SUMMARY
CENTRAL ECONOMIC ZONE MEETING
CAPITAL DISTRICT TRANSPORTATION COMMITTEE
JUNE 12, 2003

Attendees: See Attached List

INTRODUCTION AND STUDY OVERVIEW

William Crowell, Project Manager for the I-87 Study provided an overview of the study area, approach, and status. He stated that the Study Corridor has been divided into three economic zones (Northern, Central and Southern), based on economic and geographic similarities. This meeting in Albany is the second of the economic zone meetings. These working meetings will help the study team confirm each zone’s economic trends and projections, key growth sectors, economic growth constraints, and the most important transportation initiatives needed to support the zone’s growth goals.

Data on economic and population trends in the area in recent decades, and possible near-term (2010) employment projections were then briefly presented and discussed. These included the following (copy of meeting handouts is included with this memo):

CENTRAL ZONE RECENT TRENDS AND NEAR-TERM PROJECTIONS


<table>
<thead>
<tr>
<th></th>
<th>Population % Growth</th>
<th>Employment % Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York State</td>
<td>8%</td>
<td>21%</td>
</tr>
<tr>
<td>Corridor</td>
<td>8%</td>
<td>34%</td>
</tr>
<tr>
<td>Central Zone</td>
<td>7%</td>
<td>32%</td>
</tr>
</tbody>
</table>

Population and Employment Projections 2001-2010

<table>
<thead>
<tr>
<th>Central Zone</th>
<th>Population % Growth</th>
<th>Employment % Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Central Zone Employment by Sector (% growth)

<table>
<thead>
<tr>
<th>Industry Sector</th>
<th>1990-2001</th>
<th>2000-2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture/Mining/Construct./Transport./Commun./Utilities</td>
<td>8%</td>
<td>5%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>-19%</td>
<td>-8%</td>
</tr>
<tr>
<td>Wholesale/Retail</td>
<td>3%</td>
<td>5%</td>
</tr>
<tr>
<td>F.I.R.E. and Services</td>
<td>24%</td>
<td>18%</td>
</tr>
<tr>
<td>Government</td>
<td>-4%</td>
<td>2%</td>
</tr>
</tbody>
</table>
OPEN DISCUSSION OF CENTRAL ZONE ISSUES AND INITIATIVES

Dr. Crowell led the group in a discussion of economic development issues and patterns in the Central Zone. The following is a summary of the results of those discussions:

Recent Trends

- Central Zone population growth was greater between 1980 and 1990 than it has been in the last ten years.
- It was suggested that the trends in the Central Zone be compared to Upstate New York rather than to the Corridor as a whole or NYS. Also, corridor-to-corridor comparisons would be useful to help support High Priority designation for the I-87 Corridor.
- Net out-migration of population has not been as significant as in the Northern Zone. However, out-migration of college age persons and young adults has been a big issue for the Central Zone.

Near-Term Projections

- The decline in manufacturing will continue to increase because nothing is being done to reverse this trend. The departure of GE has added to the decline. If the proposed microchip fabrication site becomes a reality, it might help boost manufacturing, especially if it spawns “clustering” of other high-tech manufacturing firms in the Capital District.
- The Central Zone is considered to be “saturated” when it comes to retail trade. There is no additional retail growth planned in the near future.
- The Study Team agreed to work with the Department of Labor and the Albany-Colonie Chamber of Commerce to provide historic and projected trends for the technology employment sector.

Highway/Infrastructure Issues

- Managing existing infrastructure
- Lack of east/west connectors
- Exit 11A
- Exit 16 at Wilton
- Exit 3 airport connection: lack of direct access to the airport is creating a disincentive for airlines to expand operations at the airport.
- Short term population and employment growth is not likely to cause increases in peak period congestion, but will likely cause traffic in the non-peak periods to grow.
- Access to Luther Forest Industrial Park
- Saratoga Springs bypass
- Rest Areas: Truck rest areas are not as critical an issue for the Central Zone as it is south and west of the region. May need separate rest areas for tandem trailers (i.e., “make-up/break-up” stops).
- Need sites with access to the Interstate for heavy industry.
- Underused transportation facilities need to be identified, along with the reasons for their under-use (e.g., brownfields).
- Tandem trailers are subject to limitations on the highway system, and are also unable to serve the Albany Port due to grade issues.
Rail Issues

- Passenger rail has a high fare price per mile.
- The existing passenger rail system between Albany and New York City is not meeting demand for reliable rail service.
- Double tracking is needed in some areas to manage congestion and coordinate rail vs. freight traffic more efficiently.
- Rail freight facilities are at or nearing capacity while demand is increasing. Potential for additional demand stemming from a growing dependence on internet shopping. Improvements to distribution and multimodal facilities are needed.
- A shift from highway to rail freight would free up highway capacity. Funding for improvements to rail freight system would be required to make this happen, and ultimately, the decision to make this mode shift would be determined by user cost.
- CSX reportedly runs more freight from Montreal using their line parallel to the I-81 Corridor than Canadian Pacific does in the I-87 Corridor.

Airport Issues

- Need convenient access to Albany International from Interstate.
- Growth in air service has resulted in what some people perceive to be adverse land use and noise impacts.

Waterborne Freight & Ferry Issues

- Rensselaer dock improvements are needed to facilitate Albany Port expansion.
- Use of canal system as tourist attraction is limited by the lack of attractive destinations along the canal system. Use of the canals for commerce is not feasible because of the outdated nature of their design.
- Potential impact of Port Inland Distribution Network (PIDN) on economic development of the region and on existing infrastructure.

Commuter/Mass Transit Issues

- Increasingly, families are relocating to the Albany area with one member still commuting to Manhattan or Boston. This trend is expected to continue and needs to be accommodated by the passenger rail system.

Border Issues

- Passenger train service to Montreal takes too long due to delay at border. A three-hour car trip from Saratoga to Montreal is six hours by train.

FACTORS THAT CONSTRAIN AND PROMOTE GROWTH IN THE CENTRAL ZONE:

General Growth Constraints

- Lack of skilled workforce. Decline in working age population projected to continue. Impact on growing sectors such as the healthcare industry will be severe if this trend is not reversed.
- Capital District’s residents have been slow to adopt a positive image of their region. Self-imposed stigma keeps the region from marketing itself as an attractive place to live and work. The region lacks the “hip factor” that would attract and keep young workers.
- Lack of public support for transportation projects
- Slow pace of transportation profession – pace cannot keep up with the momentum created by development plans.
- Scarcity of funding sources for transportation projects
- Multiple layers of government and taxation. While the state tax burden is not unusually high compared to other states, New York has the highest local tax burden in the country. This burden is 40% higher than the state ranked second in that category.
- Infrastructure for HSR from Schenectady to Albany.
- Lack of cohesive Corridor advocacy group.
- Inadequate east-west connections to serve growing high-tech sector.
- Costs of doing business, especially high energy costs
- Services to support high-tech industry need to be developed. Fiber optic access for this sector is not tracked regionally as other utilities are.
- Climate and related costs
- Age of the region and related infrastructure maintenance/improvement costs
- Inadequate connections to Albany Airport.
- Absence of parking demand management initiative. Subsidized government parking promotes dependence on automobile travel to work.

General Growth Promoters
- Proximity to New York City and Canada.
- Availability of education facilities, particularly higher education.
- Proximity to a myriad of recreational opportunities.
- Quality of life (less traffic, good education, lower cost homes, etc.)
- Albany Airport’s location at the center of the region, instead of on the edge of the metropolitan area, is a positive selling point.

Most Important Transportation Initiatives
- Port of Albany: development of the port facilities and improvement of highway access. Access for tandem trailers.
- Rail freight: current rail freight providers are close to capacity from Albany west. West of Hudson, the lines carry 25-30 trains a day, which is very close to capacity and CSX predicts they will have to double track in the future. Competition between passenger rail and CP Rail is a big issue.
- Explore use of Tax Increment Financing (TIFs) for transportation initiatives such as Intelligent Transportation Systems (ITS) for rail.
- ITS initiatives on Northway.
- Exit 3 airport connector
- Making the SemiTech North, Harriman Campus, and University an attractive nucleus. East Campus access improvements, as well as pedestrian connectivity should be explored.
- Make better use of Selkirk Yards. Explore the advantage of adding a dedicated exit for the facility on the Thruway.
- Intermodal freight improvements merit serious consideration. The intermodal container sector is the fastest growing segment of rail business. UPS and other time-sensitive shippers are the biggest users of the sector. Projections for shift from the Port of NY and NJ to the Port of Albany are in the neighborhood of 5,000 containers.
- Make better use of underutilized infrastructure (e.g., I-890 in Schenectady).