

## Rebuilding the Upstate Economy, City by City

### Syracuse

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[As prepared for delivery]

Thank you all for having me here today. I'm not sure how many of you know this, but my mother earned her Masters degree at Syracuse University, which is one of the reasons I always feel honored to speak here. In fact, while she was a student here, my mother also worked at Edwards Department Store on South Salina Street downtown. And this may surprise you, looking at me, but one of her jobs there was to work as a model!

Some of you may remember that I mentioned this piece of trivia when I came here last March as a candidate for Governor to give my economic policy address on revitalizing Upstate cities. You may remember how I went on to say that the retail district around the former Edwards store was once a symbol of this city's vitality, but had become a symbol of what needed to change to bring economic activity and energy back to our downtowns.

What I want to do today is present a number of City by City projects that will jump-start the revitalization of downtown Syracuse. And while I'm going to mention them all of the specific projects later in the speech, I'm proud to say that the redevelopment of the 300 block of South Salina Street—adjacent to the former Edwards Department Store—is among these projects.

I think the symbolism here is very powerful. Each of these projects will harness the momentum and the passion that has built up in this city over the past several years—and jump-start the very same kind of growth, vitality and opportunity that attracted my parents to Syracuse nearly 60 years ago.

But before I announce these projects, let me step back and attempt to relate our effort to the larger context.

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If we look back at the history of Syracuse, it is the history of a city that, for over 200 years, has consistently *led* the nation—not followed it—into new frontiers of commerce and trade.

For instance, in the early 1800s, Syracuse was a quiet agrarian village. Then, the completion of the Erie Canal catalyzed incredible growth in the salt trade—transforming Syracuse into a thriving nexus in the commercial economy of the mid-19<sup>th</sup> century. Later in that century, when

the canal-based commercial economy declined, Syracuse made the transition to industry, developing an innovative and highly diversified manufacturing sector.

Today, the economy has undergone yet another transition.

Revolutions in technology and communications have flattened the world and ushered in a new era—the era of the highly competitive global economy. As Thomas Friedman describes in “The World is Flat” a convergence of factors over the past 10 to 15 years—including the creation of free trade networks, the rise of the Internet, the creation of integrated global supply chains, the emergence of outsourcing and even the decline of Communism—have transformed the economy as we know it. It has become global; it has become far more competitive; and innovation—particularly in high-technology sectors—has emerged as the engine that is driving job growth around the world.

This time around, however—unlike in the past—the economies of Syracuse, Central New York and Upstate as a whole have struggled to make the transition.

Consider that, since 1990, Upstate’s population has grown slower than all but two states. During that time, despite the tremendous efforts of people in this community, the population of the City of Syracuse has actually *declined*. For the first time, a generation of Upstate New Yorkers has had less economic opportunity than their parents—and many have been forced to leave for opportunity elsewhere. After 200 years of leading the nation into new frontiers of commerce and trade, Upstate has faltered.

The question is, why?

The reason wasn’t a lack of ideas, or talent, or gumption, or even a lack of resources.

What happened was a crisis of leadership. As the world transformed and moved forward, our state government stood remarkably still. They had some success working at the margins, but by and large, they failed to take the steps that were needed to reduce costs, to strengthen existing sectors, to attract new industries, and to revitalize our cities.

*That* is what New Yorkers elected me to change.

In my Inaugural Address, I said that everything we will do must further a single objective: rebuilding New York’s economy so it can make this transition and compete on the global stage in the next century.

It didn’t matter how serious the problems were. It didn’t matter how entrenched the status quo was. It didn’t matter how many people said it would be impossible to actually change anything.

We began with the proposition that, as New Yorkers, we have the ingenuity and capacity to solve any problem—and we got to work.

**Getting Results: Our Strategy for Revitalizing the Upstate Economy**

Back in January, in the State of the State, I laid out a comprehensive strategy to rebuild Upstate New York's economy so it could compete in on the global stage in the 21st century.

Our strategy is a four-legged stool: (1) reducing costs; (2) bolstering strategic industries; (3) strengthening infrastructure and (4) revitalizing cities. Today I want to briefly talk about what we have done, and what we are doing, on each of these fronts, and I want to close by presenting our City by City projects for Syracuse.

Over the past nine months, working with our partners in the Legislature, in labor, and in the business community, we have taken on issues that were said to be intractable, that were given up as impossible. And we have gotten results.

### *Reducing the Cost of Doing Business*

First, we have reduced the cost of doing business.

We brought business and labor together and reformed our workers' compensation system, allowing us to raise payments for injured workers while reducing workers' comp rates by an average of 20.5 percent—saving New York's businesses \$1.2 billion dollars.

We laid the foundation for reducing health care costs by cutting our Medicaid budget by \$1 billion dollars, reducing what had been an 8 percent annual Medicaid growth rate to less than 1 percent.

And we cut taxes. We enacted the largest property tax cuts in State history—\$1.3 billion dollars—and targeted them to the middle-class homeowners that need them most. We also cut taxes for businesses, with a special reduction for manufacturers, which continue to play such an important role in our economy.

### *Adapting to the Innovation Economy: Investing in Education and Building Strategic Industries*

Second, we have begun to adapt to the Innovation Economy by investing in education and building strategic industries

In today's economy, jobs and investment will flow where the most educated and high-skilled workers are. That's why, this year, we not only made a historic investment in our schools—increasing aid by \$1.8 billion or 10 percent—but we also delivered on our promise to establish a rigorous accountability program—the Contracts for Excellence—to ensure that this infusion of funding gets results. We know that, more than anything else, our people are our greatest resource, and we are going to raise a new generation of New Yorkers that has knowledge and skills they need to achieve economic security and compete in the Innovation Economy.

Succeeding in the Innovation Economy also demands economic development agencies that are nimble, quick and effective—because Upstate New York is now competing not only with cities in nearby regions, but with regions all over the world. That's why we established an Upstate headquarters for ESDC, led by Dan Gundersen. Under Dan, Upstate ESDC is getting results.

Over the past 8 months, they have secured pledges to create 2,900 jobs, retain 9,400 jobs, and invest \$1.45 billion in private dollars in the Upstate economy.

Another part of our strategy to adapt to the Innovation Economy involves growing strategic industries.

Upstate New York has many industry sectors that are thriving—such as higher education and environmental systems in Syracuse and Central New York; optics, imaging, advanced manufacturing and biotech in Rochester; agriculture and tourism in the Finger Lakes region; nanotechnology in the Capital Region and aerospace in the Southern Tier.

In addition to having different industry clusters, each one of these regions also has different geography, different infrastructure, different comparative advantages and disadvantages. Therefore, as we address the macro-level issues on a statewide basis—like reducing the cost of doing business—we are also complementing that statewide strategy with a focused, regional approach.

The centerpiece of our regional approach is the Regional Blueprint process. In late September and earlier this month, we held Regional Blueprint meetings around the state—bringing business leaders, economic development organizations, political leaders, and community and civic organizations together for conversations about how to strengthen strategic industries and the overall economy in each region.

These Regional Blueprint work sessions will inform our overarching economic development strategy—which will not be a one-size-fits-all approach, but one that includes policy, programmatic and budget proposals that will support each region’s unique assets and address their unique challenges.

### *Investing in Infrastructure*

The third part of our plan is to invest in the infrastructure needed to catalyze and sustain economic growth.

For one example, take energy. We are implementing a strategy called “15 x 15” to reduce electricity consumption 15 percent by 2015 so that, in the long term, we can reduce the demand for energy that is driving up costs. We also extended the Power for Jobs program, and we look forward to making that program an even more effective mechanism for attracting business to New York State.

Overall, I am proud to report that—as a result of what we have been able to achieve together—the Upstate economy is stronger and more competitive today than it was nine months ago.

### **Revitalizing Cities: Our City by City Plans**

But what I want to focus on today is the fourth pillar of our strategy: our City by City plans to revitalize our Upstate cities.

That's because our cities have been hit the hardest by our state's failure to transition to the global economy. In fact, many of our cities that once led the nation have fallen far behind. Some of our Upstate cities have lost from one-quarter to one-half of their population since 1950. And despite the heroic efforts of many committed citizens, too many of our cities are still struggling to attract investment.

At the same time, however, we must also recognize that as much as our Upstate cities have struggled in the global economy, they have an equally tremendous opportunity to thrive. Our Upstate cities have outstanding assets, including a skilled workforce; a robust infrastructure that can support growth; a low cost of living; great cultural institutions; and many strong colleges and universities. And, most of all, our Upstate cities have an eminently important factor that can't be quantified—a strong sense of community and a high quality of life.

The purpose of our City by City projects is to harness the potential of these competitive advantages by building the infrastructure, and making the strategic investments, that are necessary to create and sustain real economic growth.

The leaders of Syracuse have already built an incredible amount of momentum over the last several years. The City and the private sector have transformed Armory Square and Franklin Square into vibrant urban neighborhoods. Robert Congel has embarked on an 800,000-square-foot expansion of the Carousel Center to solidify its position as a leading retail destination, and we all look forward to the later development of Destiny USA. Nancy Cantor has led the university in laying out the vision for the Connective Corridor, which would link the university with emerging neighborhoods downtown.

Our City by City projects will build upon this momentum by making critical investments in order to jump-start priority projects.

This doesn't mean that we will not support other projects. It simply means that we have identified certain projects that we will approach differently than the state has in the past. State agencies will focus their efforts on these projects—and they will work with one another, and with stakeholders on the local level, to keep these projects moving forward and ensure they get done. So now, let me present our City by City projects for Syracuse.

### Priority Projects for Syracuse

#### *Connective Corridor*

The first project I want to discuss is the Connective Corridor. As all of you know, the vision for the Corridor is to re-establish the organic connection between SU and downtown that was severed by the construction of Interstate 81. The Connective Corridor has been hailed all across the country as a visionary project and an outstanding example of a leading university making a mutually beneficial investment in its community.

Today, I'm proud to announce that the State will provide \$10 million in funding that will jump-start this project. I also want to thank Speaker Sheldon Silver, Assemblyman Bill Magnarelli, and the entire Central New York Assembly delegation for making this a priority and providing an additional \$10 million toward this project. So, in total, we will be committing \$20 million for design and the initial phase of construction on the Connective Corridor project.

This funding will go a long way toward leveraging other public- and private-sector funding for future phases of the Corridor. We will seek to secure funding for this, and additional phases of the project, in future capital budgets.

In summary, Chancellor Cantor's vision for the Connective Corridor is becoming a reality—and with this funding, we will be ready to begin re-establishing that important economic and symbolic link between city and campus.

#### *Near West Side Initiative*

Our second investment will jump-start the revitalization of the Near West Side, which is at the far western end of the Connective Corridor.

Our vision for the Near West Side is to make it a community for creative people. Existing warehouses and commercial buildings will be renovated into living spaces and workplaces for artists, designers, technologists and innovators. Even the buildings themselves will be showcases for innovative technology: state-of-the-art environmental systems that are being developed by the Center for Excellence in Environmental and Energy Systems, a research center being built downtown that is itself already stimulating investment and economic growth.

Today I am proud to announce that the State will provide \$2 million in funding to help make this project a reality.

#### *300 Block of South Salina Street*

Our third project is the revitalization of the 300 block of South Salina Street—an area that was once the retail heart of the city, as I mentioned a moment ago.

This project is incredibly important—not only because physically it is positioned right at the center of downtown, but because symbolically, the decline of this retail neighborhood represented, for many people, the decline of the city as a whole.

Our project concerns four prominent buildings totaling 130,000 square feet at the corner of South Salina and Fayette Streets. The challenge we faced is that these structures are not at all compatible with modern uses—everything from the size of their floor plates to the nature of their wiring systems renders them uncompetitive for investment.

These properties have already been acquired by the Metropolitan Development Association. The State will provide \$3 million in gap funding for remediation and renovation of these structures that will make them immediately competitive for investment. After renovations, these buildings

will be able to support more than 70 residential units and 25,000 square feet of retail space in the heart of downtown.

These investments are necessary because they will push private-sector investment in the rest of the block and, in time, return a once-great stretch of South Salina to its former glory.

#### 438 North Franklin Street

Fourth, we are going to provide the gap funding necessary to begin work on the last major piece of the revitalization of Franklin Square, marking a new stage in its transformation from a district of abandoned warehouses into a vibrant urban neighborhood.

The Sutherland Group and Franklin Properties have acquired the last vacant building in the area: 438 North Franklin Street. The State will provide \$2 million in gap funding for the demolition of this structure and the construction of a new 5-story building that will not only have 36 residential units, but also 12,000 square feet of retail space to serve the residents of Franklin Square.

Let me say for a moment that, as I list these projects, I think it's important to look at the ways they all fit together. For instance, bringing more people downtown living at Franklin Square will increase the demand for retail and other business activity in the rest of downtown—including the 300 block of South Salina Street, which I mentioned a moment ago. These are not discrete efforts; rather, they are parts of a unified vision for the future of downtown.

#### Convention Center District Parking Facility

Our fifth project is a critically important infrastructure project for downtown Syracuse. It focuses on the Convention Center District, which has seen a great deal of development interest in recent months—between the redevelopment of the Hotel Syracuse, Westin's announcement that it would construct a new hotel on West Harrison Street, the redevelopment of the Harrison-Townsend towers, and the Connective Corridor.

However, the realization of these projects, and the future growth potential of this neighborhood, is limited by a serious shortage of parking. Therefore, I am announcing today that we will provide \$2.5 million for the construction of a parking facility in the Convention Center district.

This may not seem quite as flashy as some of the other projects, but the fact is that we're not committed to only doing the flashy projects—we're committed to building the infrastructure necessary for growth. This facility will support the many exciting projects that are taking place in the Convention Center district and enable them to reach their full economic potential.

So those are our five City by City projects for Syracuse. As I mentioned, they are not five discrete projects that will go forward in isolation. They are five projects that, together, will help transform downtown Syracuse into the vibrant area that it can and should be.

#### Potsdam: Clarkson Downtown Campus Business Incubator

Sixth, and finally, I want to announce an important project in the North Country.

Last week, I visited Plattsburgh to talk about our vision for the eastern part of the North Country, but we are equally focused on the needs of the western counties.

In the town of Potsdam, there is a great demand for incubator space for small, growing businesses. Therefore, we will provide \$2.2 million—including \$1.9 million from an existing commitment—for the renovation of Peyton Hall, a vacant building on Clarkson’s downtown campus, into a mixed-use facility that includes incubator space for emerging businesses. This project will allow us to simultaneously redevelop a vacant building downtown and facilitate the growth of emerging companies in St. Lawrence County.

I also want to mention that over the past 10 months, my administration has established a strong working relationship with Fort Drum. Not only is our support for Fort Drum a high priority, we are doing everything we can to attract and support an additional brigade at that facility. At the same time, we will work just as hard to put in place the housing and transportation infrastructure that can support this growth and maintain a high quality of life in the surrounding communities.

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Let me close with a final point.

Back in September, in Cortland, my wife, Silda, organized the “I Live New York” Summit, which brought together hundreds of New Yorkers from a variety of fields to talk about how we can keep the next generation here.

In her opening remarks at the Summit, Silda said something that stuck with me. She said, “It is time to shift from deficit to surplus thinking. It is time to focus in each region on what our assets are and what our potential for opportunity is. New settlers want a place that believes in itself, one that offers hope and promise. So we in New York have to undergo a real mind shift.”

At this summit—and in cities, suburbs, small towns and rural areas across Upstate New York—one can sense a genuine optimism emerging about the future.

Here in Syracuse, we were once the birthplace of great innovations and great industries. Making the transition to the global economy will not be easy. But we have the ingenuity and the capacity to make it happen once again. That’s because transcending adversity is part of the New York character.

Syracuse is a great city. Indeed, we have been through a difficult time. But we have embraced the future, and we are prepared to confront the challenges of a changing economy.

We have done it before. Together, we are doing it once again. And I am confident that our best days are still ahead.

Thank you.

