

## APPENDIX 1. Seneca County’s SWOT Analysis

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## Introduction

In order to develop a comprehensive and consistent response to the challenges and opportunities represented by the situation facing Seneca County, the findings are summarized in a SWOT analysis as explained below. Using that analysis, an overall strategy is defined for the economic development of the County. A pay-off matrix is then used to set the priorities for action under the strategy. Following this work, a detailed implementation plan will be created. The workplan will be based upon countywide partnerships, outlining the steps to be taken, the responsible parties, the schedule for implementation and metrics for monitoring progress.

## SWOT Analysis

SWOT Analysis is a technique for summarizing analytical findings into a preliminary assessment of Seneca County's competitive situation describing the County's **Strengths, Weaknesses, Opportunities and Threats** (hence the term SWOT analysis). SWOT analysis is illustrated in Figure 1. As shown in the figure, strengths are conditions internal to the County that can be employed to support economic growth, weaknesses are conditions internal to the County that could hamper its ability to support economic growth, opportunities consist of conditions in the environment in which the County acts that could be mobilized to generate economic growth and threats are conditions in the environment that could diminish the possibility for growth in the County.

Figure 1. The SWOT Analysis Matrix

	Favorable Condition for Growth	Unfavorable Condition for Growth
Internal Environment	<b>STRENGTHS</b>	<b>WEAKNESSES</b>
External Environment	<b>OPPORTUNITIES</b>	<b>THREATS</b>

Seneca County’s SWOT Analysis

Figure 2. Seneca County’s SWOT Analysis

	Favorable Condition for Growth	Unfavorable Condition for Growth
<b>Internal Environment</b>	<p style="text-align: center;"><b>STRENGTHS</b></p> <ul style="list-style-type: none"> <li>Strong Manufacturing Cadre</li> <li>Food Processing (including wineries &amp; distilleries)</li> <li>Strong Career &amp; Tech. Ed. Providers</li> <li>Committed, innovative business leadership</li> <li>Tourism/Agritourism</li> <li>Development Corridors: 318/5 &amp; 20/Depot</li> </ul>	<p style="text-align: center;"><b>WEAKNESSES</b></p> <ul style="list-style-type: none"> <li>Weak Electric Grid</li> <li>Limited Broadband Service</li> <li>No Clear Economic Development structure/partnerships/leadership</li> <li>Under-utilized Downtowns</li> <li>Lack of Housing Opportunities for all income levels</li> <li>Lack of available, trained workforce at all levels</li> <li>Uncertainty in local regulation</li> <li>No shovel ready sites</li> <li>Odors from Landfill</li> </ul>
<b>External Environment</b>	<p style="text-align: center;"><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>Expansion of “next generation” manufacturers &amp; service enterprises</li> <li>Expansion of Food/Agri-tourism enterprises</li> <li>Cultural/Heritage Tourism</li> <li>Build capacity to attract new industries to the County in Development Corridors using Federal Opportunity Zone.</li> </ul>	<p style="text-align: center;"><b>THREATS</b></p> <ul style="list-style-type: none"> <li>Uncertain Investment Climate due to:                             <ul style="list-style-type: none"> <li>Local regulatory uncertainty</li> <li>Fragmentation of Economic Development Leadership in the County</li> </ul> </li> <li>Increased Competition for resources &amp; jobs from within New York State</li> </ul>

The following section summarizes the County's economic strengths and weaknesses along with the opportunities and threats it faces. The SWOT analysis is summarized in Figure 2.

#### STRENGTHS

**A cadre of manufacturing firms:** Seneca County hosts a cadre of manufacturing firms that make products with applications that range from industrial equipment to chemicals, medical devices and beyond. Unlike the Finger Lakes Region and New York State, manufacturing employment grew in Seneca County by 18 percent from 2008 to 2017. The concentration of employment in manufacturing is twice as high in the County compared to the United States as a whole.

**Food processing:** The US Cluster Mapping Project has identified Seneca County's food processing cluster as a strong national cluster. This includes the manufacturer of beverages (including wine, beers and spirits), dairy products and animal food.

**Strong career & technical education providers:** The standardized test results for the schools in the County indicate they produce results at least comparable to Statewide averages. In addition, most schools are actively cooperating with the BOCES and FLCC in workforce preparation efforts. For example, the Seneca Falls School District P-Tech program enables high school students to earn credits toward an associate's degree in a technology field before graduating high school. The Wayne-Finger Lakes BOCES Advanced Manufacturing Program typically operates at full enrollment. It also offers a Summer Advanced Manufacturing Experience (SAME) program that offers students in 8th-10th graders a free three-week immersion in advanced manufacturing that also enables them to earn college credit.

**Committed, innovative business leadership:** In almost all of the interviews with businesses located in Seneca County, company leaders identified opportunities for growth and expressed a commitment to growing at their Seneca County locations.

**Tourism/agri-tourism:** The Del Lago Casino has given a boost to Seneca County's tourism sector, which also benefits from its position between Cayuga and Seneca Lakes, the Finger Lakes National Forest and other natural assets. Agri-tourism is an increasingly important part of this mix. In addition to their roles as food manufacturers, wineries, breweries, cideries and distilleries and other food processors add to the strength of agri-tourism in the County.

**Development corridors:** Seneca County has several well-defined development corridors of routes in the County, including Route 318 in the towns of Junius and Tyre, Route 5 & 20 from the Border City area to Seneca Falls and the former Seneca Army Depot between Routes 96 and 96A in the towns of Varick and Romulus. These areas have hosted industrial and commercial uses for many years and, in the case of routes 318 and 5 & 20,

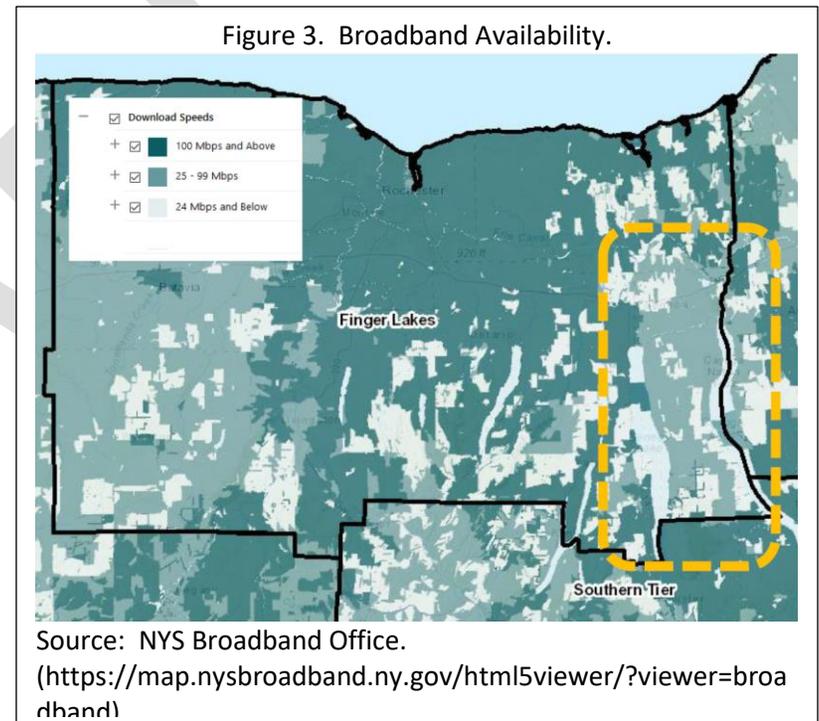
provide ready access to I-90. As indicated in the draft 2014 County Economic Development Plan, “Although they will require continued investments in roads, sewers, water service, and new communications technology, they offer the County’s best locations for employment uses that require immediate, high-volume transportation access; visibility; large, flat sites; and high-capacity utilities [e.g., three-phase power].”<sup>1</sup>

## WEAKNESSES

**Weak electric grid:** In many interviews with county businesses, the problem of the reliability of the electrical grid was mentioned. Respondents described numerous problems, including fluctuations and interruptions of power, slow responses to requests for repairs and/or new service, etc. For example, in its *2017 Electric Reliability Performance Report*, the New York State Department of Public Service indicated problems with service by NYSEG, the provider of electric service in Seneca County: “Although NYSEG met both its frequency and duration RPM [Reliability Performance Mechanisms—metrics for assessing utility performance] targets in 2017, the company has experienced a decrease in reliability over the last three years. NYSEG should develop tools to drive reliability gains in both frequency and duration to address these failures.”<sup>2</sup>

**Limited broadband service:** As in many rural areas, Seneca County has limited high-speed broadband service. As shown in Figure 3, one can discern the outline of Seneca County at the eastern edge of the Finger Lakes region by the lack of 100MB broadband service in the County.

**No clear economic development delivery structure/partnerships/leadership:** Another theme that ran through interviews with stakeholders is that there is no



<sup>1</sup> Seneca County Planning & Community Development Department & Tony Favro, Seneca County Economic Development Plan, June, 2014, p. 17.

<sup>2</sup> NYS Department of Public Service, *Electric Reliability Performance Report, 2017*, June, 2018, p. 18.

clear path to access economic development assistance in the County. Several respondents indicated that it was only a matter of luck that they were able to find the assistance they needed. There was no “one stop” they could go to for referrals to various types of economic development assistance.

**Under-utilized downtowns:** While both Seneca Falls, and the Villages of Waterloo and Ovid have made substantial progress towards downtown revitalization in recent years, Seneca County’s villages (Interlaken, Lodi, Ovid and Waterloo), the hamlet of Romulus and the Town of Seneca Falls all share common problems of vacant storefronts and, in some cases, facades and structures that are in disrepair. Attractive, vital centers are important components of quality of life and make it easier for County employers to retain and attract workers.

**Lack of housing opportunities for all income levels:** An important element in revitalizing community centers and in retaining and attracting workers is for Seneca County to have an adequate supply of housing for all income levels. The 2010 Housing Study documented the shortage of available housing for low-income, elderly and special needs populations.<sup>3</sup> Interviews with stakeholders indicated that individuals employed by firms in Seneca County have difficulty finding suitable housing in the County. This lack of housing exacerbates the workforce shortage in the County and serves as a constraint on the growth of the commercial districts in the villages and hamlets.

**Lack of available, trained workforce at all levels:** Seneca County is not immune from the national shortage of qualified workers. The County’s modest population growth and housing shortage both contribute to the inability of employers to find workers with the necessary skills. This was mentioned by many employers across a wide variety of industries.

**Uncertainty in local regulation:** Problems with local regulations factored into many of the conversations with Seneca County employers. Some felt that local regulations could be too strict, but the most common concern was that the process was unpredictable, based upon the issues that might be raised by planning boards and/or the time frame involved in reviewing an application for development to determine if the project could go forward. The common thread in these conversations was the need for a predictable process of reasonable duration. Stakeholders generally felt the planning boards were well-intentioned but required additional training and/or technical support to carry out their responsibilities.

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<sup>3</sup> Seneca County Planning & Community Development Department, *Housing Plan, County Comprehensive Plan*, adopted 11 January 2011.

**No fully shovel ready sites:** Seneca County’s economic development efforts are constrained by the lack of fully shovel ready sites. Even sites with the proper approvals (e.g., zoning, site design, environmental reviews, etc.) in place lack the full complement of infrastructure (i.e., sewer, water, electric power, road access, etc.) to make development of these sites a quick and relatively easy process.

**Odors associated with the Seneca Meadows Landfill:** Stakeholders were concerned that there be sufficient local governmental capacity to manage and mitigate adverse impacts such as odors.

## OPPORTUNITIES

The Finger Lakes Region and Seneca County in particular contain clusters or sectors of companies that provide opportunities for future growth. The Finger Lakes Regional Economic Development Council has targeted Optics, Photonics, and Imaging (OPI); Agriculture and Food Production; and Next Generation Manufacturing, Healthcare & Life Sciences and Software & IT. Based upon the analysis conducted for this economic development strategy, Seneca County’s potential target industries are an outgrowth and refinement based on the Finger Lakes Regional targets. The clusters identified as opportunities for Seneca County already have a substantial presence in the County. They include:

**Expansion of advanced manufacturers & service enterprises:** Seneca County is the home to a variety of advanced manufacturing enterprises. According to the Federal Government’s Advanced Manufacturing Program Office, advanced manufacturing is the “[use] of innovative technologies to [manufacture] existing products and [create] new products. Advanced manufacturing can include production activities that depend on information, automation, computation, software, sensing, and networking.”<sup>4</sup> Advanced manufacturing firms tend to pay higher wages because they use technology to eliminate lower-paying low-skilled jobs and rely upon higher-skilled, higher-paid employees to build their competitive advantage. Similarly, advanced services enterprises use technology to improve the enterprise’s productivity while providing customers with services that can be highly customized to meet their needs. Whether in financial services, information technology, or producer services (firms that provide services to support manufacturing firms), the use of technology by these enterprises enables them to pay higher wages to their workers.

**Expansion of Food/Agri-tourism enterprises:** Agriculture has long been a mainstay of the Seneca County economy. The last generation has seen the rise of new opportunities related to agriculture. These include “farm-to-table” production of food and food products that emphasizes locally-

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<sup>4</sup> Advanced Manufacturing National Program Office. Manufacturing.gov. <https://www.manufacturing.gov/>.

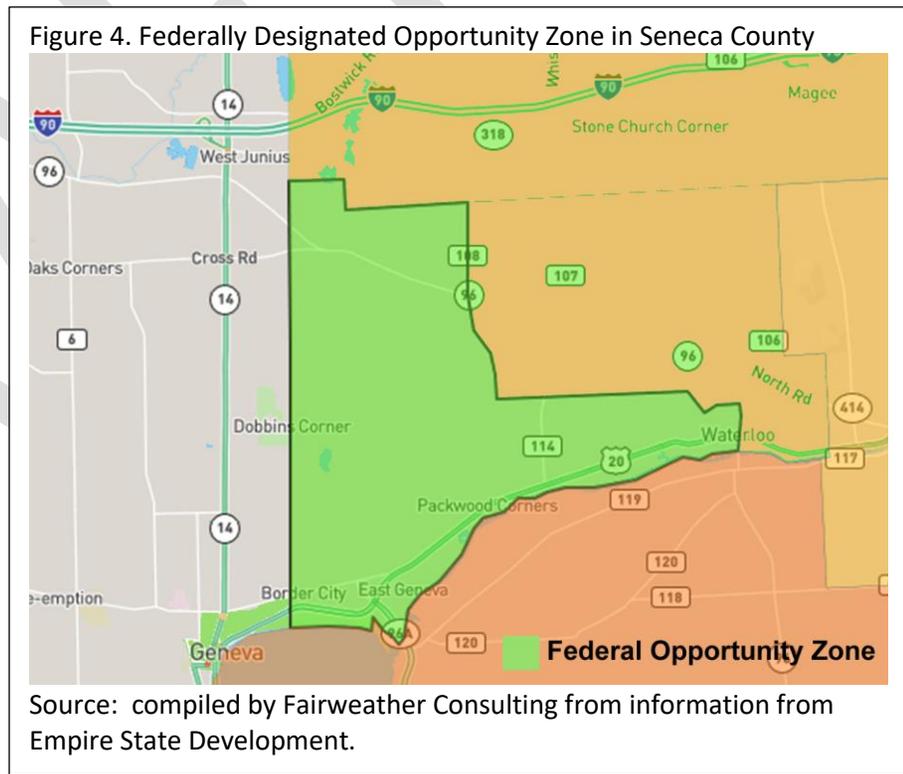
based, fresh production, dramatic growth in beverages, including wine, beer and spirits, and, accompanying these trends, a growth in agri-tourism, visitors paying for agricultural-related experiences on farms, wineries, etc.

**Cultural/Heritage Tourism:** The Finger Lakes Region and Seneca County have rich cultural and historic resources that could be used to attract a new segment of tourists to the County. Seneca Falls has led the way with its focus on women’s history, given its central role in the advancement of women’s rights along with Waterloo and its celebration of the founding of Memorial Day. From the legacy of the Erie Canal to the Finger Lakes Region’s role in social and cultural innovation (dating back to its time as the “Burned Over” district during the Second Great Awakening of the first half of the 19<sup>th</sup> Century) the area has made major contributions to American culture.

**Using the Federal Opportunity Zone Designation to build capacity to attract new industries to the County in Development Corridors:**

As indicated above, Seneca County has three development corridors that are logical sites for growing the County’s industrial base. However, these corridors require further work in terms of infrastructure, environmental reviews, etc. Addressing these issues for the corridors would enable the County to fully activate the economic development potential for these sites. This will require identifying and supporting the administrative capacity required to carry out these tasks.

The Internal Revenue Service has designated a Qualified Opportunity Zone extending from the eastern edge of the City of Geneva in Ontario County throughout much of the Town of Waterloo and along the Route 5&20 corridor into the Village of Waterloo in Seneca County (see Figure 4). Opportunity Zones were added to the tax code by the Tax Cuts and Jobs Act on December 22, 2017. An Opportunity Zone is an economically-distressed community where new investments, under certain conditions, may be eligible for preferential tax treatment. Localities qualify as



Opportunity Zones if they have been nominated for that designation by the state and that nomination has been certified by the Secretary of the U.S. Treasury via his delegation of authority to the Internal Revenue Service. Opportunity Zones are designed to spur economic development by providing tax benefits to investors. First, investors can defer tax on any prior gains invested in a Qualified Opportunity Fund [an investment vehicle that is set up as either a partnership or corporation for investing in eligible property that is located in a Qualified Opportunity Zone] (QOF) until the earlier of the date on which the investment in a QOF is sold or exchanged, or December 31, 2026. If the QOF investment is held for longer than 5 years, there is a 10% exclusion of the deferred gain. If held for more than 7 years, the 10% becomes 15%. Second, if the investor holds the investment in the Opportunity Fund for at least ten years, the investor is eligible for an increase in basis of the QOF investment equal to its fair market value on the date that the QOF investment is sold or exchanged.<sup>5</sup> In addition, gains on investments in Qualified Opportunity Zones that are held for more than ten years can be realized without any capital gains taxes.

## THREATS

**Uncertain investment climate:** During the stakeholder interviews, a major theme that emerged was a sense of uncertainty over the actual economic potential of the County despite the opportunities that the interviewees were able to identify in their respective industries. This uncertainty was traced to two primary factors:

- **Local regulatory uncertainty:** Many stakeholders indicated that the local planning and zoning processes in the County can be inconsistent from municipality to municipality or from project to project in terms of the extent of scrutiny and duration of the approvals process. The concern is not necessarily with the specifics involved in any one review, but rather that an applicant may never be certain how the review will be conducted and how long it will take to be completed. In addition, all development in New York State is subject to the New York State Uniform Fire Prevention and Building Code. It is therefore important to ensure that the County code enforcement office has the tools to effectively administer the Code in conditions specific to Seneca County so that its purposes are met while not placing Seneca County firms at unnecessary disadvantage.

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<sup>5</sup> Compiled by Fairweather Consulting from information from the website of the US Internal Revenue Service (<https://www.irs.gov/newsroom/opportunity-zones-frequently-asked-questions>)

- **Fragmentation of Economic Development leadership in the County:** As indicated above, it is generally perceived that Seneca County does not have a single integrated system of economic development services. This can make it difficult for businesses to find and access the services they may need to address issue or pursue opportunities in their respective industries.

**Increased Competition for resources & jobs from within New York State:** As the long-term pace of economic growth slows nationally, each county in New York State finds itself in competition for new jobs and businesses both with its neighbors and locations around the globe. At the same time, the way in which State economic development funding is awarded has been reorganized into a competitive Consolidated Funding Application process. As such competition intensifies, counties must be able to respond comprehensively and quickly as new challenges arise. The current state of fragmentation in Seneca County could prove to be a long-term disadvantage in the economic development arena.

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