

Broome
County
Plan for
Sustainable
Economic
Development



ASSESSMENT FIVE

STRENGTHS & WEAKNESSES
OPPORTUNITIES & THREATS

May 2002



THE BROOME COUNTY PLAN FOR SUSTAINABLE ECONOMIC DEVELOPMENT

SWOT ASSESSMENT

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AngelouEconomics (AE) is pleased to present the Steering Committee of the Broome County Plan for Sustainable Economic Development (the BC Plan) with this **SWOT Assessment**. This document is one of several analytical documents leading to specific recommendations for marketing and implementation strategies for Broome County.

This report provides an inventory of Broome County's strengths and weaknesses and assesses the degree to which they support future economic development. This report is based on significant input collected at the local level during focus groups, industry interviews, and discussions with staff. Previous analytical documents also guide many of the conclusions and recommendations presented here.

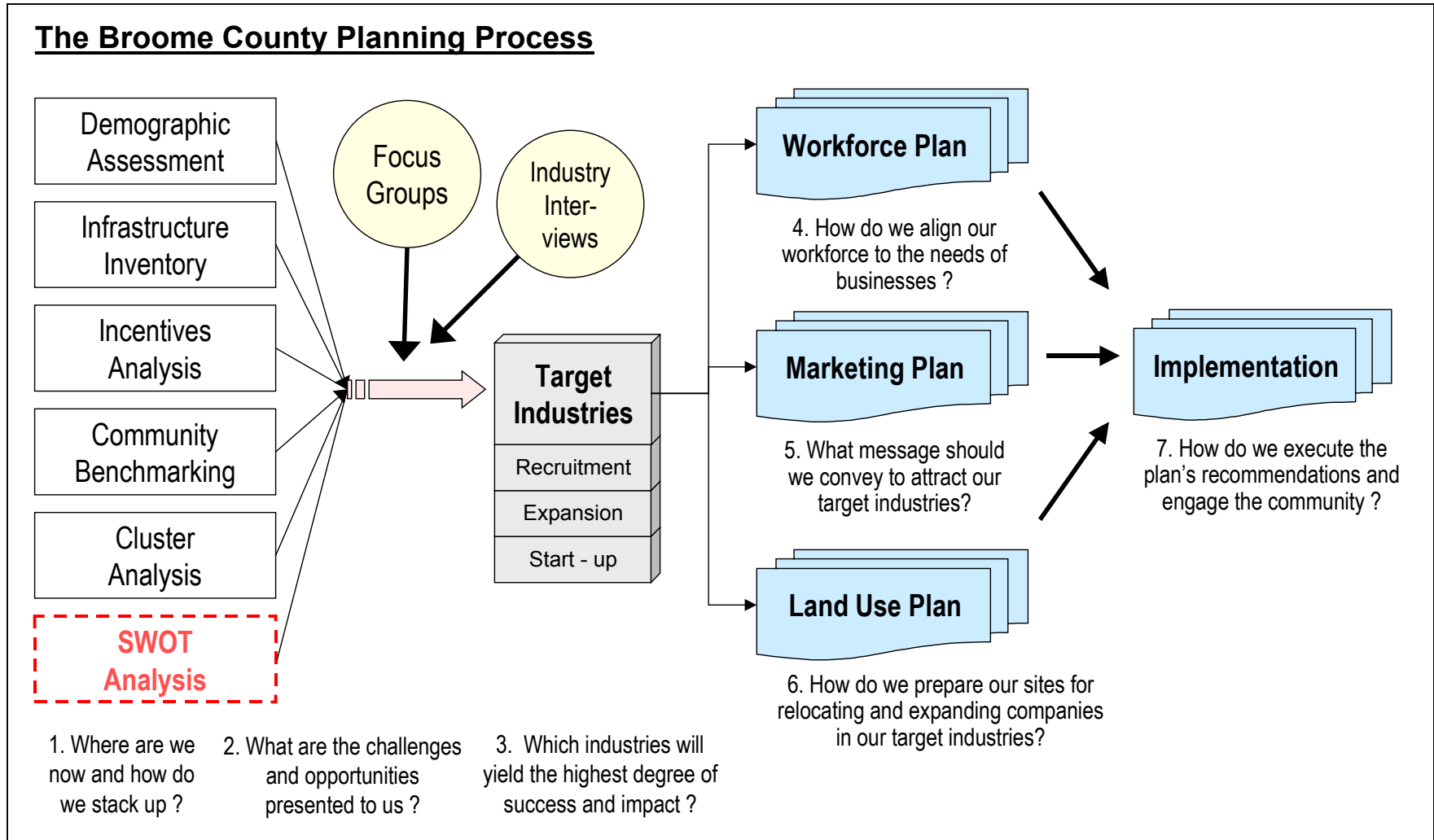
All BC Plan reports, as well as much of the additional research underlying them, will be made available online at www.theBCplan.com. Thank you for your interest in the BC Plan.



Angelos Angelou, Principal
AngelouEconomics

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Report Format

This report examines six critical areas of Broome County:

- Economic Base / Clusters
- Workforce & Education
- Infrastructure
- Business Climate & Incentives
- Quality of Life
- Economic Development Efforts

Our intent is to draw general observations made by the community, its leaders, and the consultant team based on each group's unique experience and knowledge of local conditions. We focus on those points that will influence location and expansion decisions of businesses and their site selection consultants, including their ability to attract and retain a qualified workforce. We do not intend this SWOT report to be all-inclusive. Rather, we seek to focus on those areas that will have direct impact on the marketing and implementation recommendations (land use, workforce).

We characterize our "SWOT" in these terms:

Strengths (Positive, Internal): Positive attributes currently present in Broome County, particularly in comparison to competitors and the U.S.

Weaknesses (Negative, Internal): Local issues or characteristics that limit the current or future growth opportunities for Broome County

Opportunities (Positive, External): Areas where Broome County can remedy its weaknesses (learning from others, state-level assistance, global change, aggressive marketing, targeted investment, etc.)

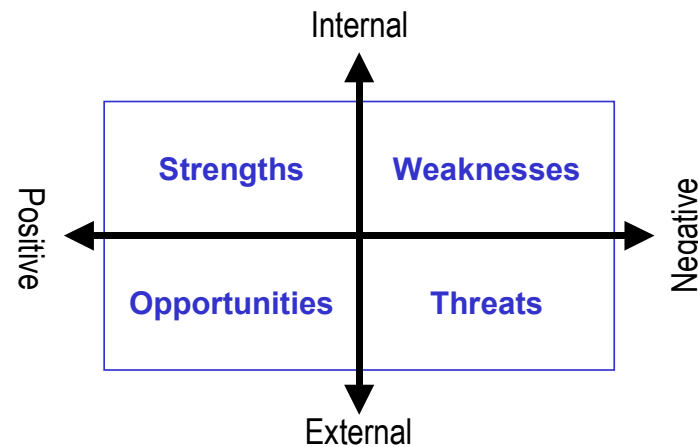
Threats (Negative, External): Trends that threaten Broome County's future and attractiveness to new industry, from local weaknesses or global threats

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A useful and effective SWOT analysis does not necessarily require a clear distinction between Strengths and Opportunities, or Weaknesses or Threats. Rather, we examine characteristics and trends that can either be 1) a foundation for an external marketing campaign or 2) a “rallying cry” to local institutions and leadership for improving Broome County’s assets.

SWOT Diagram:



The findings presented in this report reflect the collective effort and input of several local organizations: the Broome County Planning Department, the Broome County Industrial Development Agency, the Broome County Chamber, Partnership 2000, the Economic Development Council of the Southern Tier, the Broome-Tioga Workforce Board, Binghamton University, NYSEG, local industry, and various community organizations. We thank them again for their time and commitment to this project.

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Summary of Findings

Economic Base / Clusters

Broome County enjoys a long economic history in technology and manufacturing. With several large “marquee” employers, Broome County has benefited from globalization, but is currently challenged due to changing structures in the U.S. manufacturing base. Despite being the hometown location for one of the world’s most successful technology firms – IBM, the area does not enjoy a thriving entrepreneurial sector. The lack of economic growth in Broome County can be largely attributed to the lack of startup and spinoff activity of its traditional sectors. Binghamton University and its 12,000 students are a strong asset, but students leave when they graduate and little commercialization of research occurs. Broome County similarly enjoys advantages and disadvantages with respect to its location: The region is close to a large population and economic centers in the northeastern U.S., but as such, also suffers from a high cost of doing business and high personal income tax rates relative to the U.S.

The County must take action to reverse these negative trends. New growth industries should be pursued, and greater coordination within the community must support entrepreneurship and University research programs. To Broome County’s benefit, the State of New York is now more aggressively promoting economic growth through incentives and reduced tax rates. The region must increase the integration of its own economy with that of the state, and begin a nationwide marketing campaign to let the world know that Broome County is “open for business.” Broome County must set aside region’s economic history and invest in the businesses of the future.

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Business Climate & Incentives

While Broome County and the northeastern U.S. has historically suffered from a high cost of doing business and high tax rates, Broome County does have an aggressive incentive program that ensures that the region will remain cost competitive. Low-cost financing is also available for relocating companies, and the State of New York has offered Broome County its financial assistance. Business parks in Broome County have successfully supported local industry, but are now reaching build-out. And for those employers seeking existing facilities, several high quality buildings are currently available for occupancy at low cost.

The region's lagging economy is not due to its cost structures. Firms continue to choose to expand or relocate in Broome County, though usually with financial assistance. Infrastructure capacities, aging workforce, environmental issues, and lack of urban amenities have together "tipped" the site selection scale against Broome County and will limit the region's attractiveness to new businesses unless remedied.

Infrastructure

Broome County is well-served by its electricity and gas supplier(s), but has suffered a slow decline in the quality and capacities of its wastewater infrastructure. Water is well-supplied in the region and is pulled primarily from abundant underground water sources. Developable land availability in the county is problematic: most industrial parks are full or nearing completion and most undeveloped sites lack some level of infrastructure or have some other limitations. The lack of "shovel-ready" sites will make economic development recruitment more difficult, but not impossible. Transportation infrastructure is good to excellent. The region is well-served by highways connecting Broome County to economic centers in New York and Pennsylvania, and is a few hours' drive to economic centers in New England, southeastern Canada, and the Midwestern U.S. Broome County enjoys a regional airport, but service is infrequent and often expensive. Additional air service can also be found at regional airports in nearby Syracuse and other surrounding communities.

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Infrastructure is currently viewed as a significant barrier to future development. Investments in wastewater capacity are critical to the region's long-term growth prospects. In addition, the unoccupied "capital stock" of buildings and land require additional investments in environmental remediation or reconfiguration. Redevelopment needs are real and must be part of a carefully crafted plan. Consolidation of water and wastewater utilities should continue to be considered as a way to add new efficiencies and ensure "smart" investments that will benefit the entire region in the long-run.

Workforce & Education

The Broome County workforce is rich in its skills diversity and history of entrepreneurship. With the county's base of large technology employers, local workers are highly trained and skilled in many technical areas that will be attractive to relocating employers. The challenge confronting local leaders is to leverage this talent base and create the opportunities locally that will stem the outflow of workers from the region.

In the *Community Assessment* completed in early February, the project team identified major trends affecting the workforce: lack of job creation within the region, outmigration of young workers and graduates, low average wage growth, declining birth rates, and an aging population. The region's educational system is strong and Binghamton University has a large student population, but much of the county's new workers choose to leave the region for opportunities elsewhere. Public input has also focused on the region's quality of life, which is too geared toward older, mid-management workers and does little to attract or retain a pool of young workers. Without intervention, the aging trend will perpetuate, limiting the region's opportunities for entrepreneurship, as a majority of start-up businesses are founded by individuals in the 25-45 age bracket.

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The challenges facing Broome County's workforce are further magnified by external forces: the increased aggressive marketing of communities throughout the U.S.; cost advantages of competitor regions; decreasing involvement in workforce issues by the federal government; and further disparity in old/young population between the north and south.

With the development of a targeted marketing strategy, Broome County will take the first step in creating local opportunities for its workers. Additional initiatives may involve Binghamton University, young professional associations, entrepreneurship support networks, and quality of life improvements.

Quality of Life

Broome County residents are proud of their quality, family-oriented community and rejoice in the many amenities the region offers: golf, baseball, and outdoor recreation. The public school system generally ranks very high, and good health care is available. Housing costs are relatively low, but the area lacks mid-priced homes and quality apartment projects. Overall, the community struggles to maintain its strong sense of pride: the cities are looking run-down and social activities are limited. The community leadership has struggled to serve the needs of its current residents, while also considering the desires of future residents. Lack of population growth and the outflow of university graduates has led to a low degree of ethnic diversity, further limiting the region's attractiveness to new companies and entrepreneurs.

Broome County must make every effort to re-energize the community. Creating new opportunities for recreation, social life, and rejuvenating downtown centers will certainly help. The community must preserve and respect its history, while still keeping a keen eye on the needs and desires of future residents. Binghamton University students are an underutilized asset for the community and should be better integrated with downtown Binghamton and its business community. Real estate developers must also be the targets of a marketing campaign, as several pockets of the housing stock need revitalization and new projects could be supported. Overall, the community must cater to and invest in the entrepreneurial segment of its population: students and young families must be empowered to participate.

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Economic Development Efforts

Broome County has a dedicated leadership of economic development, workforce, and planning professionals. A declining economy poses a unique set of problems to the region's leadership: minimizing damage while also creating new opportunities. Most regions focus their economic development professionals on the latter, particularly in the area of corporate marketing and recruitment. While several organizations in Broome County participate in these activities, no single entity is primarily focused on this important task. Consolidation of economic development does not necessarily have to occur within Broome County – but consolidation of the marketing message and community image must occur. External marketing must receive the full support of government leadership and the business community, and realistic expectations for those efforts must be set. Broome County also must leverage every area of assistance from New York State that is available.

The *Broome County Plan for Sustainable Economic Development* will serve as the successful completion of the first of several steps along the region's path to recovery.

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Economic Base / Clusters

Strengths	Weaknesses
<ul style="list-style-type: none"> • History of technology companies • Strong technology manufacturing base • "Marquee" employers: IBM and Lockheed • Several food processing firms that access large NE market • Binghamton University research programs 	<ul style="list-style-type: none"> • Technology sector dominated by a few large firms • Negative job growth • BU has limited commercialization of research • Lack of support infrastructure for entrepreneurs and startups
Opportunities	Threats
<ul style="list-style-type: none"> • Global technology industry will return to growth phase • Foster entrepreneurship • Shed image of being a "branch plant city" • Health services will continue to grow nationally due to aging population • Biotechnology industry still in infancy • Penetration of telecommunications technologies will continue • Possible funding of \$35 million biotech lab at BU • New York state has strong base in technology • Explore creation of technology incubators 	<ul style="list-style-type: none"> • U.S. technology manufacturing industry accelerates its relocation overseas • Economic growth in other parts of the U.S. tend to attract development from the northeast

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Business Climate & Incentives

Strengths	Weaknesses
<ul style="list-style-type: none"> • Property tax abatements are available • Aggressive financing is available from the Broome County Industrial Development Agency • Wages are competitive • Availability of low-cost buildings • Broome County does not lack the incentives required to recruit industry • Successful industrial parks 	<ul style="list-style-type: none"> • Lack of economic development • Marketing of incentives is lacking • High corporate tax burden relative to U.S. • High income tax burden is placed on employees, which cannot be abated or controlled at the local level • Lack of venture capital in the community • High energy costs
Opportunities	Threats
<ul style="list-style-type: none"> • Leverage incentives to assist existing employers • Emphasize high-value added jobs in incentives policy • Create entrepreneurship support structures • Explore the benefits in demolishing unusable or hazardous buildings to clear room for new development • Layoffs provide a large talent base 	<ul style="list-style-type: none"> • Aggressive incentives from competing regions • Large number of distressed areas in New York may limit the attention Broome County gets from the State • Additional layoffs at large employers • Manufacturing base moving offshore

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Infrastructure

Strengths	Weaknesses
<ul style="list-style-type: none"> • Good highways and roadways • Located close to large population centers • Well-served by electric provider, with adequate transmission and generation capacity for future needs • Gas is available to most locations • Good rail service • Close to several regional airports (Scranton, Albany Elmira-Corning, and Ithaca) • High-speed Internet access and network services are available from Verizon and TimeWarner • Plentiful supply of water 	<ul style="list-style-type: none"> • Region lacks adequate wastewater capacity and cannot handle future growth • Pricing of electricity is high relative to the southern U.S., but economic development rates are available • Region lacks "shovel-ready" sites • Few large contiguous tracts of land are available for development • Current industrial parks are reaching build-out • Air service is available, but can be expensive and infrequent • Airport is difficult to access and offers few surrounding development opportunities
Opportunities	Threats
<ul style="list-style-type: none"> • Binghamton-Johnson City wastewater treatment plant undergoing improvements • Better leverage Broome County's accessibility to urban centers in the northeastern U.S. (NYC) • Telecommunications infrastructure may support the growth of back office operations in Broome County • NYSEG is aggressively marketing to new industry and offers competitive rates to target customers • Improved county-wide management of wastewater 	<ul style="list-style-type: none"> • Fragmented political environment limits the speed of necessary improvements in infrastructure • Difficult to fund costly infrastructure • Broome County's leadership position in air passenger traffic not guaranteed • Air service may be further reduced due to more cost-cutting

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Workforce & Education

Strengths	Weaknesses
<ul style="list-style-type: none"> • Highly dedicated with a strong work ethic • Good technical skills • Low union activity • Easier to recruit mid- and senior-management • History of technology innovation and entrepreneurship • Binghamton University is high quality and good value • Broome Community College is a great asset with strong graduates in technical fields • Large student population • Strong public school system • Large pool of workers in northeastern U.S. from which to recruit 	<ul style="list-style-type: none"> • Difficulty recruiting and retaining younger workers • Most university students leave after graduation • Poor integration of new young hires into the community • Few spinoffs from large employers by entrepreneurs • Lack of ethnic diversity • Low involvement of BU in community and economic development • Small co-op program for BU students with local employers • Branch plant town dependent on outside employers
Opportunities	Threats
<ul style="list-style-type: none"> • Target industries that require technical workers • Make workforce a primary selling point to relocating companies • Bolster entrepreneurship in Broome County and explore the creation of incubators • Involve younger workforce in community leadership • Improve communication between students (college and secondary) and local employers • Improve coordination between educational institutions (BU and BCC) and the business community • Enhance quality of life and beautify areas that will help attract and retain young workers 	<ul style="list-style-type: none"> • Continued outflow of manufacturing jobs to overseas • Additional job losses at major employers • Shrinking federal funding available for worker retraining • Aggressive marketing by competitor communities • Continued aging population in Broome County • Better career opportunities in other metros in NE US • Slow expected job growth in northeastern US • High tax burden on workers

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Quality of Life

Strengths	Weaknesses
<ul style="list-style-type: none"> • Family-oriented community • Good public school system • Short commutes and lack of traffic ("convenient to everything") • Towns have long history • Active local sports leagues • Downtown arena and baseball stadium • Variety of recreation opportunities (good golf) • Low cost of housing • High quality health care available • Natural beauty and outdoor recreation 	<ul style="list-style-type: none"> • Urban areas are looking run-down, particularly Binghamton's downtown • Vacancies in downtown areas • Little ethnic diversity • Lack of good multifamily projects • Lack of mid-priced homes for younger workers • Lack of nightlife for non-students • Lack of community pride • Lack of private sector leadership in community • Climate
Opportunities	Threats
<ul style="list-style-type: none"> • Create even more outdoor options (hike/bike) • Improve the downtown districts as mixed-use • Develop indoor sporting venues that could attract people from throughout the northeastern US • Beautify the community; emphasize its gateways in/out of city and downtown • Re-energize the community spirit • Offer more downtown events • Boost downtown housing opportunities, particularly for students and young professionals • Preserve and utilize historic and unique buildings in downtown Binghamton and surrounding sites 	<ul style="list-style-type: none"> • Lack of entertainment and cultural activities for young population makes region unattractive • Housing developers look for high-growth markets in which to invest • Continued decay of vacated sites • Environment remediation required for site conversion

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Economic Development Efforts

Strengths	Weaknesses
<ul style="list-style-type: none"> • Dedicated leadership • Support from the State of New York and NYSEG in recruiting projects • Broome County Industrial Development Agency • Ability to offer competitive financing to projects • Incentives are available and are competitive nationally • Availability of buildings with infrastructure • Strong base in technology from which to create a targeted marketing strategy 	<ul style="list-style-type: none"> • Sustained employment decline has fragmented the community's vision for economic development • Little external marketing of the region exists • No single entity is tasked with economic development marketing • Lack of new leadership in the community • Organizations lack adequate support of the business community • No targeting of marketing or incentives • Negative attitude in the community • Fragmented local political environment
Opportunities	Threats
<ul style="list-style-type: none"> • New York State taking more aggressive stance towards economic development at the local level • Broome County can boost its recruitment prospects through effective target marketing • Enhancements to the downtown will improve the region's attractiveness to local workers and future employers 	<ul style="list-style-type: none"> • Aggressive marketing by competitors could leave Broome County behind • Lack of coordination among various city/county e.d. organizations • Apathy by business community toward existing economic development organizations • Unrealistic expectations set on new economic development efforts