that could be used in this effort. The types of firms identified by both SUNY New Paltz and SUNY Ulster dovetail with the target industries proposed in this report. New Paltz's Start-Up plan focuses on 3D printing, advanced manufacturing, digital media production, software development, and design. SUNY Ulster's plan includes such sectors as manufacturing, computer networking and cybersecurity, advertising design and graphic technology.

¹² According to Area Development Magazine's annual survey of site selection consultants, "[86 percent of the respondents to the survey] believe their clients consider cash grants the most important incentive when making location decisions." "11th Annual Consultants Survey: Consultants Exhibit Confidence and Increasing Project Activity," *Area Development*, Q1, 2015.

Match industry targets to municipalities based upon the unique strengths of those municipalities

This analysis has defined five target industries for Ulster County's economic development efforts. But not every municipality is a strong candidate for every industry. The second phase of the County's industry targeting effort should seek to match the targets to each municipality. For example, Kingston maybe a strong location for Advanced Manufacturing and Digital Design and Technology, while Wawarsing may want to concentrate on Advanced Manufacturing, Agriculture & Food Production and Tourism & Hospitality, and so on. It is important that each municipality develop a focus on those targets which play to that community's strengths. Thus, the precise targets for each municipality will emerge from discussions with those municipalities regarding the needs of the target industries and the locality's ability to meet those needs.

Industry-specific Initiatives

In addition to general county-wide economic development efforts, there are initiatives that Ulster County can undertake to support each of the five specific target industries. They are listed below.

Initiatives to Support Advanced Manufacturing

Continue to develop sites and facilities in areas served by infrastructure, particularly Saugerties and the Kingston/Ulster area. Over the long-term the County should continue to prepare sites in these areas to achieve "shovel ready" status to support major relocations and expansions by advanced manufacturing firms.

Encourage the use of the Hudson Valley Center for Advanced Manufacturing by local manufacturers.

3D printing technology enables firms to make prototypes and short runs of parts. Consequently, the extent to which 3D printing can be incorporated into local manufacturing processes has the potential to make the supply chain in which these firms participate more localized. The technology may enable firms to fabricate parts for themselves that they currently procure from outside the area, or to become a "just-in-time" supplier of such parts to other firms in the County.

Initiatives to Support Agriculture & Food Production

Complete a Feasibility study of expanded co-packing facilities: During a focus group of stakeholders from the Agriculture & Food Production and Digital Design & Technology sectors, it was pointed out that there is growing demand for co-packing space beyond which is now available from Farm-to-Table Co-Packers, with particular needs for space for storage, freezing and loading docks. Ulster County's Office for Economic Development should consider assembling funding for a feasibility study to estimate the unmet demand for these services/facilities, the price-points as which food processors would be willing to access them, and the size, configuration and cost of the space required to meet this demand.

Promote Vocational English as a Second Language (VESL) for farm workers and food workers: Many workers in the agriculture and food sectors have limited command of English. Ulster BOCES or SUNY Ulster can be involved in creating a VESL program that provides these workers with instruction in the English terminology they need to work in those industries. At the same time, the program could also

provide English-speaking supervisors with the task-related terminology needed to communicate with their workers in such languages as Spanish, Haitian Creole, etc.

Initiatives to Support Arts Production

Launch a formal Business Retention & Expansion effort focused on arts production business such as enterprises in video production technology, acoustic design and other activities that support the production of art in the County. While working artists are the most visible manifestation of Ulster County's strengths in the arts, the sector also includes a number of emerging technology-based enterprises that are involved in the production of art in a wide range of formats. The County's economic development efforts should seek to establish regular contact with such firms to better respond to the needs of this growing and changing sector.

Note: the initiatives intended to serve the Digital Design and Technology sector will also provide benefits to those in Arts Production

Initiatives to Support Digital Design and Technology

Foster innovation ecosystem centered in the Kingston area. As the major urban environment in the County, Kingston has emerged as the nexus for the growing Digital Design and Technology sector. The County's economic development efforts should seek to strengthen Kingston's capacity to support this sector. This could include the following initiatives:

Improve broadband access in key locations in Kingston. Connectivity is the lifeblood of this sector. While, at this point it would be difficult to provide universal broadband access throughout the County, the Office of Economic Development can seek ways to enhance broadband in key locations that are loci of activity for firms and individuals in this sector.

Foster creation of co-working spaces. Inexpensive collaborative workspaces are important to technology workers and entrepreneurs. The creation of such spaces (particularly in areas with strong broadband access) can help to strengthen this sector in the County.

Continue to hold networking events to attract techno-preneurs to the County. The Office of Economic Development should continue this effort, creating events with a select group of participants who have been prepared to help sell the attending techno-preneurs on the value of Ulster County as a location for their work.

Cultivate relationships with venture capital and seed funds. Start-ups need access to capital, and Ulster County is less than 100 miles from New York City—one of the nation's two biggest centers of such financing. The Office of Economic Development should continue to cultivate relationships with a variety of these organizations, including the County's own Hudson River Ventures, the Upstate Venture Association of New York Upstate Connect and New York City-based seed and venture funds.

Promote "code academies" and other noncredit credentialing programs. The Office of Economic Development should work with SUNY Ulster to create such offerings for individuals in this sector and those wishing to acquire skills to participate in it.

Initiatives to Support Tourism & Hospitality

Provide financial support for destination tourism projects, both expansions and new construction.

State law allows Industrial Development Agencies to provide financial support for projects that can demonstrate they serve as tourism destinations, bringing a significant number of visitors to the County from beyond the Mid-Hudson Economic Development Region. This tool should continue to be used to encourage private sector investment in new tourism destinations and in improvements and upgrades to existing facilities.

Strengthen linkages between Tourism & Hospitality and enterprises in Agriculture & Food Production, Arts Production and Digital Design & Technology. Synergies already exist between these sectors. For example, firms in Digital Design & Technology provide services to businesses in the other sectors. The rise of agri-tourism has enabled Agriculture & Food Production to provide a major boost to Tourism & Hospitality. Arts production continues to create travelers' interest in visiting Ulster County. The Office of Economic Development should seek to strengthen these synergies by hosting networking events and meetings that explore ways in which the sectors can continue to collaborate and thereby strengthen the County both as a tourism destination and as a hub of economic innovation.

Continue to support Civic Facilities and “Quality of Life” projects.

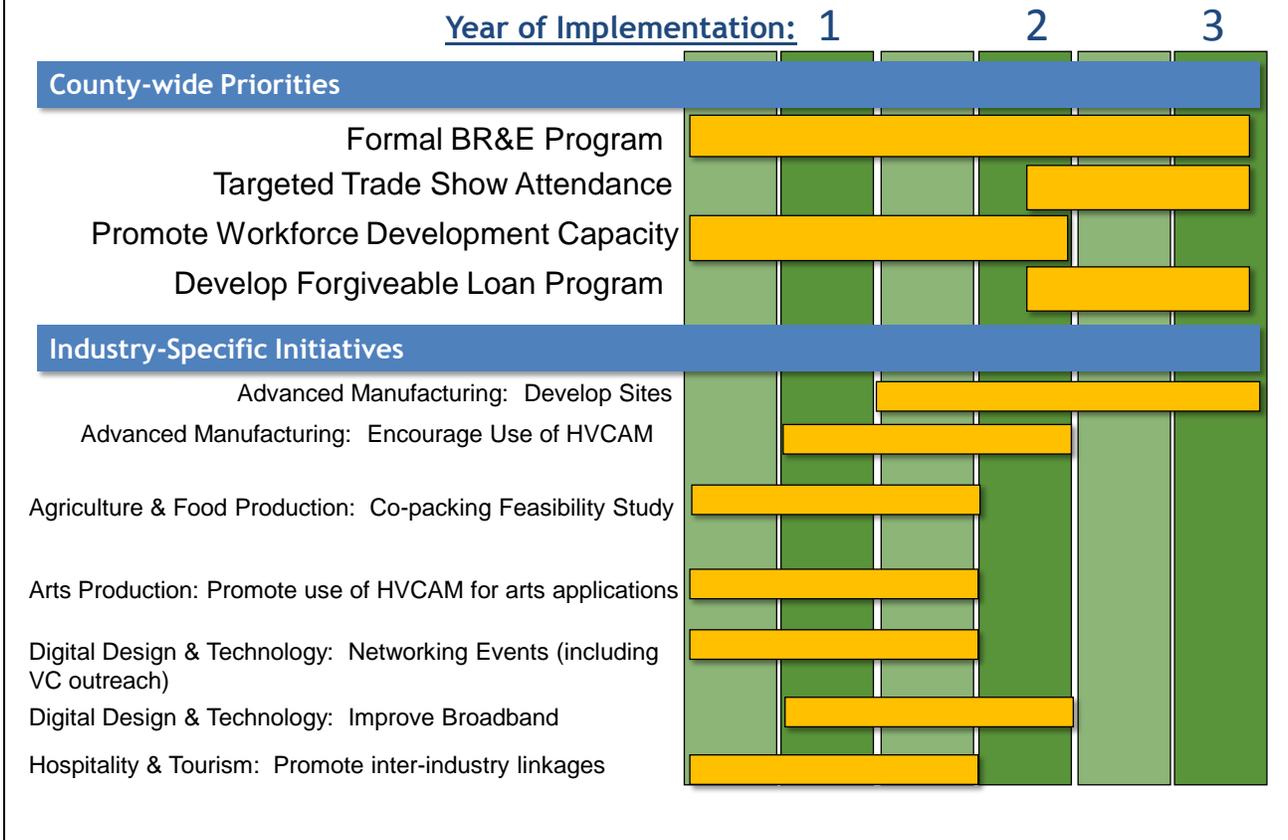
Finally, it is worth noting that this analysis has identified industry targets based upon “traded” clusters, that is, industries that data suggest have the capacity to serve customers outside the County and thereby bring new money and jobs to Ulster County. At the same time, the County should continue its support of important local enterprises that provide civic facilities for health care, education and other endeavors that improve the quality of life in the County. While these enterprises may not directly bring outside wealth into the County, they do contribute to the quality of life which serves as an important attraction for each of the target industries identified by this analysis.

Implementation

This is an ambitious work plan to be implemented with limited professional staffing. Important to set priorities and phase in the initiatives over time. Figure 8 below provides an illustration regarding how these initiatives can be phased in over time. The final work plan should be developed in cooperation with industry representatives and agencies and organizations that may also participate in this effort.

Figure 8.

Illustrative Implementation Schedule



Appendices

List of Selected References

List of Stakeholders Contacted and Interviewed

List of Prospective Trade Shows for Target Industries

Sample Regulations for a Forgivable Loan Program from Elk River, Minnesota

Existing Conditions Analysis

List of Selected References

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List of Stakeholders Contacted and Interviewed

INDUSTRY TARGETING ANALYSIS FOR THE ULSTER COUNTY ECONOMIC DEVELOPMENT ALLIANCE

Stakeholders Contacted		
Name	Organization	Interviewed
Jeremy Ellenbogen	721 Media Center	
Russel Yeager	Alcoa Fastening Systems	x
Frank Hermance	Ametek Rotron	
Jerry Mattas	Brooklyn Bottling Corp	
Kevin Brady	Ceres Technologies	
Phil Coombe	Coombe, Bender and Co	
John Malmgreen	Eastern Alloys	x
Joseph Ferraro	Elna Magnetics	x
Debra Sherman	Fair-Rite Products Corp	
Frank Falatyn	Fala Technologies	x
Rich Gillette	Gillette Creamery	x
John Eichman	HITS	x
Mike Oates	Hudson River Ventures	
Michael Sweeney	Hudson Valley Harvest	
Don Tegeler	JBT/Wolf Tec	
Tommy Keegan	Keegan Ales	x
Megan Sommerville	Materia Designs	
Cedric Glasper	Mechanical Rubber Products*	x
Justin Lukach	Micromold Products*	x
T. Thompson	Millrock Technology	
Candido Perez	Optimum Windows	x
Jason Smith	Pawling Corp*	x
Miro Eror	PrecisionFlow Technologies Inc.	
Stephen Pomeroy	Schatz Bearing Corporation*	x
Thomas Mindt	Selux Corporation	
Jack McNeff	Simulaids	
Robb Engle	Sono-tek	x
Tom Collins	Sperry Van Ness	x
George Quigley	Stavo Industries*	x
Mark Kastner	The Chazen Companies*	x
Robert Tonner	Tonner Doll Company	
Carl Chipman	Town of Rochester Supervisor	
Steven Rozencranz	TRMI Systems Integration	x
Ralph Erenzo	Tuthilltown Distillery	x
Richard Croce	Viking Industries*	x
Harris Safier	Westwood Realty	
Michael Babcock	Wineracks.com	X
*Council of Industry board member		

List of Prospective Trade Shows for Target Industries

Advanced Manufacturing Trade Shows:

Event: MJSA Expo New York

Location: Jacob K. Javits Convention Center, New York, New York

Date: March 13-15, 2016

Description:

The nation's leading trade show and conference devoted to the manufacture of jewelry, Expo is chock full of the latest bench tools, laser welders, casting machines, alloys, CAD/CAM systems, gemstones and beads, component parts, stamping equipment and more. Also features premier contract service providers and business services, as well as a full roster of educational seminars by some of the industry's leading experts.

Website: http://www.mjsa.org/eventsprograms/mjsa_expo

Event: Atlantic Design & Manufacturing

Location: [Jacob K. Javits Convention Center](#)

655 W 34th Street,
New York, NY 10001

Date: June 14 - 16, 2016

Description: Atlantic Design & Manufacturing continues as a key feature of the largest advanced design and manufacturing trade show serving the north-eastern U.S. Atlantic Design & Manufacturing delivers senior level design and manufacturing professionals who are looking for new ideas, innovations, and solutions. Representing industries such as aerospace, medical, electronics, information technology, defense, transportation, and industrial equipment, visitors arrive at the show with projects in-hand.

Event Website

<http://www.AtlDesignShow.com>

Event: Mfg4 2016 - Manufacturing for the Future

Date: 05/03/2016 - 05/05/2016

Location: Connecticut Convention Center
100 Columbus Blvd.
Hartford, CT 06103

Description: To serve the evolving needs of East Coast industry, Society of Manufacturing Engineers produces this exclusive event focused on the aerospace, defense (including arms) and medical industries. These three major industries are driving change through their supply chains and leading the way in innovation and collaboration.

Mfg4, introduced in 2012, surpasses the traditional manufacturing technology event by delivering content and suppliers mandated by industry. Mfg4 it is an event for industry developed by industry, with an emphasis on industry-specific solutions with attention to cross-collaboration.

Website: <http://mfg4event.com/>

Event: SPIE Optifab, Optical Manufacturing

Location: Rochester Riverside Convention Center
Rochester, NY, United States

Date: 10/12/2015 - 10/15/2015

Description:

SPIE Optifab is the largest optical manufacturing conference and exhibition held in North America. Optifab, organized jointly by SPIE (SPIE—The International Society for Optical Engineering) and APOMA (American Precision Optic Manufacturing Association), has a unique technical focus on classical and advanced optical manufacturing technologies. It offers conference attendees an exceptional opportunity to interact with worldwide experts in the field of optical fabrication

Website: <http://spie.org/x6567.xml>

Event: 139th AES Convention - Audio Engineering Society

Location: Jacob K. Javits Convention Center
655 West 34th Street
New York, NY 10001

Date: 10/29/2015 - 11/01/2015

Description: the world's largest gathering of audio professionals. Attendees will be offered opportunities to hear from top audio industry figures while also sharing in the latest research and technology information through informative papers, tutorials, workshops and special events.

Website: <http://www.aes.org/events/139/>

Event: ATX East 2016 – Automation Technology Expo

Location: Jacob K. Javits Convention Center
655 W 34th Street
New York, NY 1000

Date: 06/14/2016 – 06/16/2016

Description: This event showcases products like control software and hardware, custom automation, packaging equipment, fasteners and precision formed parts, flexible automation, machine vision systems, materials and parts handling and conveyors etc. in the Automation & Robotics industry.

Attendees include senior-Level Manufacturing Personnel who are responsible for the purchase of automation, process, and packaging systems across a variety of industry sectors, including medical, IT/instrumentation, telecom, automotive, electronics, aerospace/defense, food and beverage, pharmaceutical, nutraceutical, cosmetics and personal care, and the full spectrum of consumer and industrial products.

Website: <http://atxeast.designnews.com/>

Event: ChemShow 2015 - Chemical Process Industries Exposition

Location: Jacob K. Javits Convention Center of New York

655 West 34th Street

New York, NY 10001

Date: 11/17/2015 - 11/19/2015

Description:

Since 1915, The Chem Show is the showcase for the latest process equipment, products and services, bringing together manufacturers and innovative new suppliers with executives, process engineers, production teams and plant personnel throughout the CPI (Chemical Process Industries). Held every two years, the 2015 Chem Show will celebrate its 100th anniversary by looking to the innovations that will drive the industry into the future. See the latest process equipment, systems and products from leading suppliers. Discover cost-effective solutions and innovative technologies from the experts. Find Solutions to increase process efficiency, reduce costs and be more green and sustainable in your operations.

Event: EastPack 2016

Location: Jacob K. Javits Convention Center

655 W 34th Street

New York, NY 10001

Date: 06/14/2016 - 06/16/2016

Description:

Meet face-to-face with hundreds of top suppliers showcasing the latest technologies. Immerse yourself in the conference and discuss the latest innovations in the industry. Connect with fellow industry professionals and exchange ideas. Discover new ideas and technologies at our co-located events: Atlantic Design & Manufacturing, ATX East, HBA Global, MD&M East, Pharmapack NA, PLASTECH East and Quality Expo

EastPack connects leading suppliers and regional buyers on the East Coast. Returning to New York for three days, EastPack is an interactive event featuring live demonstrations, education programs, and networking.

Website: <http://eastpack.packagingdigest.com/>

Event: Inside 3D Printing - New York 2016

Location: Venue TBD

New York, NY

Date: 04/10/2016 - 04/12/2016

Description:

Since its inception in 2013, the Inside 3D Printing Conference and Expo has quickly grown to become the largest professional 3D printing event worldwide. Inside 3D Printing New York will feature a full day of workshops plus two days of conference sessions led by industry experts and demonstrations of the latest 3D printers and services. Session topics will explore new opportunities and challenges for industrial and consumer 3D printing efforts, as well as the best strategies for a range of industries including product development, medicine, automotive, technology, software, and more.

Website: <http://inside3dprinting.com/upcoming-shows/>

Event: INTERPHEX 2016

Location: Jacob K. Javits Convention Center
655 West 34th Street
New York, NY 10001

Date: 04/26/2016 - 04/28/2016

Description:

INTERPHEX is a premier pharmaceutical and biopharmaceutical development and manufacturing event dedicated to innovation, technology and knowledge, and sponsored by the Parenteral Drug Association (PDA). Held in New York City, it brings over 12,000 global industry professionals together with 600+ suppliers through a unique combination of exhibition, education, workshops, partnering opportunities, and networking events.

What will you find at INTERPHEX?

12,000+ global pharmaceutical and biotechnology industry professionals together with 600+ suppliers
300,000sf of event space offering state-of-the-art innovation and technologies
Pharmaceutical Industry leaders and subject matter experts from more than 48 countries offering the opportunity to share their extensive knowledge of cutting-edge technologies
Direct access to the largest, most innovative biologics and pharmaceutical manufacturers

Website: <http://www.interphex.com/>

Event: MD&M East 2016 - Medical Device Manufacturing

Location: Jacob K. Javits Convention Center
655 W 34th Street
New York, NY 10001

Date: 06/14/2016 - 06/16/2016

Description:

Connecting The Brightest Minds at the East Coast's Largest Medtech Event

Top Suppliers, New Technology

MD&M East 2015 provided an opportunity to get hands-on with top products and the latest technologies. Thousands gathered to gain critical knowledge and a better understanding of the latest industry innovations and emerging technologies.

The 2015 MD&M East Conference program offered three days of interactive hands-on sessions and panel discussions led by a faculty of 50 industry thought-leaders. Delegates gained valuable insights into these key topics: Design Innovation for Medical Devices, Mastering Process Validation Training, MD&M Technology Corner (Sensors, Energy Harvesting, Flexible Electronics, and more!) 3D Printing for Medical Device Design & Manufacturing

Website: <http://mdmeast.mddionline.com/>

Event: OSA Frontiers in Optics 2016 / Laser Science XXXII – The Optical Society

Location: Venue TBD
Rochester, NY

Date:10/16/2016 – 10/20/2016

Description:

Frontiers in Optics/Laser Science offers a comprehensive technical program covering an array of cutting-edge topics in optical science and engineering.

The FiO conference will also offer a number of Short Courses designed to increase participants' knowledge of a specific subject while offering the experience of insightful teachers. An exhibit floor featuring leading optics companies will further enhance the meeting.

Website: <http://www.frontiersinoptics.com/home/?r=true>

Event: Paper2016

Date: 03/06/2016 - 03/08/2016

Location: New York Palace Hotel

455 Madison Avenue At 50th Street
New York, NY 10022

Description: Increase your company's brand, create awareness about your products, and drive sales by participating as a Paper2016 sponsor. At the single most important paper industry event of the year, your company will receive unprecedented exposure to more than 1,200 potential clients and leaders in the paper and paper-based packaging industry including manufacturers, distributors, converters, end users, and service providers.

Website: <http://www.gonpta.com/?page=Paper2016>

Event: PDN PhotoPlus International Conference + Expo 2015 - Photo District News

Location: Jacob K. Javits Convention Center
655 West 34th Street
New York, NY 10001

Date: 10/21/2015 – 10/24/2015

Description: The PDN PhotoPlus International Conference + Expo is the largest photography and imaging show in North America, attended by over 22,000 professional photographers and enthusiasts. Explore over 220 exhibits, see thousands of new products, attend over 80 conference seminars, keynote presentations, special events & much more.

The PhotoPlus photography trade show provides attendees with access to emerging technology, hardware and software solutions and digital imaging product demonstrations from some of the leading brand names in the photography industry such as Canon, Nikon, Sony, Epson, Adobe and many others. This is one of the best places to try and compare products and even discover the unexpected solution that may help you be more creative or productive.

Website: <http://www.photoplusexpo.com/>

Event: Pharmapack North America 2016

Location: Jacob K. Javits Convention Center
655 W 34th Street
New York, NY 10001

Date: 06/14/2016 - 06/16/2016

Description: With the patient at the focal point, the two-day Pharmapack Conference is your opportunity to examine packaging design, materials and compliance strategies which will lead your company to reach innovative and cost effective solutions. The program includes 20+ presentations covering ePedigree, serialization, track and trace, materials, patient compliance, sustainability and cost control.

Following the format of the long-successful Pharmapack Europe event, at Pharmapack North America you'll meet top suppliers of innovative pharmaceutical packaging and advanced drug delivery device technologies. See the latest in packaging design and engineering, packaging materials and components, machinery, contract services, and more.

Website: <http://pharmapackna.pmpnews.com//>

Agriculture & Food Production Trade Shows

Event: Indoor Ag-Con, New York

Location: Helen Mills Theater, 137 West 26th St Chelsea, NY

Date: October, 2016 TBD

Indoor Ag-Con showcases indoor agriculture; growing produce and raising fish in greenhouses, warehouses and containers using hydroponic, aquaponic and aeroponic technologies. This event unites farmers, growers, chefs, tech experts, suppliers, investors and advocates.

Website: <https://indoor.ag/>

Event: 62nd Summer Fancy Food Show

Location: Jacob K. Javits Convention Center
655 West 34th Street
New York, NY 10001

Location: 06/26/2016 - 06/28/2016

Description:

SFFS16 is the largest specialty food trade event in North America and the leading showcase of industry innovation, bringing specialty food's top manufacturers, buyers, and thought leaders together under one roof for three days of delectable discovery, June 26 - 38. 2016 will feature more than 180,000 products, 25,000 buyers, and 2,500 exhibitors; Thought Leader Talks with former president of Trader Joe's and current CEO of Conscious Capitalism, Doug Rauch, retail behavior expert Kevin Kelley, and trend forecaster Suzy Badaracco; and the sofi Award ceremony hosted by Food Network's Ted Allen.

Only Specialty Food Association Members can exhibit at the Shows, where retailers, restaurateurs, distributors and others discover innovative, new food and beverage products. The Shows are attended by every major food buying channel, influential members of the trade and consumer press and other related businesses

<https://www.specialtyfood.com/shows-events/summer-fancy-food-show/>

Coffee Fest New York 2016

Location: Jacob K. Javits Convention Center of New York
655 West 34th Street
New York, NY 10001

Date: 03/11/2016 - 03/13/2016

Description: Coffee Fest is specifically for those involved with retailing coffee, tea and related products. Coffee Fest continues to evolve and stay at the forefront of emerging trends. One weekend at Coffee Fest will improve your business and profitability! Over 150 Exhibition booths featuring everything under the sun related to the specialty coffee and tea industries. See the newest products. Talk with factory reps and company executives.

Website: <http://www.coffeefest.com/Default.aspx>

Event: New York Farm Show

Location: New York State Fairgrounds, Syracuse, New York

Date: TBD

Description: The Northeast's premier indoor farm show is packed with new and practical equipment, services and products just right for your farming operation. Over 400 exhibitors covering more than 230,000 sq. ft. will be waiting for you.

Event: International Restaurant and Food Service Show of New York

Location: Jacob K. Javits Convention Center
655 W 34th Street
New York, NY 10001

Date: March 6-8 2016

Description: Meet 500 leading vendors who together specialize in absolutely everything for restaurant and foodservice professionals. Plus network with independent and multi-unit owners and operators, chefs, caterers, bakers, and food and beverage pros from commercial foodservice operations.

Website: <http://www.internationalrestaurantny.com/Content/16.htm>

Event: Crain's Made in New York Trade Show

Location: New York, NY

Date: October

Description: Join Crain's New York Business for a trade show featuring New York businesses in the food and beverage industry. Crain's Made in New York event is a one of a kind event which connects the food and beverage community of New York with retailers and buyers. This year's event will feature a trade show marketplace, educational sessions and panel discussions.

<http://www.eventbrite.com/e/crains-made-in-new-york-trade-show-tickets-16526451060?aff=ebrowse>

Event: Eastern Winery Exposition

Location: Lancaster, Pennsylvania

Date: March 8-10, 2016

Description: The Eastern Winery Exposition is an Eastern-focused wine industry trade show and conference designed to provide the Eastern U.S. and Canadian wineries and vineyards with an easily accessible, affordable, professional event held in a first class venue at the right time of year. A well-rounded conference program, exhibit hall featuring suppliers relevant to our region's business of wine making, networking events, and state association participation are all integral components of EWE.

Website: <http://www.easternwineryexposition.com/>

Digital Design & Technology Trade Shows

Event: Generate New York

Location: New York, NY

Date: April

Description: Generate conferences are presented by net magazine - the world's leading print and digital publication for web designers. Established in 1994, net magazine has been at the heart of web design and development for over two decades, and boasts an unparalleled list of contributors and supporters. A source of inspiration, education and networking opportunities, this year's Generate will be packed with more top content from world-class speakers.

Website: <http://www.generateconf.com/new-york-2015>

Event: F5

Location: New York, NY

Date: April,

F5 IS A CREATIVITY FESTIVAL EXPLORING THE INTERSECTION OF DESIGN, ART & TECHNOLOGY

The two-day festival gathers filmmakers, writers, digital artists, game designers, interactive artists, motionographers, graphic designers, visual effects experts, musicians, industry visionaries and many more.

Website: <http://f5fest.com/>

Event: 99U

Location: Alice Tully Hall / Lincoln Center

Date: May 5-6, 2016 // New York City

The goal of the 99U Conference," say its organisers, "is to shift the focus from idea generation to idea execution." It's getting stuff down, basically – taking a good concept and putting it into practice. It does this through around 20 "action-oriented" talks by leading creatives from numerous disciplines, 75-minute masterclasses with speakers who are leaders in the fields, and by offering opportunities to visit

the workspaces of some of New York City's leading studios (past visits include Google and Spotify). There's also plenty of time to network, with the whole thing bookended by a cocktail reception and a big afterparty.

Website: <http://conference.99u.com/>

Event: Stream Con NYC

Location: Jacob K. Javits Convention Center
655 W 34th Street
New York, NY 10001

Date: Oct. 30 – Nov. 1

A **three-day digital content and creator convention** celebrating digital content and online video!

Website: <http://streamconnyc.com/>

Event: New York Business Expo and Conference

Location: Jacob K. Javits Convention Center
655 W 34th Street
New York, NY 10001

Date: October 27, 2015

Description: For ten years, the New York Business Expo and Conference has been the Northeast's LARGEST b to b trade show, conference and networking event for business owners & executives. NY Expo is the only one day event of its kind that provides small & mid-sized businesses with unparalleled opportunities to grow their businesses. This annual BUSINESS TRADE SHOW brings together c level executives from all industries to enjoy face-to-face NETWORKING and high-level business EDUCATION. Through facilitated meetings and distinct show features you will learn custom business solutions that you can implement immediately to improve your bottom line.

Website: <http://www.newyorkbusinessexpo.com/>

Event: ad:tech expo

Location: Jacob K. Javits Convention Center
655 W 34th Street
New York, NY 10001

Date: November 4 - 5, 2015

Description: The centerpiece of ad:tech is the Expo Floor made up of 200+ solution providers and technology start-ups, educational forums providing thought leadership, networking areas to meet new people and NEXT - the future of modern marketing, media and technology.

Website: <http://www.ad-tech.com/ny/>

Hospitality Trade Shows

Event: BizBash

Location: Jacob K. Javits Convention Center
655 W 34th Street
New York, NY 10001

Date: October 27, 2015

Description: Where can you connect with more than 2,000 event and meeting professionals at the same place, all in one day? Only at BizBash Live: The Expo New York—the premier trade show and conference for the event industry.

Packed with innovative ideas from thought leaders and creative thinkers, the latest trends taking the industry by storm, and the perfect vendors to create memorable events all year long, you can't afford to miss BizBash Live on October 27

Website: <http://www.bizbash.com/bizbash-events/idea-fest/2015/new-york#.VIT0T7RViko>

Event: BDNY (Boutique Design New York)

Location: Jacob K. Javits Convention Center
655 W 34th Street
New York, NY 10001

Date: November 8 - 9, 2015

Description: Join us in New York this fall for BDNY, where the most creative minds in hospitality design convene with the most inventive manufacturers in the industry. For two high-energy days each November, it's the creative nexus of hospitality interiors—a trade fair and conference with boutique DNA and a focus on innovation, culminating with our industry's most prestigious awards program. Boutique Design New York (BDNY), now in its sixth year, presents more than 600+ unique and innovative exhibitors of furniture, lighting, wall coverings, fabric, seating, accessories, artwork, carpet and flooring, materials, bath and spa for hospitality interiors. Designers, architects, purchasing executives and developers will find carefully edited, high-end, unique and innovative resources.

Website: <http://www.bdney.com/>

Event: ISC EAST

Location: Javits Center, New York, NY

Date: November 18 - 19, 2015,

Description: ISC East is the largest physical security tradeshow & conference in the Northeast featuring over 200 security manufacturers & brands. Attendees come from New York, New Jersey, Connecticut, Pennsylvania, Massachusetts and further to view the latest products in Access Control, Video Surveillance, Alarms, Monitoring, Public Security and more. While at the show, attendees are also able to attend free education sessions provided by the Security Industry Association.

Website: <http://www.isceast.com/>

Sample Regulations for a Forgivable Loan Program from Elk River, Minnesota



Economic Development Forgivable Loan Policy Guidelines & Application

City of Elk River
Economic Development Division
13065 Orono Parkway
Elk River, MN 55330
763.635.1040
www.elkrivernm.gov



ELK RIVER ECONOMIC DEVELOPMENT FORGIVABLE LOAN POLICY GUIDELINES & APPLICATION

I. OVERVIEW

The Economic Development Authority (EDA) for the City of Elk River recognizes the need to stimulate private sector investment to help spur new construction, create and retain employment opportunities, and promote the sale of city-owned property.

The focus is on industrial, manufacturing, and technology-related industries to increase the local and state tax base and improve economic vitality. The program can be used toward the purchase of land (preference given to city-owned property) or to assist in purchasing new machinery, equipment, furniture or fixtures.

II. TO APPLY

Applications will initially be accepted from February 15, 2013 to March 15, 2013. After March 15th, applications will be accepted on an ongoing basis and reviewed monthly. Projects will be scored based on the attached Application Review Worksheet. The applicant shall complete and submit the attached application to the city, along with a processing fee of 1% of the loan request to cover processing expenses (fee will be refunded if application is denied). Once application is deemed complete, it will be reviewed by the EDA Finance Committee and EDA (process may take up to six weeks). Applicants will be notified of application status no later than May 3, 2013.

III. PURPOSE

Forgivable loan funds are to be used for business start-ups, expansions, and relocations where jobs are created and tax base is generated. This can be accomplished by the following means:

1. Creation of permanent, private-sector jobs in order to create above average economic growth;
2. Stimulation or leverage of private investment to ensure economic renewal and competitiveness;
3. Increase of local tax base;
4. Improvement of employment and economic opportunity for citizens in the region to create a reasonable standard of living; and
5. Stimulation of productivity growth through improved manufacturing or new technologies.

IV. PROJECT ELIGIBILITY AND REQUIREMENTS

The forgivable loan must be based on the following criteria:

1. Creation of new jobs which meet the Federal low to moderate income (LMI) guidelines and wage goals (currently wages and benefits must equal at least \$12.19/hr. requirements adjust annually in March). At least 51% of the jobs created must be made available or held by LMI person as outlined on page 18 of this application.
2. Increase in tax base
3. The project demonstrates that investment of public dollars induces private funds;
4. The project provides higher wage levels to the community or will add value to current workforce skills;
5. The project results in the sale and development of city owned property;
6. Whether assistance is necessary to retain existing business; and
7. Whether assistance is necessary to attract out-of-state business.

A forgivable loan cannot be made solely on a finding that the conditions in clause 6.) or 7.) exist. A finding must be made that a condition in clause 1.), 2.), 3.), 4.), or 5.) also exists.

Forgivable loans are awarded to businesses that meet all project and job requirements as outlined within. Projects are awarded based upon meeting program criteria.

V. ELIGIBLE ACTIVITIES

Forgivable Loan may be used for the following activities:

1. Land acquisition (city-owned property given preference)
2. Purchase of furniture, fixtures, and equipment (FF&E) along with new construction*
*if equipment installation is greater than \$2,000, Davis Bacon Rates apply

VI. BUSINESSES ELIGIBILITY

Any project meeting the above criteria, and located or proposed to be located within the city limits of Elk River as defined by this program, may be eligible for an Economic Development Forgivable Loan as further defined herein:

1. Business must be a for-profit corporation, partnership, or sole proprietorship.
2. Business must be a *small business* as defined by the Small Business Administration (SBA).
3. Business must have a positive net worth.
4. Business must be an industrial, manufacturing or technology-based industry
5. Religious, political, casino, sports facilities and pornographic enterprises are not eligible to use the Economic Development Forgivable Loan Program.

VII. FORGIVABLE LOAN TERMS & CONDITIONS

Loan Amount

There is a maximum of \$200,000 per forgivable loan. Federal guidelines require a minimum of one job to be created for every \$35,000 requested. To receive maximum loan amount of \$200,000, applicant would need to create six new FTE positions of which 51% meet LMI requirements. Wage and benefits must be equal or greater than \$12.19/hr. The Federal poverty level changes annually. Applicants will have a minimum of two years to hire these jobs, and the jobs created by the forgivable loan program must be retained for a minimum of one year. Job creation and retention periods will be established by the Economic Development Authority (EDA) and the EDA Finance Committee. Program guidelines may be changed on a case-by-case basis at the EDA's discretion.

Loan Structure

All Economic Development Forgivable Loans shall be structured as direct loans.

Interest will be fixed at 3% or 2 points below the lowest prime rate published in the Wall Street Journal, whichever is greater.

The applicant must provide at least 50% of project cost through other means. Equity down payment requirements may vary depending on project and primary lending institution. Forgivable loan funds may be used as equity upon approval of primary lending institution.

The EDA may require additional agreements to be signed by the borrower (i.e. security agreement, personal guarantees, business subsidy agreement).

Other EDA Incentives

Projects can combine the forgivable loan with all other incentives (i.e.: Micro Loan Program, Tax Abatement, TIF, etc.)

Call of Loan

Forgivable Loan terms are set by the EDA. Projects which don't meet the terms may be required to repay all or a portion of the loan as determined in the loan agreement. If the 51% of LMI job creation is not met, the funds will need to be repaid. A job creation extension may be granted upon review of the Economic Development Authority on a case by case basis. Repayment terms will vary depending on the use of funds and collateral securing the loan. Specific repayment terms will be defined in the loan agreement in the event repayment of part or the entire forgivable loan is required. A loan shall become due and payable in full if a business relocates outside of the City of Elk River prior to the maturity date of the loan.

The loan will be forgiven upon completion of all of the goals set forth by the EDA, and the jobs created as a result of the forgivable loan program are retained for a minimum of one year.

VIII. LOAN SECURITY AND GUARANTEES

Applicant must secure the loan by providing the EDA with a minimum of a subordinate mortgage upon the building and/or assets or other approved collateral.

Personal guarantees will be made part of all loan agreements.

Key person life insurance may be required as determined by the EDA Finance Committee based on loan amount and company ownership partners.

IX. TIMING OF PROJECT EXPENSES/PROJECT TIMELINE

No project can commence until the Elk River Economic Development Authority has approved the loan application. Any costs incurred prior to the approval of the loan application are not eligible expenditures. Applicant must submit project timeline with application; timeline will assist in determining job creation goal deadlines.

The applicant will be responsible for all legal, recording, and other fees required for protection of a security interest in the loan, payable by a non-refundable 1% processing fee, which is paid at the time of application. In addition to the non-refundable 1% processing fee, all legal and filing fees shall be paid by the borrower at loan closing.

X. PROCEDURAL GUIDELINES FOR APPLICATION AND APPROVAL

1. All applicants shall first contact a primary lending institution to determine if additional equity is needed, and if so, how much.
2. The applicant and the primary lender (if applicable) shall then meet with City Staff to obtain information about the Economic Development Forgivable Loan program, discuss the project, and obtain application forms.
3. The applicant shall complete and submit an application form to the City, along with a processing fee of 1% of the loan request. (The fee is used to cover processing expenses and will be returned only if application is denied.) The applicant must provide evidence of their ability to meet the equity requirements or provide a letter of commitment for conventional financing from the primary lending institution if applicable.

4. The EDA is a governmental entity and as such must provide public access to public data it receives. Data deemed by Applicant to be nonpublic data under State law should be so designated or marked by Applicant. See Minn. Statute Sections 13.59, Subd. 1, respectively.
5. City staff will review the application to determine if it conforms to all City policies and ordinances and to consider the following:
 - a. The availability and applicability of other governmental grants and/or loan programs.
 - b. Whether the proposed project conforms with building and zoning codes.
 - c. Whether the proposed project is desirous and in the best interests of the public to provide funding for the project.
6. With written permission granted by the applicant, the application will be submitted by City Staff to the Small Business Development Center (SBDC) as advisory consult for staff and EDA Finance Committee. Applicant will be asked to execute a Release of Information form with SBDC.
7. The EDA Finance Committee and EDA Commissioners will review each application in terms of its consistency with the goals of the City's Comprehensive Plan and Economic Development Strategic Plan. Consideration will also be given to the project's overall impact on the community's economy. The EDA Finance Committee will evaluate the project application in terms of the following:
 - a. Project Design - Evaluation of project design includes review of proposed activities, time lines and a capacity to implement.
 - b. Financial Feasibility - Availability of funds, private involvement, financial packaging and cost effectiveness.
 - Appropriate ratio of private funds to Forgivable Loan funds.
 - Sufficient cash flow to cover proposed debt service as demonstrated by financial statements and projections.
 - Ability to demonstrate a positive net worth.
 - Letter of Commitment from applicant pledging to complete the project during proposed project duration, if the loan application is approved.
 - Letter of Commitment from other financing sources stating terms and conditions of their participation in the project if applicable.
 - Sufficient collateral.
 - Certificate of Good Standing from the Minnesota Secretary of State or other satisfactory evidence of good standing.
 - c. All other information as required in the application and/or additional information as may be requested by the Economic Development Authority.
 - d. Job retention requirements will be determined at the time of approval.
 - e. Project compliance with all city codes and policies.
 - f. Program Objectives - In addition to quality job and wage creation/retention requirements, the applicant must meet all Forgivable Loan Program criteria and demonstrate how the proposed activities will meet at least one of the objectives listed on page two of this application.
8. The EDA Finance Committee will recommend the approval, denial, or request a resubmission. A

recommendation from the Finance Committee will be forwarded to the EDA for final action.

9. Loan proceeds will be disbursed upon proof of expenditures. A closing to execute the forgivable loan documents will only occur upon the following:
 - a. Evidence that Applicant's portion of project funds have been disbursed or escrowed; or
 - b. Written confirmation from the primary lender that Applicant has met equity requirements for the project and primary Lender has funded their portion of the project;
 - c. Lender has fully funded the project and is seeking take out financing by EDA for EDA's portion of the project; or
 - d. Lender is requesting simultaneous closing for the funding of the project.

XI. LOAN POLICY REVIEW

The above criteria will be reviewed on an annual basis to ensure that the policies reflected in this document are consistent with the economic development goals set forth by the City.

XII. RIGHT OF REFUSAL

The Elk River Economic Development Authority may deny any project which it deems inappropriate according to the guidelines established in this document.

XIII. COMPLIANCE WITH MN BUSINESS SUBSIDY LAW

Each company receiving assistance in the principal amount of \$75,000 or more from the EDA Forgivable Loan Program shall be subject to the provisions and requirements set forth by Minnesota Business Subsidy Law Statute 116J.993 and the City of Elk River Business Subsidy Policy.

All applicants will be required to submit annual progress reports to the Economic Development Authority until job creation requirements are met. Additionally, all new hires will be required to complete a salary survey to prove LMI requirements are met and forgivable loan policy requirements are met

XIV. OTHER FEDERAL REQUIREMENTS

1. FAIR HOUSING AND EQUAL ACCESS

- a. Title VI of the Civil Rights Act of 1964, as Amended (42 U.S.C. 2000d et seq.) (24 CFR Part 1)
 - i. No person may be excluded from participation in, denied the benefits of, or subjected to discrimination under any program or activity receiving Federal financial assistance on the basis of race, color or national origin.
- b. The Fair Housing Act (42 U.S.C. 3601-3620) ((24 CFR Part 100-115)
 - i. Prohibits discrimination in the sale or rental of housing, the financing of housing or the provision of brokerage services against any person on the basis of race, color, religion, sex, national origin, handicap or familial status. Furthermore, section 104 (b) (2) of the Act requires that each grantee certify to the secretary of HUD that it is affirmatively furthering fair housing. The certification specifically requires grantees to conduct a fair housing analysis, develop a fair housing plan, take appropriate actions to overcome the effects of any impediments identified and maintain records on the analysis, plan and actions in this regard.
- c. Equal Opportunity in Housing (Executive Order 11063, as amended by Executive Order 12259) (24 CFR Part 107)

- i. Prohibits discrimination against individuals on the basis of race, color, religion, sex or national origin in the sale, rental, leasing or other disposition of residential property, or in the use or occupancy of housing assisted with Federal funds.
- d. Age Discrimination Act of 1975, As Amended (42 U.S.C. 6101) (24 CFR Part 146)
 - i. Prohibits age discrimination in programs receiving Federal financial assistance.
- e. Section 109 of Title I of the Housing and Community Development Act of 1974
 - i. Requires that no person shall be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded with Community Development Block Grant (CDBG) funds on the basis of race, color, religion, national origin or sex.
- f. Americans with Disabilities Act (ADA) (42 U.S.C. 12131; 47 U.S.C. 155, 201, 218, and 225)
 - i. Provided comprehensive civil rights to individuals with disabilities in the areas of employment, public accommodations, state and local government services and telecommunications. The Act also states that discrimination includes the failure to design and construct facilities that are accessible to and usable by persons with disabilities and requires the removal of architectural and communication barriers that are structural in nature in existing facilities.
- g. Section 504 of the Rehabilitation Act of 1973
 - i. Prohibits discrimination in Federally assisted programs on the basis of handicap. It imposes requirements to ensure that “qualified individuals with handicaps” have access to programs and activities that receive Federal funds.
- h. Architectural Barriers Act of 1968 (942 U.S.C. 4151-4157)
 - ii. Requires certain Federally funded buildings and other facilities to be designed, constructed or altered in accordance with standards that ensure accessibility to, and use by, physically handicapped people.

2. EQUAL OPPORTUNITY

- a. Equal Employment Opportunity, Executive Order 11246, as amended.. (41 CFR part 60)
 - i. Prohibits discrimination against any employee or applicant for employment because of race, color, religion, sex or national origin. Provisions to effectuate this prohibition must be included in all construction contracts exceeding \$10,000.
- b. Section 3 of the Housing and Urban Development Act of 1968
 - i. Requires that, to the greatest extent feasible, opportunities for training and employment arising from CDBG will be provided to low-income persons residing in the program service area. Also, to the greatest extent feasible, contracts for work (all types) to be performed in connection with CDBG will be awarded to business concerns that are located in or owned by persons residing in the program service area.
- c. Minority/Women’s Business Enterprise (Executive Orders 11625, 12432, 12138) (24 CFR 85.36(e)).
 - i. City will prescribe procedures for a minority outreach program to ensure the inclusion, to the maximum extent possible, of minorities and women, and entities owned by minorities and women, in all public infrastructure contracts.

3. LABOR REQUIREMENTS

All contracts for construction and installation of equipment must comply with the following:

- a. Davis-Bacon and Related Acts (40 USC 276 (A)-7)
 - i. Ensures that mechanics and laborers employed in construction work under Federally assisted contracts are paid wages and fringe benefits equal to those that prevail in the locality where the work is performed.
- b. Contract Work Hours and Safety Standards Act, as amended (40 USC 327-333)
 - i. Provides that mechanics and laborers employed on Federally assisted construction jobs are paid time and one-half for work in excess of 40 hours per week, and provides for the payment of liquidated damages where violations occur. It also addresses safe and healthy working conditions.
- c. Copeland (Anti-Kickback) Act (40 USC 276c)
 - i. Governs the deductions from paychecks that are allowable. Makes it a criminal offense to induce anyone employed on a Federally assisted project to relinquish any compensation to which he/she is entitled, and requires all contractors to submit weekly payrolls and statements of compliance.
- d. Fair Housing Standards Act of 1938, As Amended (29 USC 201, et.seq.)
 - i. Establishes the basic minimum wage for all work and requires the payment of overtime at the rate of at least time and one-half. It also requires the payment of wages for the entire time that an employee is required or permitted to work, and establishes child labor standards.
- e. In accordance with 24 CFR Part 5, CDBG funds may not be used to directly or indirectly employ, award contracts to or otherwise engage the services of any contractor or subrecipient during any period of debarment, suspension or placement of ineligibility status. Grantees should check all contractors, subcontractors, lower tier contractors and subrecipients against the Federal publication that lists debarred, suspended and ineligible contractors. See internet site at <http://www.arnet.gov/epls/>.

4. PROCUREMENT

The procurement standards of 24 CFR 85.36 apply.

5. CONFLICT-OF-INTEREST

For the procurement of property and services, the conflict-of-interest provisions at 24 CFR 85.36 and 24 CFR 84.42 apply. This requires the city to maintain written standards governing the performance of their employees engaged in awarding and administering contracts. At a minimum, these standards must:

- a. Require that no employee, officer, agent of the city or its subrecipient shall participate in the selection, award or administration of a contract supported by CDBG if a conflict-of-interest, either real or apparent, would be involved;
- b. Require that grantee or subrecipient employees, officers and agents not accept gratuities, favors or anything of monetary value from contractors potential contractors or parties to subagreements; and
- c. Stipulate provisions for penalties, sanctions or other disciplinary actions for violations of standards.

A conflict would arise when any of the following has a financial or other interest in a firm selected for award:

- a. An employee, agent or officer of the grantee or subrecipient;
- b. Any member of an employee's, agent's or officer's immediate family;
- c. An employee's, agent's or officer's partner; or
- d. An organization that employs or is about to employ an employee, agent or officer of the grantee or subrecipient.

In cases not covered by the above, the CDBG regulations at 24 CFR 570.611 governing conflict-of-interest apply. These provisions cover employees, agents, consultants, officers and elected or appointed officials of the city or subrecipient. The regulations state that no person covered who exercises or has exercised any functions or responsibilities with respect to CDBG activities or who is in a position to participate in decisions or gain inside information:

- a. May obtain a financial interest or benefit from a CDBG activity;
- b. Have an interest in any contract, subcontract or agreement for themselves or for persons with business or family ties.

This requirement applies to covered persons during their tenure and for one year after leaving the city or subrecipient entity.

Upon written request, exceptions to these provisions may be granted by HUD on a case-by-case basis only after the city has:

- a. Disclosed the full nature of the conflict and submitted proof that the disclosure has been made public, and
- b. Provided a legal opinion from the city stating that there would be no violation of state or local law if the exception were granted.

6. ENVIRONMENTAL REVIEW

The city is responsible for undertaking environmental reviews in accordance with the Environmental Handbook. The Environmental Review must be completed before funds are committed.

7. FLOOD INSURANCE

Section 202 of the Flood Disaster Protection Act of 1973 (42 USC 4106) requires that CDBG funds shall not be provided to an area that has been identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards unless:

- a. The community is participating in the National Flood Insurance Program, or it has been less than a year since the community was designated as having special flood hazards; and
- b. Flood insurance is obtained.

8. DISPLACEMENT, RELOCATION, ACQUISITION AND REPLACEMENT OF HOUSING

Projects involving acquisition, rehabilitation or demolition may be subject to the provisions of the Uniform Relocation Act.

9. ANTI-PIRATING RULE

Funds may not be used to assist for-profit businesses, including expansions, as well as infrastructure improvement projects or business incubator projects designed to facilitate business relocation IF

- a. The funding will be used to assist directly in the relocation of a plant, facility or operation; and

- b. The relocation is likely to result in a significant loss of jobs in the labor market area from which the relocation occurs

The following are definitions to assist in determining if a business location falls under these provisions:

- Labor Market Area (LMA): An LMA is an economically integrated geographic area where individuals can live and work within a reasonable distance or can readily change employment without changing their place of residence.
- Operation: A business operation includes, but is not limited to, any equipment, production capacity or product line of the business.
- Significant Loss of Jobs
 - A loss of jobs is significant if:
 - The number of jobs to be lost in the LMA in which the affected business is currently located is equal to or greater than one-tenth of one percent of the total number of persons in the labor force of that LMA;

OR in all cases

- A job is considered to be lost due to the provision of CDBG assistance if the job is relocated within three years of the provision of assistance to the business.
- Notwithstanding the above definition, a loss of 25 jobs or fewer does not constitute a significant loss of jobs.

Before directly assisting a business with CDBG funds, the state and UGLG shall include appropriate language in the written agreement with the assisted business to ensure that no pirating has occurred. In addition to other programmatic clauses, the written agreement shall include:

- A statement from the assisted business as to whether the assisted activity will result in the relocation of any industrial or commercial plant, facility, or operation from one LMA to another, and, if so, the number of jobs that will be relocated from each LMA.
- If the assistance will not result in a relocation covered by this section, a written certification from the assisted business that neither it, nor any of its subsidiaries, have plans to relocate jobs at the time the agreement is signed that would result in a significant job loss as defined in this rule; and
- The agreement shall provide for reimbursement of any assistance provided to, or expanded on behalf of, the business in the event that assistance results in a relocation prohibited under this section.

XV. STATE REQUIREMENTS

1. MINNESOTA INVESTMENT FUND (MS.116J.8731)

Wage Goals - Businesses receiving assistance must pay each employee total compensation, including benefits not mandated by law, that on an annualized basis is equal to at least 110% of the federal poverty level for a family of four, which as of March 1, 2012 is \$12.19 per hour. The federal poverty level changes annually.

Retail Businesses are not prohibited from receiving federal ED assistance.

2. MUNICIPAL RIGHTS, POWERS, DUTIES (MS 471.87-471.88)

An officer of the city may not have a personal financial interest or personally benefit financially

from the business to be assisted.

3. BUSINESS SUBSIDY LAW (MS 116J.993-116J.995).

Any state or local government agency or public entity that provides financial assistance to a business must comply with this statute.

4. FIRST SOURCE AGREEMENT (MS 116L.66)

A business that receives grants or loans in an amount greater than \$200,000 must agree to list any vacant or new positions with the MN Department of Employment and Economic Development.

5. SURETY DEPOSITS REQUIRED FOR CONSTRUCTION CONTRACTS (MS 290.9705)

When a public infrastructure contract exceeds \$100,000 and a non-Minnesota construction contractor has been hired to perform the work, the city must do one of the following:

- a. Deposit with the Department of Revenue, 8 % of every payment made to the contractor; or
- b. Have in its possession a Waiver of Withholding from the Department of Revenue.

6. GOVERNMENT DATA PRACTICES (MS 13)

Information contained in the application for assistance will become a matter of public record with the exception of those items protected under the Minnesota Government Data Practices Act.

ELK RIVER ECONOMIC DEVELOPMENT FORGIVABLE LOAN APPLICATION

I. CONTACT INFORMATION

Legal Name of Business: _____

Project Site Address: _____

City / State / Zip _____

Contact Person(s) _____

Business Phone _____ Fax _____

Home Phone _____ Email _____

Check One: _____ Proprietor _____ Corporation _____ Partnership

Federal ID # _____ State ID # _____

*Social Security Number may be requested.

II. NATURE OF LOAN REQUEST

Does your project involve purchasing city-owned property?

_____ Yes

_____ No

Amount Requested: \$ _____ Total Project Cost: \$ _____

Type of project:

_____ New construction for a startup business.

_____ New construction for an existing business.

_____ On site expansion

_____ Equipment purchase

_____ Other _____

Project timeline:

Please give a brief summary of your business and its products or service:

Please give a brief summary of the project:

Please describe how this loan will impact your project:

III. FINANCING

Project Costs

Land	\$ _____
Site improvements	\$ _____
Buildings (attach plans & costs)	\$ _____
Equipment/Machinery/Fixtures (attach list and estimated costs)	\$ _____
Remodeling	\$ _____
Industrial Inventory/Working Capital	\$ _____
Other (attach description)	\$ _____
Total Costs	\$ _____

Comments:

Proposed Sources of Financing

<u>SOURCE</u>	<u>NAME</u>	<u>TERMS</u>	<u>AMOUNT</u>
Bank Loan	_____	_____	\$ _____
Bank Loan	_____	_____	\$ _____
Other Private Funds	_____	_____	\$ _____
Applicant Contribution	_____	_____	\$ _____
Other	_____	_____	\$ _____
Fed Grant/Loan	_____	_____	\$ _____
State Grant/Loan	_____	_____	\$ _____
EDA Micro Loan	_____	_____	\$ _____
EDA Forgivable Loan	_____	_____	\$ _____
Tax Increment Financing	_____	_____	\$ _____
Tax Abatement	_____	_____	\$ _____
Total Financing			\$ _____

Collateral Assignments

	<u>Description of Collateral</u>	<u>Lien Position</u>
To Bank 1	_____	_____
To Bank 2	_____	_____
To Private Sources	_____	_____
To Other Sources	_____	_____
To Federal Govt	_____	_____
To State	_____	_____
To EDA Micro Loan	_____	_____
EDA Forgivable Loan	_____	_____

Value of Collateral

	<u>Book Value</u>	<u>Cost</u>	<u>Existing Liens</u>
Land	\$ _____	\$ _____	\$ _____
Buildings	\$ _____	\$ _____	\$ _____
Machinery & Equip.	\$ _____	\$ _____	\$ _____
Other _____	\$ _____	\$ _____	\$ _____
Other _____	\$ _____	\$ _____	\$ _____

IV. JOB & WAGE GOALS

How many employees do you currently have? _____

Guidelines require a minimum of one job created for every \$35,000 requested. Of total jobs created, at least 51% must be taken to a low to moderate income person.

Jobs To Be Created*

Please provide the following information on jobs you expect to create Within 2-years.

Job Title	Number of Jobs	Average Hourly Wage	Annual Salary	Are the Jobs Permanent or Temporary?	Expected Hiring Date

Program Objectives

(Check all that apply)

- _____ The project contributes to the fulfillment of the city’s approved and adopted economic development and/or redevelopment plans.
- _____ The project prevents or eliminates slums and blight.
- _____ The project increases the local tax base.
- _____ The project brings a structure into compliance with an existing building code violation.



V. PROJECT CONTACTS

Attorney

Name _____

Address _____

Phone _____

Accountant

Name _____

Address _____

Phone _____

Financing Sources (lenders, partners, etc...)

Name _____

Address _____

Phone _____

Name _____

Address _____

Phone _____

Parent Company

Name _____

Address _____

Phone _____

Others

Name _____

Address _____

Phone _____

Name _____

Address _____

Phone _____

VI. ATTACHMENTS CHECK LIST

Please attach the following:

- _____A) Written Business Plan:
 - 1. Description of Business
 - 2. Ownership
 - 3. Management
 - 4. Date Established
 - 5. Products/Services
 - 6. Future Plans

- _____B) Financial Statements for Past Two Years

- _____C) Financial Projections for Two Years

- _____D) Resume of Owner/Management

- _____E) Personal Financial Statements of Proprietor, Partners, Guarantors

- _____F) Letter of Commitment from Applicant Pledging to Complete During the Proposed Project Duration

- _____G) Letter of Commitment from the Other Sources of Financing, Stating Terms and Conditions of their Participation in Project

- _____H) Fee of 1% of amount of loan request

- _____I) Certificate of Good Standing

VII. AGREEMENT

I / We certify that all information provided in this application is true and correct to the best of my/our knowledge. I / We authorize the City of Elk River and the Finance Committee to check credit references and verify financial and other information. I / We agree to provide any additional information as may be requested by the City and the Finance Committee.

APPLICANT SIGNATURE _____

BY _____

DATE _____

APPLICATION REVIEW WORKSHEET

TO BE COMPLETED BY CITY STAFF

1. The project meets the criteria set forth in Section IV of the Forgivable Loan Policy.

Check those which apply. Must meet first four to score 20 points. 0 points if any of the first four boxes are unchecked.

- Creates new jobs which meet the federal low to moderate income guidelines
- Increases tax base
- The project can demonstrate that investment of public dollars induces private funds
- The project provides higher wage levels to the community or will add value to current workforce skills.
- The project results in the sale and development of city owned property *(additional 100 points given)*
- Applicant has sufficient collateral *(if box isn't checked loan won't be considered)*

Subtotal Section 1 (maximum 120 points) _____

2. Consideration of Capacity. *Check those which apply. Must meet all four to score 20 points. 0 points if any boxes are unchecked.*

- Applicant included a realistic implementation /project schedule
- Applicant has the ability to administer and monitor project
- Applicant has the ability to conform to city, state and federal requirements
- Applicant has agreed to annual progress reports and submission of salary surveys for all new hires

Subtotal Section 2 (maximum 20 points) _____

3. Impact:

Points

Number of new jobs as a result of the project: _____

**Award five points per job created up to 150 points*

Ratio of loan funds to jobs created/retained

\$15,000 or less/job 80 points

\$15,001-\$24,999/job 60 points

\$25,000-\$34,999/job 40 points

\$35,000 and over/job 20 points

Increase in the local real estate tax base

>\$500,000 20 points

\$250,000 to \$500,000 15 points

<\$250,000 10 points

Immediacy of Impact

**20 points awarded if project will begin within 6 months*

Subtotal Section 3 (maximum 270 points) _____

**minimum of 60 points must come from this section in order for project to be considered*



4. Wage Level of new jobs created:

Points

Minimum hourly wage of jobs created/retained: _____

Over \$21/ hour	5 points	
\$18-21 / hour	4 points	
\$14-17 / hour	3 points	
\$11-13 / hour	2 points	
Below \$11/ hour	application disqualified	_____

5. Project size:

The project will result in the construction of _____ square feet.

80,000+	50 points	
65,000+	40 points	
50,000+	30 points	
35,000+	20 points	
25,000+	10 point	_____

Subtotal Sections 4-5 (maximum 55 points) _____

Sub - Total Points: _____ of a possible 465 points.



LMI Income Limits

I. OVERVIEW

Below is the Low and moderate income limits for Sherburne County. In order to qualify for the Forgivable Loan program as outlined above, 51% of the full-time jobs created by the project need to be filled by employees falling into the category in the table below. To calculate the income of the individual or household:

1. The Family’s entire income must be counted.
2. A family is all persons living in the same household who are related by blood, marriage, or adoption.
3. Adult children who continue to live at home should be included in the entire family’s income.
4. A dependent child who is living outside of the home but continues to be claimed by the parent(s) as a dependent on their taxes should include their parents’ income along with theirs to make up the family’s income.

<u>FY 2013 Income Limit Area</u>	<u>Median Income</u>	<u>FY 2013 Income Limit Category</u>	<u>1 person</u>	<u>2 person</u>	<u>3 Person</u>	<u>4 Person</u>	<u>5 Person</u>	<u>6 Person</u>	<u>7 Person</u>	<u>8 Person</u>
<u>Sherburne County</u>	\$82,300	Low (80%) Income Limits	\$45,100	\$51,550	\$58,000	\$64,400	\$69,600	\$74,750	\$79,900	\$85,050

Existing Conditions Analysis