

Rebuilding the Upstate Economy, City by City

Utica and Rome

**Reach Building
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[As prepared for delivery]

Today I want to present our City by City projects for Utica and Rome. But first, let me step back and attempt to relate our effort to the larger context in which we find ourselves.

Utica and Rome are separate cities that have unique identities, unique cultures and unique economies. But both cities have an important thing in common. Throughout their history, they have led the world—not followed it—into new frontiers of commerce and trade.

For instance, over 200 years ago, it was in Rome that the first earth was shoveled for the construction of the Erie Canal. French engineers said it would take 40 years to build the canal. Americans built it in seven. As a result, Rome was quickly transformed from an agrarian village into a thriving transportation center.

When the canal trade peaked and began to decline later in the 19th century, Rome made the transition into manufacturing, developing one of the most robust and diversified manufacturing economies of any Upstate city.

By the mid-20th century, Rome's manufacturing sector had declined as well. But Rome made the transition yet again, developing a technology-based economy centered around the former Griffiss Air Force Base, now the Griffiss Business and Technology Park. The Rome Laboratory within the base became renowned for its path-breaking research. For instance, in 1960, scientists in Rome transmitted the first radio signal sent by a communications satellite. Those who were stationed here, and those who worked here, played a leading role in the winning of the Cold War.

Utica has its own history, but the histories of the cities are similar in the sense that at every economic transition point they faced, they successfully transformed and moved forward—in Utica's case, from an agricultural economy, to canal-based commerce, to textile manufacturing and then to heavy industry. At each of these pivot points, the public sector primed the pump for growth, and then the private sector took over.

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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.

However, this time around—unlike in the past—Upstate New York’s economy has struggled to make the transition.

Consider that, since 1990, Upstate’s population has grown slower than all but two states. During that time, the population right here in Utica and Rome has actually *declined*. For the first time, a generation of Upstate New Yorkers has 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 Rome and Utica.

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 Bolstering Strategic Industries

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

In the Innovation 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 Gunderson. 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 environmental systems and higher education 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. And right here in the Mohawk Valley, we have strong and growing sectors in financial services and insurance; medical and informational technologies; and metals industries that serve a variety of aviation and aerospace companies.

Yet, 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 up to half 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.

They have outstanding assets, including a skilled workforce; a robust infrastructure that can support growth; a relatively affordable 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 an excellent quality of life.

But each of our Upstate cities also has a deep well of potential that remains untapped because key projects have been stalled.

The purpose of our City by City Plans is to break this gridlock by establishing priorities—by clearly identifying the pivotal projects in each city and then providing the leadership, the funding, and the will to get them done.

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. Each state agency will focus their efforts on these projects—working with one another and with stakeholders on the local level to keep projects moving forward and ensure they get done.

Starting last week, I began traveling to each Upstate city to discuss our City by City projects. Let me now present our first City by City projects for Rome and Utica.

Priority Projects for Rome and Utica

Downtown Revitalization in Rome: The REACH Micro-Enterprise Center

Here in Rome, many good things are already happening. Thanks to the tremendous efforts of this entire community—the City of Rome, the Rome Area Chamber of Commerce, the Mohawk Valley Chamber of Commerce, Mohawk Valley EDGE and our own Empire State Development—Griffiss Business and Technology Park has thrived.

More than 60 companies have relocated to the park, and they now employ 4,200 people. These are some of the most cutting-edge and fastest-growing companies in the state. For instance, Assured Information Security—a company that develops new and revolutionary computer network security technology—was just named by Inc. Magazine as one of the 500 fastest growing companies in America.

However, despite these success stories, the City of Rome itself has not recovered as well as the base has.

Our task for Rome must be not only to attract businesses here by reducing costs and strengthening infrastructure on the statewide level; it must be to capitalize on that momentum for the revitalization of the city itself.

In nearly every city in Upstate New York, there is a paradox. On one hand, there are vacant buildings and a need to create energy in the urban core. On the other hand, among small firms and artists, there is a real demand for incubator space. This is true in Rome as well. Therefore, our first project involves the creation of an incubator facility for businesses and artists in downtown Rome.

A few years ago, the non-profit group Rome Up & Running began working hard to raise funds to convert a large vacant building downtown into the REACH Micro-Enterprise Center. Today, I am proud to announce that the State will provide \$400,000 in gap funding that will allow this project to become a reality. As a result, a once-vacant building on West Dominick Street will be transformed into a vibrant facility that will have incubator space for 12 start-up or expanding micro-enterprises; four retail stores with a shared lobby; conference space and classrooms, and a black box theater.

This project will infuse a great deal of life into downtown Rome, and serve as the nexus for an emerging arts district downtown—which, in time, will help attract investment and economic growth back into the city.

Downtown Revitalization in Utica: The Harza Building

Our goal for revitalizing downtown Utica is similar: to make strategic investments at key locations in order to create an environment where growth can occur organically. One such location is the Harza Building, a large historic building right at the heart of downtown—almost directly across the street from the revitalized Hotel Utica and just two blocks from the new Utica National Insurance building.

Currently, the Harza Building is only 25 percent occupied and is sorely in need of structural improvements to make it marketable. Today, I am proud to announce that we are going to provide \$1 million in funding for a renovation of the building. This funding will transform the Harza Building from an outmoded structure that is an obstacle to growth into a competitive building that is a catalyst for growth, right on Genesee Street in the heart of downtown Utica.

Other Projects

On top of this new funding, I also want to mention that we are fulfilling two commitments that were made by the previous Administration but that have not yet moved forward.

First, we will provide \$2 million towards the construction of a new parking garage that will serve downtown—including the companies that will locate in the Harza Building. Officials in Utica have consistently said that downtown parking is a priority, and now that project is going to move forward.

Second, we will provide \$3 million to further economic revitalization efforts on the Utica campus of the Mohawk Valley Psychiatric Center. This funding will be used to assist with the demolition of the Brigham Building and Dunham Hall—two large abandoned buildings on the campus—creating a shovel-ready site for major economic development in the City of Utica.

These are our City by City projects for Rome and Utica. Taken together, they will prime the pump for increased private-sector investment, leading to job creation and revitalization in these two great cities.

Of course, these are just the first of our City by City projects for this region. In time, there will be more. Both my office and ESDC will continue to be closely involved with developing the Marcy NanoCenter, the Griffiss Business and Technology Park, and the Mohawk Valley's other outstanding regional assets.

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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 Utica and Rome, 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.

Utica and Rome are great cities. We have been through a difficult time. But we have embraced the future—and we are ready to confront the challenges of a changing economy. We have done it before, and I am confident that we can—indeed, that we will—do it once again.

Thank you.