



GOVERNOR ANDREW M. CUOMO – THE BUFFALO BILLION EFFECT

Overview

In Governor Andrew M. Cuomo’s bold, new statewide economic development paradigm, launched in 2011, diverse members of the Western New York Regional Economic Development Council (formed by the Governor along with nine other REDCs across the state), representing the private sector, community leaders, philanthropic organizations, academia and government, identified the Buffalo/Western New York region’s core strengths and assets and recommended how the Buffalo Billion could be best applied to various projects within that model.

As a result, the Buffalo Billion Investment Development Plan (BBIDP) was published in 2013 based on *A Strategy for Prosperity*, the Western New York Regional Economic Development Council’s 2011 Strategic Plan (WNYREDC Plan), which won one of four “Best Plan” awards. The BBIDP focused on three sector strategies (advanced manufacturing, health & life sciences and tourism) and three core strategies (entrepreneurship, workforce and smart growth). Within each of the strategies, signature initiatives were developed – all catalytic, transformative projects that would leverage the region’s assets and ultimately move the needle for Buffalo and WNY. The majority of these Buffalo Billion projects are not direct investments to individual companies, but are strategic investments in state assets that will ultimately attract private investment.

The planning also included extensive research on best practices and national/international models for all of the initiatives. The team engaged resources such as the Albany, NY-based College of Nanoscale Science and Engineering (CNSE), to build on the successful “hub” model that had been previously employed in Albany; and EWI, to conduct research with the manufacturers in WNY and develop a sustainable plan for the then planned and now opened Advanced Manufacturing Institute.

Strategic Hubs

As a result and through direct Buffalo Billion funding, three strategic hubs have been created in Buffalo:

- **Buffalo High Tech Manufacturing Innovation Hub at RiverBend**
SolarCity - \$500 million Buffalo Billion investment (with an additional \$250 million from other state sources); \$5 billion SolarCity investment in combined capital, operational expenses and other costs in the state during the 10-year period following full production.; creating 3,000 jobs in Buffalo and 2,000 statewide; the state will own the 1.2 million sf solar panel manufacturing facility – the largest in the Western Hemisphere – and the \$400 million worth of equipment from the Billion investment that will go into the building; SolarCity will pay for any additional equipment above that threshold.

Governor Cuomo announced the SolarCity manufacturing facility in November 2013 and broke ground on September 23, 2014.

SolarCity CEO Lyndon Rive said: "Governor Cuomo shares our view that the United States can return to its place atop the world in advanced technology manufacturing. Thanks to the Governor's leadership, we will be able to quintuple the output capacity and economic impact of Silevo's original commitment. I couldn't be more excited to partner with the state to make Western New York a global capital for clean energy development."

In 2014 SolarCity, the nation's largest solar service provider, acquired Silevo, a company that had previously put a deal in place with the State of New York to locate a solar manufacturing facility in Buffalo. SolarCity honored Silevo's commitment to keep the facility there and worked with the state to increase the capacity from 200WM to 1 GW.

SolarCity anticipates that the manufacturing facility will be completed and ready to commence operations in the first quarter of 2016, pending unforeseen delays such as construction and/or engineering issues or work stoppages and/or labor disruptions, weather, natural disasters, etc. Buffalo-based LPCiminelli is overseeing the project's construction management.

As of August 2015, 75% of the "core and shell" of the future solar panel manufacturing facility is complete, which represents approximately 1/3 of the building's overall construction. There are approximately 400 construction workers currently on the project and it is expected that around 1,500 construction workers will be on the job by this fall, when the facility's interior build out will commence in earnest.

- **Buffalo Medical Innovation and Commercialization Hub at Buffalo Niagara Medical Campus**

Albany Molecular Research Inc. – \$50 million Buffalo Billion investment, leveraging \$200 million in private investment and creating 250 new jobs in pharma-related research and development.

Key recent milestones/announcements:

June 1, 2015

AMRI announces collaborative, three-year agreement with **HarkerBIO**, a Buffalo-based start-up company, to jointly market their services to international pharmaceutical and biotech firms.

Under the agreement, AMRI gains access to HarkerBIO technology that helps companies better understand the three-dimensional structures of diseases, while HarkerBIO's customers benefit from AMRI's global reach and its integrated drug-discovery platforms. Financial terms of the agreement were not disclosed.

HarkerBIO was founded in 2014 and grew out of technology developed at the Hauptman-Woodward Medical Research Institute, where the company is located on the Buffalo Niagara Medical Campus. HarkerBIO is collaborating with the University at Buffalo's Center for Computational Research and, as part of **its participation in the Start-Up NY program**, would add five jobs, doubling its workforce, and invest \$500,000 in its new facility.

June 17, 2015

AMRI and **PerkinElmer Inc.** announce strategic collaboration at the Buffalo Medical Innovation and Commercialization Hub.

AMRI, the drug discovery company and the hub's anchor tenant, has moved employees to its space on the seventh floor of the new Conventus medical research and office building on the Medical Campus (AMRI committed to hiring 75 employees in Buffalo). PerkinElmer likely will bring 10 employees initially to Buffalo to work with AMRI in the Conventus space, and could employ as many as 75 workers on site as the project grows.

AMRI, a publicly traded company headquartered in Albany, works on a contract basis to help companies and scientists take promising drug therapies from the lab to the clinical-trial stage, in addition to developing its own intellectual property. The company has 1,300 employees and is best known for developing the active ingredient in the allergy medication Allegra.

PerkinElmer, based in Waltham, Mass., makes instruments for environmental testing and has a human health division that makes products for screening of newborns for infectious diseases, among other equipment used in the drug-development process. The company has roughly 7,700 employees and reported revenues of \$2.2 billion last year.

In Buffalo, PerkinElmer will provide and manage equipment for AMRI and to future partners in the biotech hub. The state investment in the project includes the purchase of some PerkinElmer equipment, while the company also will provide its own equipment for the hub, an investment by PerkinElmer that could reach into the tens of millions of dollars over time. AMRI is preparing to open the research space in Conventus, and a grand opening of the AMRI and PerkinElmer facility is likely to come soon.

Note: AMRI was the first Buffalo Billion-related company announced by the Governor in December 2012. Initially, thought to be going in an existing building on the BNMC, the decision was made to go into the then emerging Conventus building due mainly to the more modern and state-of-the-art capabilities presented by the future building.

- **Buffalo IT Innovation and Commercialization Hub**

IBM -- \$55 million Buffalo Billion Investment leveraging millions of dollars in additional investment from IBM, creating 500 new jobs in Buffalo.

The Hub will function as a magnet for additional IT companies offering a range of analytics capabilities such as Advanced Analytics, Big Data, Watson Technology, Cloud Computing and Mobile Computing

The project will train IT professionals, educate new IT staff through partnerships with the SUNY Polytechnic Institute, and develop next generation IT software needed to drive state-of-the-art discoveries in the areas of molecular research, genomics, energy efficiency development and defense.

In all three of these hubs, the state will own the buildings or portions of buildings housing the companies (e.g., all of the new SolarCity facility; the one floor occupied by AMRI in the new 7-story Conventus Building; and the seven floors IBM will occupy in the 14-story south tower of the Key Center in downtown Buffalo) as well as the base equipment fitted for each hub – any additional equipment will purchased by the respective companies.

Supporting Manufacturers and Workforce Training

- **Buffalo Manufacturing Works** – On April 22, 2015, Governor Cuomo announced the opening of this world-class facility for advanced manufacturing. This \$53.3 million Buffalo Billion initiative will provide manufacturers with the support they need to innovate, expand into new markets and boost productivity.

Buffalo Manufacturing Works is operated by EWI, a leading non-profit engineering and technology organization dedicated to developing, testing, and implementing advanced manufacturing technologies for industry. Based on input from local manufacturers, the center will concentrate on four primary technology focus areas: Flexible Manufacturing, Materials & Testing, Additive Manufacturing and Machining & Finishing. These will augment the technical capabilities at EWI's headquarters in Columbus, Ohio and will be driven by industry demand for technology services in each area.

EWI is the leading engineering and technology organization in North America dedicated to developing, testing, and implementing advanced manufacturing technologies for industry. Since 1984, EWI has offered applied research, manufacturing support, and strategic services to leaders in the aerospace, automotive, consumer electronic, medical, energy, government and defense, and heavy manufacturing sectors. By matching its expertise to the needs of forward-thinking manufacturers, the EWI technology team serves as a valuable extension of their clients' innovation and R&D teams to provide premium, game-changing solutions that deliver a competitive advantage in the global marketplace.

- **Western New York Workforce Development Center** – On July 15, 2015, Governor Cuomo unveiled plans for the \$44 million Western New York Workforce Development Center, which was conceived to help provide an educated workforce for previously announced Buffalo Billion-funded developments, as well as other state-supported initiatives. The Center will focus primarily on training for careers in the advanced manufacturing and energy sectors.

Located on Buffalo's East Side, the center will inhabit a 100,000-square-foot building that has sat vacant for 25 years. As a signature initiative of the Buffalo Billion and a centerpiece of the New York Power Authority's workforce planning strategic initiative, the Workforce Development Center will help ensure a robust and diversified workforce of highly trained, skilled workers ready to meet the challenges of the 21st-century electric utility and advanced manufacturing industries.

This initiative creates two co-located training facilities: an **Advanced Manufacturing Training Center** and a **Utility of the Future & Clean Energy Training Center**. The Center will be funded with up to \$29 million from the Buffalo Billion. Governor Cuomo also requested that the New York Power Authority Board of Trustees affirm an investment of up to \$15 million for the energy-training component of the Center, as approved in the New York Power

Authority's fiscal 2015 budget and four-year financial operating plan. The New York Power Authority, Empire State Development, the New York State Research and Development Authority, the New York State Electric and Gas Corporation, National Grid, and Rochester Gas and Electric Corporation have signed a Memorandum of Understanding that describes their roles and support for this unique educational and training initiative.

This follows the Governor's announcement in September 2014 that \$6.7 million, as part of the Buffalo Billion, would go toward the acquisition and site planning of 50 acres of vacant or underutilized industrial land in the East Side's Northland Avenue Belt Line Corridor. Empire State Development, the state's economic development agency, granted Buffalo Urban Development Corporation--the City of Buffalo's not-for-profit land reclamation and development agency--the funds to purchase the land and redevelop the properties as the future Northland Avenue Belt Line Corridor Business Park.

A Revived Buffalo and Western New York Economy

The unique model first formed by Governor Cuomo in 2011 with the creation of the Regional Economic Development Councils (which has transformed economic development in New York State, bringing approximately \$3 billion in investments from the past four rounds, supporting more than 2,500 projects that have already created or retained more than 100,000 jobs statewide) helped to mold and execute the Governor's Buffalo Billion initiative, ensuring what many agree has been a phenomenally successful and broadly impactful economic stimulus effort for Buffalo and Western New York.

Recent regional economic information demonstrates that Governor Cuomo's focus on reinvigorating the Buffalo and Western New York economy is paying off:

- The Buffalo region job growth through the first six months of 2015 grew by 2.3 percent, almost double the growth rate from all of 2014 and private sector employment is at an all-time high.
- Construction jobs are at their highest point since 1990, the region's finance sector has been growing for five years and hiring for professional and business services jobs is at a 24-year high.
- The region recovered all jobs lost in the Great Recession.

According to the Buffalo News (7/17/15), "Compared with the rest of New York, the Buffalo Niagara region is a jobs hot spot. The region's 2.3 percent job growth [in June] was the second-strongest among New York's 15 biggest metro areas, trailing only the 2.8 percent growth rate in New York City." The region's job market proved to be "...its best month in nearly 16 years during June."

As important, “The region’s building boom helped spur the strongest wave of local hiring in nearly 16 years during June, and the second-strongest in the last quarter-century.”

It was the strongest job growth since a 2.9 percent annual gain in July 1999 and just the fifth time in the last 25 years that any month has had an annual growth rate of as much as 2 percent.

Also in June the NYS Department of Labor reported that our region’s unemployment rate has dropped to 5.3%.

More key data on Buffalo’s ongoing recovery:

- Coming on the heels of the job market’s 2 percent annual growth during May, it marked the second straight month that the pace of job growth has topped 2 percent – something that hasn’t happened in 26 years.
- Job growth locally now has averaged 1.7 percent during the first half of 2015, more than double the 0.7 percent increase in jobs the region experienced during all of 2014. If that pace continues through the rest of the year, **2015 would be the strongest year for job growth in the Buffalo Niagara region since 1989.**
- The region’s slow but steady growth in its job market now has continued for 34 straight months – the longest period of uninterrupted growth since 1990, according to NYS Labor Department data. The private sector, which excludes government jobs, grew by 2.8 percent over the past year and now has grown for 62 straight months.
- Hiring in the construction industry was especially strong, hitting a 25-year high during June. Hiring centered in the region’s construction industry accounted for one of every six jobs that were added during the past year. Major projects, from HarborCenter to the SolarCity solar panel factory and a flurry of them on the Buffalo Niagara Medical Campus, gave the region a handful of high-profile projects to supplement normal seasonal highway and building activity.

Hiring by private sector firms, which exclude government jobs, was even stronger, with private sector job growth reaching 2.8 percent, also the second highest in the state behind New York City.

The U.S. added jobs at a 2.1 percent pace during June, only slightly slower than the job growth locally last month, but it was the first time that the local expansion topped the U.S. pace since July 2011. **The local job growth was slightly stronger than the statewide average of 1.9 percent.**

Further, according to the New York Times

(<http://www.nytimes.com/2014/10/20/upshot/where-young-college-graduates-are-choosing-to-live.html>), the Buffalo region’s population in the 25-34 age group increased by 34% between 2000 and 2012, even surpassing cities such as New York City and Los Angeles.