
Kingston Economic Base Diversification Master Plan Project

Final Report

Submitted to:

City of Kingston

Department of Economic and
Community Development

Submitted by:

Louis Berger & Associates, Inc.

East Orange, New Jersey



In Association with:

Development Concepts Group/Corplan Inc.

West Orange, New Jersey

Mt. Auburn Associates

Somerville, Massachusetts

Abeles, Phillips, Preiss & Shapiro, Inc.

New York, New York

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EXECUTIVE SUMMARY

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DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

T.R. Gallo, Mayor

Stephen M. Finkle, CED - Director

The Economic Base Diversification Master Plan Report of the Steering Committee

In early 1995, the City of Kingston was made aware of an opportunity to apply for a grant to prepare an Economic Base Diversification Plan ("the Plan") through the U.S. Department of Housing and Urban Development. With the assistance of Congressman Hinchey, the City obtained funding to prepare an economic diversification plan concentrating on the Kingston-Ulster Economic Development Zone as a base but covering the whole of Ulster County.

The project involved three primary components:

- A. The assessment of the impact of the IBM-Kingston closure and other corporate downsizing on the area's basic economic structure. Also, of great interest were the short and long term implications of the economic dislocation;
- B. An evaluation of the community's resources and relative competitiveness for fostering investment and expansion by existing and prospective businesses; and
- C. An action plan for the community to make necessary improvements and try new initiatives to attract more investment and become more diversified. That action plan would include steps that can be taken immediately and would also identify long term goals. It would concentrate on three areas: traditional economic development marketing and attraction efforts, non-traditional economic development avenues and efforts to improve "structural" components of the local economy.

The structural components would include education, training and workforce development issues, improved linkages between training providers and employers and efforts to improve supportive services that would allow increased workforce participation.

At the time the Diversification Study was to begin, Mayor Gallo appointed an Economic Base Diversification Master Plan Committee ("the Committee"). That Committee was involved with designing the work scope for the planning effort and developing a Request for Proposals (RFP) that was used to solicit proposals from consultants interested in performing the research for the project. The RFP was issued and as a result, the Committee received 18 proposals from consulting firms.

After reviewing the proposals, they developed a short list of five firms and they invited those firms to Kingston for interviews. The Committee explored the firms' experience, their ideas and approach for working on the project and narrowed down the list to two firms, Louis Berger and Associates and Mt. Auburn Associates. The Committee felt that both groups brought with them a different perspective toward the project and after much deliberation, the Committee decided that having both groups work together would be an optimum situation. Further discussions with both parties led to a collaboration of the two firms.

The consultants were asked to explore a number of subjects in traditional and non-traditional economic development areas. They were charged with examining the area's opportunities and constraints for promoting traditional "industry attraction" and provide candidate industry sectors for a targeted marketing effort¹. They were also asked to explore the areas of tourism and "Main Street" development, and opportunities for the area in new media, entrepreneurial development, the arts and the service sector. Finally, the consultants explored the areas of job/skills matching, education and training and human resource development. As a result of the collaboration, the original scope of the project was modified to direct the firms and their subconsultants to accomplish the Committee's objectives.

One facet of the work concentrated on the analysis of the existing economy and used traditional measures to determine the area's economic health and level of diversification. Once the analysis of the economy was completed, the firms moved on to explore the area's resources for supporting and attracting economic investment. In other words, they profiled the area's opportunities and constraints for pursuing economic development. The firms looked at the factors affecting the cost and logistics of doing business in our area as compared with other areas, including workforce, accessibility, taxes, utility rates, available sites and facilities, and others so they could provide an understanding of where our area fits competitively with other areas pursuing economic development. In addition to numerous one-on-one interviews and surveys, there were a series of focus groups and public meetings where the study, its purpose and some of the consultant's findings were discussed. Public input was encouraged and incorporated into the study.

The consultants analyzed this information and provided the Committee with industry groups or "clusters" that would be appropriate targets for a traditional economic attraction effort and that had existing operations already in the area. The areas are outlined in the report and include:

- Measuring and Analysis Equipment
- Electronics and Machinery
- Fabricated Metal Products
- Crafts (*including jewelry, luggage, sporting goods, printing on fabric*)
- Printing and Publishing
- Information Storage, Retrieval and Management
- Management Services and Research
- Health and Social Services

¹Business retention and expansion is a critical part of an area's economic development strategy. With retention and expansion efforts underway by the Ulster County Development Corporation and the Kingston-Ulster Economic Development Zone, the traditional economic development part of the study focused on attraction efforts.

In addition, other clusters were suggested including:

Wood Buildings and Mobile Homes
Corrugated and Fiber Boxes
Diagnostic Substances
Fasteners, Buttons and Pins
Catalog and Mail Order Houses
Adhesives and Sealants

Other efforts dealt with the areas of workforce preparedness, education and training, linkages between education and business, entrepreneurial activity, new media opportunities, tourism development and the “health” of the three business districts in the City of Kingston. Through extensive surveys, interviews and site visits, the consultants prepared a review of these areas, highlighted their findings and made suggestions for improvements where necessary.

Having outside consultants come into an area to assess and comment on local conditions can provide a meaningful, objective look. The conduct of this study provided some very interesting insight into several facets of our area’s health.

The consultants found that there is a “very sophisticated network of professionals and organizations involved with entrepreneurial development, small business support and technology transfer” but they detected a growing mismatch between the needs of employers and the skills of the labor force. While our area is competitive with other areas in terms of the costs of doing business and has a lot to offer in the way of quality of life, we also need to strengthen communication and cooperation between business, education and the business service community.

The consultants found that our business districts are relatively healthy. While there is obviously a desire for full occupancy, greater diversification and overall improvement, our business areas compared fairly well in comparison with other urban areas the consultants have worked with in the past. Retail and service businesses are the core of our Main Street areas and need continued support and assistance. In addition, businesses that “export” their services should be particularly encouraged as they can help expand the economic base.

After reviewing the services in regions that have undergone similar economic dislocation, the consultants typically make suggestions for improving the business support service including: creating an economic development organization; developing a business incubator; initiating a small business development counseling center and creating a workforce preparedness group. The consultants were pleased to see that many of these organizations or services were already in place and operational in our area and recommended that we continue to make the most of those resources.

The consultants found that our area scores well in comparisons of cost of doing business, productivity and quality of life and that we do have good resources to support an attraction effort. They found that while the IBM closure was an extremely severe economic impact from which it will take a long time to completely recover, the balance of our local economy fared better than state and national averages.

The consultants asked the Committee to select five areas from those listed above in order to provide more detailed “folios” about each industry as well as a “case study” to present to prospective industries that built a good case for a location in our area. The five selected by the Committee included:

- The Crafts Cluster
- The Measuring and Analysis Equipment Cluster
- The Electronics and Machinery Cluster
- The Information Storage, Retrieval and Management Cluster
- Catalog and Mail-Order Houses

There was discussion by the Committee regarding the services and health cluster, as well as the health related projects currently proposed for our area. It was noted that this cluster, along with some non-medical specialty service providers were a growing part of our local Kingston economy. The consultants looked at these potential growth areas and determined that many of these special service providers were located in the area due to personal ties of the principals or other “local” factors.

In addition, the consultants suggested that a large portion of their client business is generated by (and may be limited to some extent by) the size of the local market for those services. While these areas were recognized as important, they were not selected for the “traditional” economic development attraction efforts. Rather, there was discussion by the Committee of seeking alternative ways to approach this potential opportunity. Since the service industries were not specifically included as part of the traditional attraction efforts, a closer and ongoing examination of the opportunities they provide will be a component of the Action Plan.

It is ironic that the consultants found the local economy to be very diversified in the wake of the IBM closure-but that fact does not lessen the concern over lower workforce numbers, lower salary averages and lower real estate values that followed the IBM shut down. The loss of as many as 7,000 high paying jobs with the attendant economic spin offs will not be able to be replaced any time soon.

The national economy is changing and is now globally oriented; traditional manufacturing jobs are declining and will continue to do so; our area is in competition with thousands of other areas for corporate investment leading to job creation and benefits to the economy. We need to be competitive and innovative, especially as it concerns workforce, infrastructure and business climate.

With the Diversification Plan in hand, the community should now build upon its strengths through traditional and non-traditional avenues. The Committee is recommending an Action Plan that will include specific project actions in the areas of:

- Workforce preparedness
- Job training and education
- Business-education linkages
- Traditional and non-traditional attraction
- Entrepreneurship and Micro Enterprise Development
- Tourism Development
- Main Street Development

The following Executive Summary contains a narrative description of the consultant's findings and a summary of findings in a "bulleted" format. We would like to thank the U.S. Department of Housing and Urban Development for the major funding for this effort. We would also like to thank the Ulster County Development Corporation and Kingston-Ulster Economic Development Zone for additional funding.

Implementation

The Diversification Plan process offers the community an opportunity to look beyond the existing "traditional" economic development efforts and foster an entrepreneurial spirit while endeavoring to improve the economic opportunities for local residents. It is important to continually review the areas' assets and liabilities in order to identify and pursue marketing opportunities.

The recommendations of the Diversification Plan speak to attraction of businesses through both traditional and non-traditional methods. The focus is to supplement and not supplant existing efforts in workforce development, business attraction and business retention. An Action Plan will be developed outlining specific steps that can be taken in the areas of business attraction, education and training, attraction of non-traditional businesses, tourism development and Main Street improvement.

The Action Plan will provide a strategy for including employers and other stakeholders to assist in the identification and attraction of job-creating opportunities in their industries.

In order to ensure the orderly continuation and implementation of the economic diversification plan, the Steering Committee recommends expansion of the Committee to include community leaders. Under the guidance of the expanded Committee, a process will be established to encourage all constituencies in the community to "buy into" the Action Plan. The Committee will also provide support for the "cluster" Committees and work closely with the economic development and public sector representatives.

EXECUTIVE SUMMARY

Introduction

The Kingston Economic Base Diversification Master Plan Project is a response to the tumultuous events of the early 1990s, when Ulster County's largest employer, the IBM Corporation, dramatically downsized its workforce. As is well known to area residents, the effects of the downsizing on the Ulster County economy (and its principal economic center, the City of Kingston) were severe: in four years, the County's total manufacturing employment was halved. Further, the loss of earnings quickly translated into lowered spending, further spreading the slowing of economic activity to other sectors. These adverse developments were further compounded by a national recession which saw the economy of New York State particularly affected.

As early as 1994, however, Kingston and Ulster County had begun their economic recovery. Since then, employment growth has been significantly above that of a buoyant United States economy, and has outpaced that of New York State by an even greater margin. As of December, 1997, the County's unemployment rate stood at 3.8 percent, well below State and national levels. However, despite the on-going recovery, the regional economy has yet to replace the 6,000 lost manufacturing jobs. The loss of these well-paid, high-skill jobs has led to a substantial decrease in regional earnings. A problem facing the City of Kingston and Ulster County in general is the following: what can be done to replace these lost earnings?

The Plan's principal objective is to chart an economic development strategy for Kingston and Ulster County. The definition of the strategy is based on an extensive analysis of the region's economy and an evaluation of its competitiveness as a location for business activity. A crucial aspect of the initiatives and recommendations is to increase the diversity of the economic base. Although Ulster County's economy is today already relatively diversified, its continued, balanced growth should be encouraged.

The planning process consisted of an evaluation of the available economic and demographic data, inventories of commercial and industrial properties, and extensive interviews of business people and government officials. Following these studies, Steering Committee meetings were held to discuss the principal issues. The Plan's strategies were then formulated and recommendations were developed. The Steering Committee's Report appears elsewhere in this document.

Study Findings

The following is a discussion of the principal findings of analyses carried out prior to the development of the Plan's strategies and recommendations. Analyses were conducted concerning the area's economy, its competitiveness, existing industry clusters in the area, workforce training and development, the climate of the area for developing entrepreneurial enterprises, Kingston's "Main Street" and its needs, and tourism.

The Economy

The first part of the planning process was an extensive analysis of the City and County's existing and forecast economy. This consisted of an analysis of economic and demographic trends.

The economy of Ulster County was subjected to a major shock in the 1990s, with IBM cut-backs reducing manufacturing employment by nearly 50 percent. Economic adjustment to the IBM cut-backs has principally taken place through out-migration of labor, particularly the highly-trained and skilled workers and their families directly impacted by the cut-backs.

The remainder of the County's economy (including non-IBM manufacturing, services and retail) performed surprisingly well during this period. Retail and service employment reached an all-time high in 1997, helping to stabilize the local economy during the cut-backs and their aftermath.

Most surprising is the strong performance of the manufacturing sector not tied to IBM. These industries were essentially stable in employment during the 1990s, despite the severe recession. Over the long term, these industries have only lost 6 percent of their employment since 1975, compared with manufacturing State-wide which lost 36 percent.

The Area's Competitiveness

In order to define economic development initiatives it is important to assess Kingston and Ulster County's "competitiveness" as a location for business activity. Clearly, the area benefits from the obvious advantages of direct accessibility to the New York State Thruway, I-84 and Stewart Airport, its excellent accessibility to Albany and its airport and, of course, its relative proximity to New York City. Further, extensive analysis of labor costs reveals a consistently favorable picture, with advantages over New York City, Western New Jersey, Raleigh-Durham, North Carolina, and several other areas characterized by high-skill production activities.

Other components of business costs also favor Kingston and Ulster County. Both commercial and residential prices are considerably below those generally found in the New York metropolitan area, and utility rates are significantly below those offered there as well. Tax rates for both businesses and residents are also considerably lower than those in effect for New York City and Northwestern New Jersey.

More general "quality of life" factors are a positive asset for the area. Besides its obvious scenic beauty and recreational opportunities, it has a relatively low crime rate and performs favorably in terms of environmental indicators. Quality of life was consistently cited as an asset in interviews with Kingston and Ulster County employers.

Kingston's primary and secondary educational system fares relatively well in comparison to the national average when one examines various indicators of service quality. For example, students taking the Scholastic Aptitude Test scored an average of 938 points, nearly five percent above the national average. Kingston's educational system also compares favorably with other systems in New York State. The Kingston school system's percentage of Regents Diplomas, as a share of all diplomas, was 54.5 percent in school year 1995-96, which was the highest percentage in New York State.

While these measures of student performance are very encouraging, the area's educational attainment is less of an asset. Kingston's proportion of the population completing high school is below both State and national averages. The County as a whole fares better, but it is clear that raising educational attainment levels will be a significant challenge for the area if it is to attract and grow an increasing number of higher value-added jobs.

Identification and Analysis of Existing Industry Clusters

A major input into the economic development recommendations included in this report, particularly those relating to industry attraction, is an identification of existing industry clusters in Kingston and Ulster County. A “cluster” is defined as *a group of related industries located in the same region*. More specifically, industries within clusters can be related on the basis of suppliers, subcontractors, or vendors, or they can be related through such assets as a common transportation infrastructure or a subset of the work force. Based on a variety of statistical data sources, the analysis revealed the following major industry clusters:

- ▶ *Crafts*, including limited edition art production, crafts as well as manufacturing.
- ▶ *Measuring and Analysis Equipment*, including laboratory apparatus, optical instruments and surgical appliances.
- ▶ *Electronics and Machinery*, including relays and industrial controls, lighting fixtures, and broadcasting equipment.
- ▶ *Fabricated Metal Products*, including cutlery, fabricated structural metal, heating equipment, sheet metal works and screw machine products.
- ▶ *Printing and Publishing*, including commercial printing, and miscellaneous printing.
- ▶ *Information Storage, Retrieval and Management*, a diverse group of data-management or business services industries.
- ▶ *Management Services and Research*, comprised principally of management consulting and management services firms.
- ▶ *Health and Social Services*, including skilled nursing care, medical laboratories, and residential care.

Workforce Training and Development

A special focus of this report is a review of the various programs and institutions providing workforce training in the area, including the Ulster County Job Training Administration, New York State Department of Labor, SUNY New Paltz, Ulster County Department of Social Services, Regional Economic Development Partnership Program, Ulster County Community College, and the public schools system.

While the region can boast of some notable successes, such as the Community College’s Business Resource Center programs, there are needs, and opportunities, for improvement. The Ulster County workforce development system is in a period of transition, having faced leadership changes as well as the on-going impacts of welfare reform. Historically, the system has not integrated its efforts closely with the economic development institutions, nor is it sufficiently demand driven: the workforce training system does not view the business community as its customer base to the degree it should.

There is also a reported increasing mismatch between the needs of employers and skills of the labor force. There is a clear trend towards a higher skill requirement in both services and manufacturing, and computers are increasingly used in all sectors of the economy. Interviews with local employers revealed a significant shortage of skilled labor in certain occupations, particularly in manufacturing. Further, various employers also cited a shortage of workers for unskilled jobs with the minimum requisite educational background. The latter problem is complicated by the lack of transportation available to residents of Kingston's lower-income areas.

In general, lack of education and, in some instances, English language skills have been cited as the more common deficiencies from the point of view of employers. Interviews with area employers also revealed a generalized sense that the work ethic and desire for work of new entrants to the labor force was declining. The need to improve the skill levels of workers was the most consistent complaint from interviewed employers, particularly in manufacturing.

Entrepreneurship

Another special focus in this report is an evaluation of the various programs and institutions supporting small business development and entrepreneurship. This involved an audit of the various resources available, including: Ulster Community College Business Resource Center Incubator and Small Business Development Center, the Small Business Administration SCORE Program, New York State-funded Entrepreneurial Assistance Centers, New York State Department of Labor, Ulster County Development Corporation, Empire State Development Corporation and Kingston Local Development Corporation. In the area of technology transfer and commercialization, resources include: Info-Mall Mid-Hudson, MASC, Hudson Valley New Media Association, SUNY New Paltz-based SPIR and Project IDEA, Marist New Media Laboratory, and Cornell-in-the-Valley.

The audit revealed a very sophisticated network of professionals and organizations involved in entrepreneurial development, small business support and technology transfer. Anecdotal evidence (as well as some quantitative data) points to a growing entrepreneurial culture in the region, fueled in part by New York City transplants attracted to the quality of life in Kingston and Ulster County. Many of the small businesses and entrepreneurs contacted had a low awareness of the many State, regional and local resources available.

Small-scale entrepreneurs are seen as a potential source of regional economic growth. There appears to be an increase in entrepreneurial activity, and there are certain initiatives that could be undertaken by the City of Kingston or other economic development stakeholders to further encourage this trend.

Ulster County has a combination of technological expertise and an artistic community important in providing content to the fast-growing "New Media" (Internet-related) industry. Kingston benefits from its proximity to New York City, both a huge market for New Media products but also a center for New Media activity in the country. Despite the large number of companies involved in New Media activities in the region, it is still not a significant employer. However, while its present economic impact is somewhat limited, the industry has an exceptional potential for growth. Further, the industry is technology-intensive, relatively non-polluting and well-paying.

Main Street Business and Tourism

Kingston's "Main Street" and tourism activities were also analyzed in detail. These economic activities have a dual nature, providing employment and earnings while also being major components of the City's quality of life, attractiveness, and identity. The analysis involved a land use inventory of Kingston's Rondout, Midtown and Uptown sections. A survey of local businesses was carried out, as was a separate survey of managers of major tourist attractions. The major assets of each include: restaurants, waterfront access and special events for the Rondout; the Ulster Performing Arts Center and special events for Midtown; food festivals, antique fairs and Deitz Stadium for Uptown.

The survey of business owners revealed a concern for vacancies and unattractive buildings (particularly in Midtown), a desire for more police presence, increased street cleaning and maintenance and an increase in parking facilities (more than 80 percent of "Main Street" customers drive to the stores, restaurants and activities). The most significant increase in customers comes from second home owners, particularly in the case of Uptown stores characterized by comparison retail, such as specialty gift stores, clothing and antiques. The survey found a large proportion of business owners considering expansion, particularly in the Midtown section where 40 percent of survey respondents indicated such intentions.

The tourism survey found that the major assets in Kingston were the following: the Rondout Creek, historic buildings and the general historical significance of Kingston, the Ulster Performing Arts Center, and the specialty retail concentrated in Uptown. Major challenges include how to increase activity during the slow Winter period, particularly for Rondout businesses, or even during the weekends and evenings in the case of uptown buildings.

Strategies and Recommendations

Following the analyses outlined above, Task Force meetings were held at which the results were presented and discussed. Through these studies and discussions, five principal challenges and opportunities were identified which, if effectively addressed, offer the prospect of healthy and diverse economic development. These challenges and opportunities are as follows:

- ▶ Attract industries which will encourage economic growth and diversity.
- ▶ Develop a work force with the skills required by businesses, particularly in growth industries.
- ▶ Provide an environment in which entrepreneurship is facilitated.
- ▶ Create a climate within which Kingston's Main Street enterprises can thrive.
- ▶ Take full advantage of Kingston's locational advantages with respect to tourism.

The Task Force and the consultants worked jointly to develop the Plan's strategies and recommendations. The following is a summary of the recommendations contained in the report, organized into a list of ten strategies. Although most of these strategies touch upon several areas of concern, the list is organized generally in accordance with the principal issue they would be intended to address.

Industry Attraction:**1. *Implement Marketing Strategy to Attract the Following Target Industries:***

- ▶ *Crafts;*
- ▶ *Measuring & Analysis;*
- ▶ *Electronics & Machinery;*
- ▶ *Information Storage, Retrieval & Management; and*
- ▶ *Catalogue & Mail Order Houses.*

The marketing strategy should consist of: development of promotional literature using the materials provided with this Plan; development of a direct mail program using the mailing list provided with this Plan; development of an Internet site designed specifically to attract the target industries; placement of advertisements and articles in trade journals; attending trade fairs; and cultivating prospects.

- 2. *Take Full Advantage of Existing Space for Industrial Expansion.*** Orient prospective business relocations to appropriate properties as indicated in this Plan.
- 3. *Take Steps to Fully Develop the Area's Crafts Industry, As a Means to Economic Development, Main Street Improvement, and Increased Tourism.*** Develop a building in the downtown that can serve as the focal point for the arts and artisans of Kingston. Assist the local artisan community in developing new markets as well as exploring the development of a cooperative arts/crafts marketing organization. Assist artisans in developing marketing and basic business skills, as well as accessing conventional financing.

Workforce Training and Development:

- 4. *Continue to support the Ulster County Development Corporation's "Available Workforce" group.*** This "Available Workforce" group aims to begin addressing the workforce development needs in the region as defined by involvement from representatives from both the private and public sectors. Through this orientation, the "Available Workforce" group is able to operate as a demand-responsive entity that explores solutions to needs in the workforce development system and builds bridges among distinct institutions.
- 5. *Establish Task Force for Integrated Workforce Development System.*** Develop an additional task force to focus on short- and long-term measures to integrate the elements of the area's workforce development system (education, job training, placement, planning, etc). Focus on utilizing and strengthening existing workforce development institutions, especially the K-12 educational system and the employment and training system.
- 6. *Focus on English Language Mastery and Computer Literacy.*** It was very clear from employer comments that immigrant workers are already an important part of the region's workforce, and that language problems are an issue. The City of Kingston and UCDC should examine the range of English Second Language offerings in the region and take steps to see that the supply meets the demand. Because virtually every job and workplace in the coming years will involve computer use in some fashion, all high school students should have a high degree of computer literacy upon graduation.

Entrepreneurial Enterprises:

7. ***Encourage Development of the "New Media" Industry.*** The Internet offers enormous potential as a source of business creation and growth. The Kingston area has a nucleus of individuals and small firms involved in "New Media". Close links should be developed between the workforce development system and New Media companies, because a large pool of highly-skilled workers will be needed for further expansion. Start an information campaign targeted to the local financial community, which has been reticent to fund New Media startups. An attraction strategy aimed at independent multimedia contractors or consultants should be initiated.
8. ***Develop a Strong Support System for Local Entrepreneurs.*** Implement measures such as: mentoring programs linking new entrepreneurs with experienced business owners; strategic attraction programs for new entrepreneurs; provide space for conferences and client hosting which could be used by small entrepreneurs; and, develop a special curriculum aimed at students interested in entrepreneurship.

Kingston's Main Street:

9. ***Initiate a City-Wide Program to Link and Improve Kingston's Three Business Districts.*** Develop unified signage, maps, additional parking facilities, and possibly increased trolley service, while maintaining the unique character of each district. Attract attention to the Rondout district in the slow early Spring and early Winter seasons through a variety of special events. Develop Uptown initiatives to attract customers on weekends and evenings, by building on the district's appeal as a specialty retail location. In Midtown, strive to improve the area's appearance, with the Ulster Performing Arts Center as the "anchor tenant". Specific steps should include improving the facade and surroundings of the theater.

Tourism:

10. ***Aggressively Market Kingston as a Tourist Destination.*** Kingston should market itself more aggressively as a tourist destination, building on the City's many assets such as exceptional waterfront access, close proximity to the Catskills, and its considerable historical heritage. Enhance less-obvious assets such as the historic City Hall or the local artisan community. Package Kingston's historic attractions under a "Museum Without Walls" concept. Target a marketing effort to second-home owners.

SUMMARY OF PURPOSE:

- The Kingston Economic Base Diversification Master Plan Project is a response to the tumultuous events of the early 1990s, when Ulster County's largest employer, the IBM Corporation, dramatically downsized its workforce.
- Between 1992 and 1996, total manufacturing employment in Ulster County decreased from 12,200 to 6,400. This decline in employment led to a loss of 408 million dollars in annual payroll earnings for the County.

- The Project's principal objective is to chart an economic development strategy for the City and the County. This strategy will be partly oriented towards filling the void caused by the IBM cut-backs, and in the process increasing the diversity of the area's economic base. A second component of the strategy is to address more long-term issues of economic development in the City.

SUMMARY OF RECOMMENDATIONS:

Industry Attraction

- A series of industries were selected to be the targets of attraction efforts. These industries are either already present in the area, or were selected because they could benefit from a Kingston or Ulster location. Generally, the target industries are seen as fulfilling at least some of the following broad economic development objectives: *increase diversity of the economic base; provide opportunities for high-skill employment; provide employment opportunities for lower-skill residents at acceptable wage levels; offer a potential for growth given Kingston locational characteristics; and offer a potential for growth given evolving technologies.*
- The industries selected (grouped by broader cluster categories) are the following: *Crafts; Measuring & Analysis; Electronics & Machinery; Information Storage, Retrieval & Management; and Catalogue & Mail Order Houses.*

Main Street Businesses

- Recommendations for improving the City's three business districts include the following: a City-wide initiative to link the three districts (through signage, maps, possibly increased trolley service) while maintaining the unique character of each.
- Specific recommendations for the Rondout include attracting attention to the district in the slow early Spring and early Winter seasons through a variety of special events. There are also certain areas for improvement in terms of the Rondout's appearance as well as opportunities for reducing parking shortages on weekends.
- Recommendations for Uptown include initiatives to attract customers on weekends and evenings (for example, by re-opening the old movie theater as a weekend or evening attraction), by building on the district's appeal as a specialty retail location. Included are also several recommendations to improve access and parking availability in the district.
- In the case of Midtown, recommendations include initiatives for improving the area's appearance. The Ulster Performing Arts Center is seen as the anchor tenant, and various recommendations are included to specifically improve the surroundings of the theater.

Micro-Enterprises

- Small-scale entrepreneurs are seen as a potential source of regional economic growth. There appears to be an increase in entrepreneurial activity, and there are certain initiatives that could be undertaken by the City of Kingston or other economic development stakeholders to further encourage this trend.

- Various recommendations are included which have as primary objective improving the access of entrepreneurs to the information and support services needed to make their businesses as successful as possible. For example, it is recommended that the City designate one library as a center for microbusiness activity, where entrepreneurs could access information such as industry, market or business research through on-line information services.
- Other initiatives include developing mentoring programs linking new entrepreneurs with experienced business owners, as well as a strategic attraction programs for new entrepreneurs. It is also recommended to provide space for conferences and client hosting which could be used by small entrepreneurs lacking the appropriate space. Finally, a special curriculum aimed at students interested in entrepreneurship is also recommended.

Tourism

- Kingston is well sited to be a centerpiece for tourism in the region, but the City needs to develop its reputation. Various initiatives are suggested for raising the City's profile as a tourist destination, including marketing efforts, promotions in conjunction with Amtrak, and joint marketing with other regional destinations.
- Kingston can market itself more aggressively as a tourist destination, building on the City's many assets such as its exceptional waterfront access, close proximity to the Catskills and its considerable historical heritage. Further, enhancing less obvious assets (such as the historic City Hall or the local artisan community) would further increase the City's attractiveness to potential visitors. Specific initiatives also include a packaging of the City's historic attractions under a "Museum Without Walls" concept, a targeted marketing effort to second-home owners and recommendations for diversifying overnight accommodations.

New Media Industry

- Ulster County has a combination of technological expertise and an artistic community important in providing content to the fast-growing New Media industry. Kingston benefits from its proximity to New York City, both a huge market for New Media products but also a center for New Media activity in the country.
- It is hard to quantify the size of the industry in Kingston or even Ulster County, there being no appropriate industry categories in use at this time. However, through various indirect sources and interviews we are able to conclude that, despite the large number of companies involved in New Media activities in the region it is still not a significant employer. While its present economic impact is somewhat limited, the industry has an exceptional potential for growth. Further, the industry is technology-intensive, relatively non-polluting and well-paying.
- Specific recommendations to encourage the growth of the existing base of New Media activity include the development of links between the Kingston Public Schools and New Media companies. While there is a core of talent in the area appropriate for New Media activities, a larger pool of highly-skilled interface designers, programmers, video and audio producers, graphic designers and specialized sales employees would be needed for further expansion. New Media could provide young people with a career path, and exposure to the industry from a very young age could inspire students to enter the field.

*York
Credits*

- Other recommendations include an information campaign targeted to the local financial community, which has been reticent to fund New Media startups. Further, an attraction strategy aimed at independent multimedia contractors or consultants should be initiated. Other recommendations include trying to develop certain niche markets within New Media, such as audio.

Crafts

- Due to the diverse nature of the Crafts cluster, they are targets of attraction (for example, in the case of small scale mass production activities involving crafts) as well as recommendations for developing existing local businesses or artists (involved in everything from limited edition contemporary art to manufacturing). Besides providing a source of employment and income for residents, arts and crafts activities are an important component of tourism development.
- Recommendations for fostering activity in the Crafts cluster include developing a building in the downtown that can serve as the focal point for the arts and artisans of Kingston. Also, it is recommended to assist the local artisan community in developing new markets as well as exploring the development of a cooperative arts marketing organization.
- There is also the need for support in helping artisans interested in mass production. Artisans, typically used to working alone, often need support in developing marketing and basic business skills, as well as accessing conventional financing. Most are unaware of the State and local economic development programs that could assist them.

Education and Training

- It is imperative that the workforce in Kingston and Ulster County have skills that match employer needs. Various initiatives are suggested, including building better connections between the City's secondary schools and local employers to work on improving the "match" between skills imparted to students and employer needs. Employers should have an expanded input to convey their current and future skill needs to educators.
- Specific recommendations regarding curriculum include work internships for students, as well as increased focus on critical thinking and problem-solving. Also recommended are externship opportunities for faculty to provide them with experiences in work-place environments.
- Local employers need to be better informed about all the available training options currently available to them. To address the issue of language barriers, the English-as-a-Second Language courses should be expanded to meet the needs of a growing immigrant workforce. Finally, a concerted effort is required among the schools, business community and trainers to achieve as close to 100 percent computer literacy as possible among Kingston school students.

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1.0 INTRODUCTION

1.0 INTRODUCTION

1.1 Background

The Kingston Economic Base Diversification Master Plan Project (the Project) is a response to the tumultuous events of the early 1990s, when Ulster County's largest employer, the IBM Corporation, dramatically downsized its workforce. As is well known to area residents, the effects of the downsizing on the Ulster County economy (and its principal economic center, the city of Kingston) were severe: in four years, the County's total manufacturing employment was halved. Further, the loss of earnings quickly translated into lowered spending, further spreading the slowing of economic activity to other sectors. These adverse developments were further compounded by a national recession which saw the economy of New York State particularly affected. By 1995, the County's housing prices, a commonly used barometer of economic health, had fallen 12 percent from their 1991 levels.

As early as 1994, however, Kingston and Ulster County began their economic recovery. Employment growth has been significantly above that of a buoyant United States economy, and has outpaced that of New York State by an even greater margin. Between March 1996 and March 1997, the County's employment increased by over four percent, compared to the State's increase of one percent. The general conclusion from research carried out as part of the Project is that the Ulster County economy has essentially stabilized following a major economic shock. Following a period of difficult adjustment, which witnessed significant out-migration of laid-off IBM workers, the region appears to be back on its trend growth path. As of May 1997, the County's unemployment rate stood at 3.6 percent, well below levels at both the State and national levels.

However, despite the on-going recovery, the regional economy has yet to replace the 6,000 lost manufacturing jobs. As these were well-paid, high-skill jobs, their loss has led to a substantial decrease in regional earnings. In the manufacturing sector itself, average annual earnings per worker fell an estimated 37 percent between 1991 and 1996, while total manufacturing earnings fell by 69 percent, or a total of 408 million dollars. In short, while the region has essentially adjusted to the IBM cutbacks through out-migration, regional income has decreased significantly. A problem facing the City of Kingston and Ulster County in general is the following: what can be done to replace these lost earnings? Almost overnight, the region lost a sizeable part of its professional, high-skill labor force. At the same time, the remainder of the regional economy performed well, generating jobs (typically less well-paid than the IBM jobs) in trade and services at very satisfactory rates.

The Project's principal objective is to chart an economic development strategy for the City and the County. The definition of the strategy is based on an extensive analysis of the region's economy and an evaluation of its competitiveness as a location for business activity. The economic and competitiveness analysis is itself a mixture of quantitative "data mining" and modeling as well as extensive qualitative investigations through workshops and interviews.

The crucial implementation components of the strategy can be divided into three sections:

- *A traditional industry attraction initiative.* This initiative involves the definition of target industries or industry clusters, selected based on their fulfilling several important economic development objectives. Included in this initiative is an extensive audit of local commercial and industrial sites which could be potential facilities for relocated firms.

- *A series of recommendations to foster small, locally-generated firms.* The particular focus of these recommendations are firms in crafts, tourism and new media, which have all shown considerable promise as potential “sunrise” industries for Kingston and Ulster County.
- *Recommendations that address long-term economic development issues facing Kingston and Ulster County.* These include recommendations to improve the delivery of labor training services in the region, as well as recommendations to help improve the economic viability of Kingston’s “main street.”

While this strategy is partly oriented towards filling the void caused by the IBM cut-backs, its other main objective is to address more general issues of economic development: increasing the rate of local start-ups, improving the skills of the local labor force, and increasing the attractiveness of the Kingston urban area.

A crucial aspect of the initiatives and recommendations concern increasing the diversity of the economic base. The analysis of the Ulster County economy contained in this report revealed that the County’s economy is today already relatively diversified. One side-effect of the IBM cut-backs is that the area is no longer dominated by a single employer or even industry. However, the remainder of the economy is itself quite diverse, with even manufacturing employment spread over a wide range of industries. In order to fulfill the diversification objective, a continued, balanced growth of the existing economy should be encouraged. This is best achieved, in the context of the Project, by focusing on a relatively broad array of basic industries¹, rather than focusing efforts on a single sector.

1.2 Geographic Area of Interest

The main focus of the Project has been the City of Kingston and the Town of Ulster EDZ Area. Kingston and Ulster are by far the dominant economic center of Ulster County, and developments in the Kingston and Ulster economy have a profound effect on the remainder of the County². However, while Kingston is the County’s economic center, it is also a component of the larger County-level economy. This fact, combined with the restrictions of available data, results in a considerable amount of the analysis contained in this report being at the County level. In some more limited instances, the greater Hudson Valley region is the geographical focus.

1.3 Analytical Method

The approach used for the Project is the following. A thorough analysis of the region’s economy was combined with an extensive audit of the region’s assets. The audit was carried out to reveal as accurately as possible the existing industry clusters in the area as well as to evaluate the relative competitive position of the region’s economy. Competitiveness is in this instance defined as the capacity of a local economy to foster economic activity. The evaluation of competitiveness included an extensive analysis of the local cost of doing business, the availability of skilled labor, and the general entrepreneurial climate.

¹ Basic industries are industries that earn income outside the local economy. While this could be interpreted as meaning manufacturing, it can also mean producer services (finance, insurance, business services), tourism, health services or even retail.

² Economic data is often not available at a level of geographical detail below county level.

The evaluation of the region's competitiveness was followed by a selection of potential targets for industry attraction efforts. The selection was based on various economic development objectives, which included increasing the diversity of the economic base. A second series of economic development recommendations focused on sectors less amenable to traditional attraction strategies. These included potential "sunrise" industries (New Media, Crafts³ and Tourism) as well as micro-enterprise start-ups. In the case of both New Media and micro-enterprises, the lack of appropriate available data meant that the data-intensive analysis used for other industry clusters could not be used. Instead, the analysis relies on extensive interviews and workshops.

Finally, the recommendations for economic development initiatives were supplemented by an extensive, in-depth analysis of the available real estate in the Kingston area. The purpose of this analysis was to determine the potential sites to support any economic growth initiative, particularly with respect to the "traditional" industry attraction initiative. Included in the current report are materials that are intended to be used as marketing materials for the industry attraction initiative. These materials summarize the benefits of a Kingston location for a potential firm in the targeted industries.

³ Due to the diverse character of the Crafts industry cluster, which here encompassed fine arts as well as crafts manufacturing, the sector was treated as both a "sunrise" industry and as a target of potential attraction strategies.

2.0 THE REGION'S ECONOMY

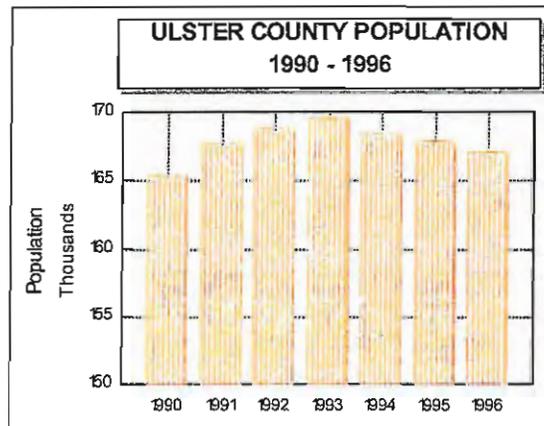
2.0 THE REGION'S ECONOMY

2.1 Economic and Demographic Analysis of Ulster County

2.1.1 Population Growth

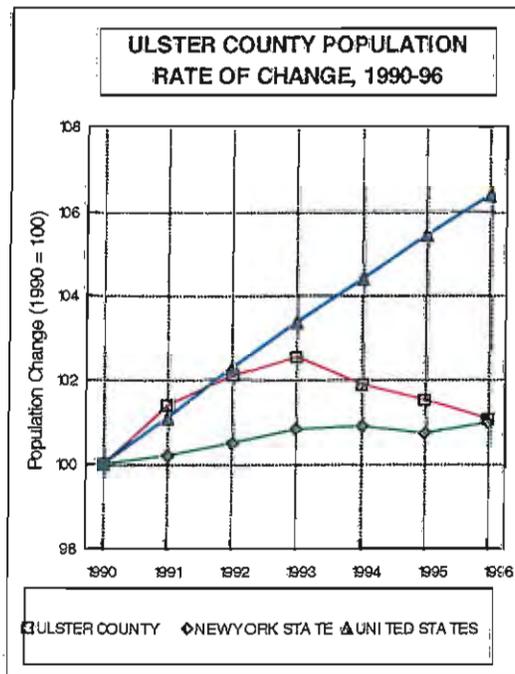
According to the Census Bureau, Ulster County's population decreased between 1993 and 1996 following 23 years of growth. Between 1970 and 1990, the County's population increased from 141,241 to 165,304, although the rate of increase slowed substantially during this period from a 12 percent increase between 1970 and 1980 to a 4.5 percent increase between 1980 and 1990. The County's population continued to grow during the early 1990s, peaking at 169,545 in 1993. A decline in the County's population is estimated to have occurred between 1993 and 1996, to 167,082, but it is still above the 1990 total (see Figure 1). In the early 1990s, Ulster County's population was growing at a faster rate than the US and New York State; it has since fallen behind the US significantly (see Figure 2).

Figure 1: Ulster County Population, 1990-1996



Source: U. S. Bureau of the Census, Current Population Reports

The population history of Kingston has differed from that of the County. Between 1970 and 1990, the population of Kingston continued a decline that had begun in 1960, when the City's population hit an all-time peak of 29,260. By 1990, the population of Kingston stood at 23,095. In The town of Ulster, the population increased from 11,711 to 12,319 between 1970 and 1980 (5.2 percent), and then leveled out at 12,329 in 1990.

Figure 2: Ulster County Population Rate of Change, 1990-96

Source: U. S. Bureau of the Census, Current Population Reports; Louis Berger & Associates, Inc..

2.1.2 Migration

Migration is typically an important indicator of economic vitality (where one would expect in-migration, which is equivalent to positive net migration)⁴ or decline (where one would expect out-migration). According to Census data, Ulster County experienced substantial positive net migration between 1970 and 1980 of over 12,591. This clearly reflected a buoyant local economy, which encouraged people to move into the area to fill available jobs. Between 1980 and 1990, however, net migration into the County was less than 1,000 persons. Net migration was positive for the first two years of the 1990s, and then became negative in 1993. In total, between 1990 and 1996, net out-migration exceeded 1,000 persons in Ulster County.

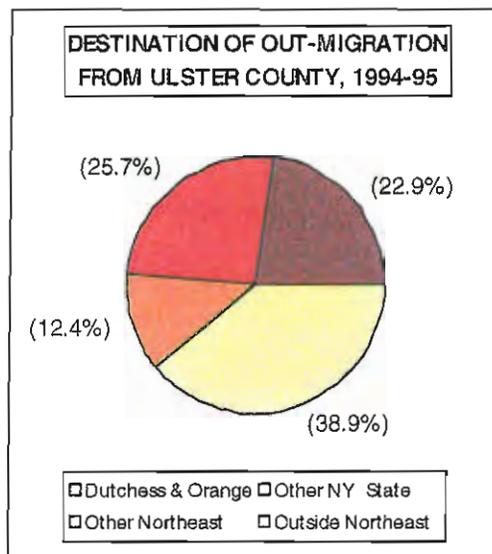
Detailed data on migration is available from the U. S. Internal Revenue Service (IRS). For each tax year, the IRS records the residence location of tax filers, the number of dependents, and family income. The returns of one year are compared with those of the previous year, and changes of address are recorded. With this data, the IRS can provide a detailed “snapshot” of the characteristics of people who are moving out of and into any county of the U. S., including where they moved to or from.

The available IRS migration data for Ulster County includes 1994 and 1995 and presents the following:

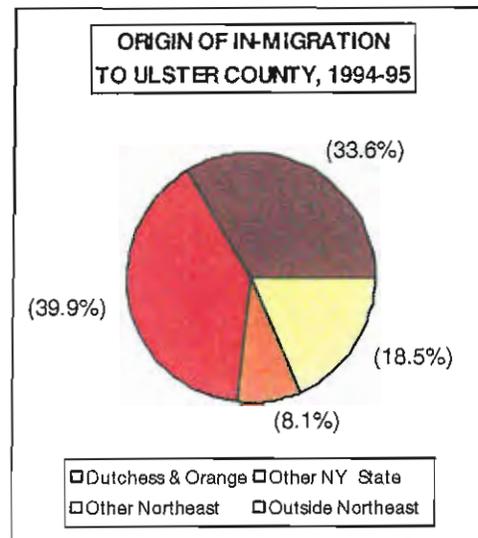
⁴ Net migration is the difference between natural change (births minus deaths) and total population. If natural change is smaller than total population change, people are migrating into an area; on the other hand, if natural change is larger than total population change, net out-migration is taking place.

- Out-migrants from Ulster County out-numbered in-migrants by a ratio of 1.2 to 1.
- In-migrant families were slightly smaller than out-migrant families.
- Median incomes of out-migrant families were 11.2 percent higher than those of in-migrant families.
- The median incomes of families moving from Ulster County to Burlington, Vermont, and Austin, Texas, were about three times the median incomes of families living in Ulster County. Median incomes of families moving to the Research Triangle Park area of North Carolina, and Fairfield County, Connecticut, were also substantially higher than those of families in Ulster County.
- About four percent of the in-migrants to Ulster County moved from Manhattan. The income of these families was over 20 percent higher than that of families already residing in Ulster County.
- Just under half of the out-migrants from Ulster County moved to locations in New York State, with 22.9 percent to Dutchess and Orange Counties; 38.9 percent of the out-migrants moved outside the Northeast (see Figure 3).
- One-third of the in-migrants came from Dutchess and Orange Counties; over 70 percent came from New York State, and 18.5 percent from outside the Northeast (see Figure 4).

Figure 3: Destination of Out-Migration from Ulster County, 1994-95



Source: IRS Area-to-Area Migration and County Income Data, Internal Revenue Service Statistical Information Services; Louis Berger & Associates, Inc.

Figure 4: Origin of In-Migration to Ulster County, 1994-95

Source: IRS Area-to-Area Migration and County Income Data, Internal Revenue Service Statistical Information Services; Louis Berger & Associates, Inc.

The net out-migration suggested in the Census population estimates is confirmed by the IRS data. The IRS data suggests that a substantial number of educated workers (with educational levels inferred from high income levels) are migrating from Ulster County to areas such as Burlington, Vermont; the Research Triangle Park area in North Carolina; and Austin, Texas. This finding would appear to confirm the expected departure of numerous ex-IBM employees from areas with an industrial mix appropriate for their skills. However, despite the apparent out-migration of these ex-IBM employees, one should not conclude that the County is undergoing a massive “brain drain.” Overall, the total number of high-income out-migrants represents less than ten percent of total out-migration, and there is evidence that higher-income people are moving into Ulster County⁵.

The IRS data also points out two other significant facts. First, the data confirms the high degree of interdependence between Ulster County’s economy and those of Dutchess and Orange counties. This interdependence is reinforced by the commutation data (discussed below). Second, family sizes of the in-migrating and out-migrating populations are not dissimilar, suggesting that migration in Ulster County will not have a substantial effect on per-capita demand for services.

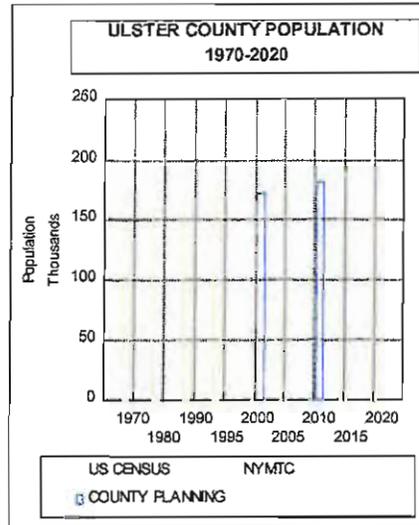
2.1.3 Population Forecasts

Two principal population forecasts are available for Ulster County, by the Ulster County Planning Board and the New York Metropolitan Transportation Planning Council (NYMTC) (see Figure 5). The Ulster County Planning Board’s projections are available for 2000 and 2010, and are somewhat higher than NYMTC’s. Both sources forecast that Ulster County’s population will grow during the next 15 years, by

⁵ People with higher incomes appear to be moving into Ulster County from Manhattan. Although the number of such people is not currently a significant portion of all in-migrants, this statistic points out the potential for positive impacts on Ulster County’s economy if this migration pattern continues and increases.

and the New York Metropolitan Transportation Planning Council (NYMTC) (see Figure 5). The Ulster County Planning Board's projections are available for 2000 and 2010, and are somewhat higher than NYMTC's. Both sources forecast that Ulster County's population will grow during the next 15 years, by between 5.5 percent (NYMTC) and 7.9 percent (Planning Board). NYMTC expects Ulster County's population growth to accelerate between 2010 and 2020, reaching a total of over 200,000 persons in the latter date, an increase of 13 percent from 2010 and nearly 20 percent from 1995.

Figure 5: Ulster County Population, 1970-2020



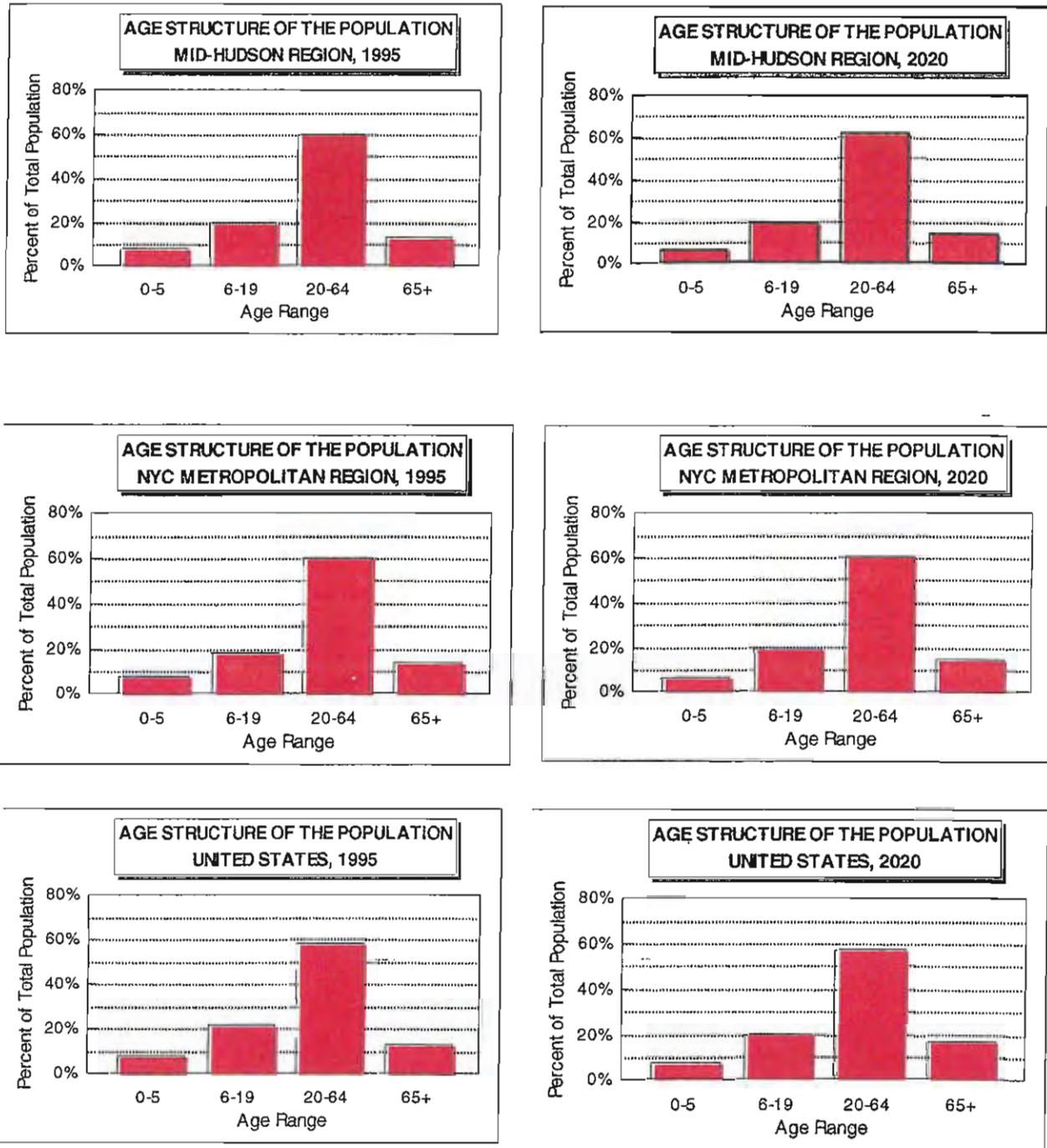
Sources: *Ulster County Data Book, 1996; New York Metropolitan Transportation Council, Adopted Forecasts, December 19, 1995; Louis Berger & Associates, Inc.*

2.1.4 Age Structure of the Population

The age structure of Ulster County's population has important implications for employment, incomes and public services. The United States is expected to experience rapid growth among the segment of the population aged 65 and over during the next 25 years, from the current 12.8 percent of the total population to 16.5 percent in 2020. Pre-schoolers and school-age children, who now account for 28.9 percent of the US population, will decrease to 26.7 percent of the population. Overall, in 1995, the 58.4 percent of the US population in the labor force (those between 20 and 64 years of age) was supporting a dependent population which was 41.6 percent of the total.⁶ This translates into a national ratio of productive-age people to dependent population of 1.4:1. In 2020, these percentages will be 56.8 percent and 43.2 percent, respectively (a ratio of 1.32 productive-age people for every dependent) (see Figure 6). The implication of this nationwide trend is that social service costs for dependent populations, particularly the elderly, are increasing, while at the same time the productive portion of the population is decreasing.

⁶ It must be recognized that the actual productive portion of the population, i.e., those who are in the labor force, can be different from the productive-age portion because of labor force participation, which is related to factors such as cost of living, availability of jobs, etc.

Figure 6: Age Structure of the Population, US, NY Metropolitan Area, Mid-Hudson Region, 1995 and 2020



Sources: U. S. Bureau of the Census forecasts for the U. S.; New York Metropolitan Transportation Council, Adopted Forecasts, December 19, 1995; Louis Berger & Associates.

These age structure changes are not expected to occur in the Mid-Hudson region⁷ and the New York metropolitan area over the next 25 years, primarily because of the large amount of immigration that has and will continue to occur in this region. In the Mid-Hudson region, the current ratio of productive-age population to dependents is 1.48:1, somewhat higher than in the U. S. It is expected to be 1.57:1 in 2020, compared with 1.32:1 in the US as a whole. Across the New York metropolitan area, the ratio of productive-age population to dependents is expected to remain at around 1.52:1 for the next 25 years.

Typically, immigrant populations are younger. This means that in this region the productive-age portion of the population will be larger relative to the dependent portions, yielding comparatively less pressure on social services for the elderly, but more competition for jobs. Demand for school facilities will be higher, and other problems associated with younger populations, such as traffic accidents and crime, may also be more pronounced. In balance, however, the higher ratio of productive-age population to dependent population in the New York metropolitan area is expected to rebound to the advantage of the area. Younger populations are typically more energetic and economically active. According to NYMTC, "From a demographic perspective, over the long term, the region will be a much more dynamic place than the nation as a whole."⁸

2.1.5 Ethnic Composition

The ethnic composition of the Mid-Hudson region and the New York metropolitan area is expected to vary significantly from the U. S. as a whole over the next 25 years (see Figure 7). Currently, the Mid-Hudson region and the U. S. are overwhelmingly White. In the U. S., 73.5 percent of the 1995 population was White; in the Mid-Hudson region, the same statistic was 76.9 percent. This contrasts with the New York metropolitan area, in which 61.6 percent of the population was white in 1995.

Over the next 25 years, the white proportion of the population in the U. S. is expected to decline to somewhat less than two-thirds. However, in the Mid-Hudson region and the New York metropolitan area, the decline of the proportion of Whites is expected to be considerably more pronounced. The proportion of Whites in the Mid-Hudson region is expected to fall below 50 percent by 2020, and it is expected to fall to just above 40 percent throughout the metropolitan area.

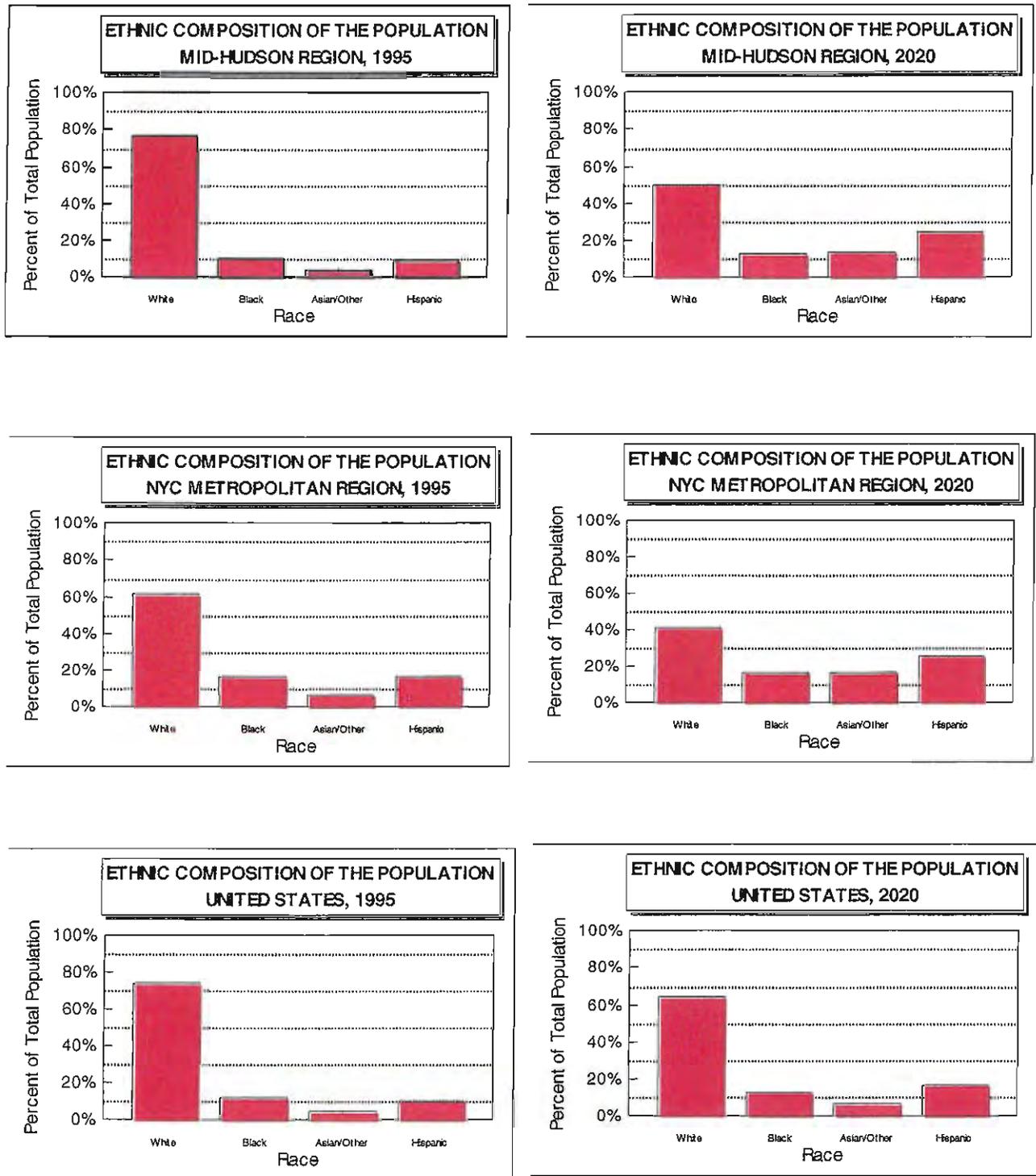
This forecast change in ethnic composition goes hand-in-hand with the age structure changes, and both are influenced largely by immigration. The ethnic groups who have been resident in the area for generations, Whites and African-Americans, will decline or remain the same as a percentage of total population, while Asian, Hispanic, and other ethnic groups, who are immigrating to the area in large numbers, will increase their shares rapidly.

As noted earlier, demographic changes it could be expected to add to the region's dynamism and vitality. Ethnic diversity can be a source of strength if used correctly, just as it can be a divisive factor if the wrong approaches are adopted. "Productively engaged," wrote NYMTC in 1995, "the vitality that derives from

⁷ Age structure and ethnic composition forecasts are not available for Kingston or Ulster counties. Since they are on the periphery of both the Mid-Hudson region and the New York metropolitan area, the demographic changes might not be as pronounced locally. However, the impact of expected regional demographic changes can still be expected to have a substantial influence on Kingston and Ulster counties.

⁸ New York Metropolitan Transportation Council, *Draft NYMTC Forecasts, Baseline Scenario*, November 7, 1995, page 13.

Figure 7: Ethnic Composition of the U. S., NY Metropolitan Area, Mid-Hudson Region, 1995 and 2020



Sources: U. S. Bureau of the Census forecasts for the U. S.; New York Metropolitan Transportation Council, Adopted Forecasts, December 19, 1995; Louis Berger & Associates, Inc..

a younger age structure with greater racial/ethnic diversity can only reinforce the creative, innovative attributes that have long been competitive advantages of this Region.”⁹

2.1.6 Employment

Ulster County as a whole, and Kingston in particular, endured a significant economic shock when IBM closed its facilities in the last few years. Manufacturing employment declined significantly between 1992 and 1996, from 12,236 to 6,360. This followed a steady increase which peaked in 1984 at over 15,600 (see Figures 8 and 9).

The economic shock of the IBM layoffs tends to mask two very important points. First, the remainder of Ulster County’s economy has actually performed quite well. From the 1990 peak of 61,800 nonagricultural jobs, employment in 1996 stood at 57,800. Considering the fact that this period includes not only the IBM layoffs but also the recession of the early 1990s, the County’s growth performance should be seen as quite satisfactory. Net employment decreases in manufacturing contrasted with employment increases in trade, services and utilities. Between 1990 and 1996, services employment increased from 22,800 to nearly 23,600, helping to stabilize the County’s economy in the midst of the layoffs.

A second crucial point to be made is that even in manufacturing, the remainder of the sector has performed relatively well. Removing employment attributed to computer and office equipment manufacturing (in this case, the industry given the Standard Industrial Classification [SIC] code 357), it becomes evident that the remainder of the manufacturing sector has actually performed far better than manufacturing in the remainder of the State (see Figures 10 and 11). In fact, removing SIC 357 reveals that the remainder of manufacturing employment in 1996 is only six percent below 1975 employment levels; at the State level, on the other hand, the manufacturing employment decline during the period was 36 percent.

As with the rest of the State and the nation, Ulster County’s unemployment rate has declined significantly since 1993, from 7.3 percent in 1993 to 3.7 percent in April 1997 (actually well below the New York State level of 6.2 percent). Though the IBM layoffs were without doubt an enormous shock to the local economy, there is ample evidence that Ulster County’s economy is resilient and surprisingly diversified now that it is no longer dominated by a single very large employer (see Figure 12).

The massive presence of IBM in Ulster County contributed to a pattern of manufacturing employment growth in the early and mid 1980s which stood in sharp contrast to both the remainder of the State and the US as a whole. Today, the post-IBM manufacturing sector in the area is expected to exhibit trends mirroring the State, with slow employment declines over the next 25 years (see Figure 13). As during the early 1990s, this decrease is expected to be contrasted with growth in services and trades (with the notable difference that total job growth should be positive). Jobs in retail trade and the services were both at their all-time peaks in 1996, with a total employment of over 30,000, nearly five times the number of manufacturing jobs.

⁹ *Op. cit.*, NYMTC, 1995, p. 13.

Figure 8: Ulster County Employment by Industry, 1969-1996

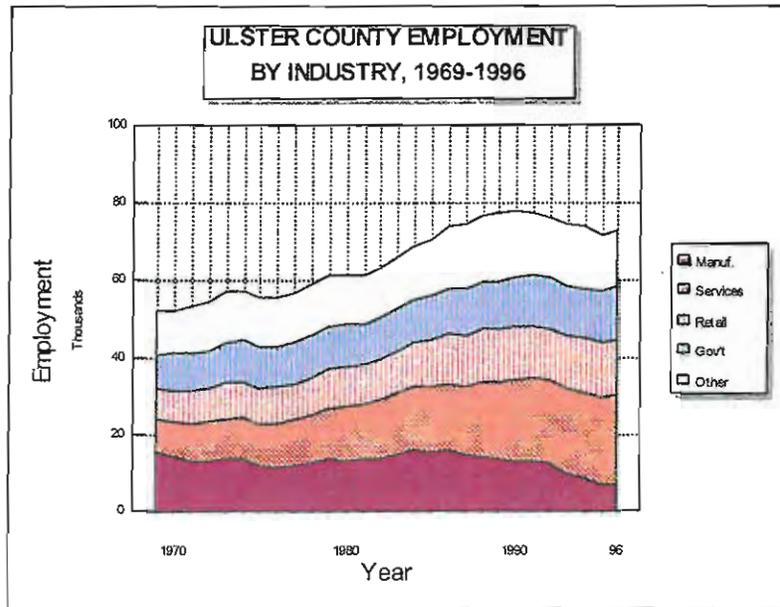
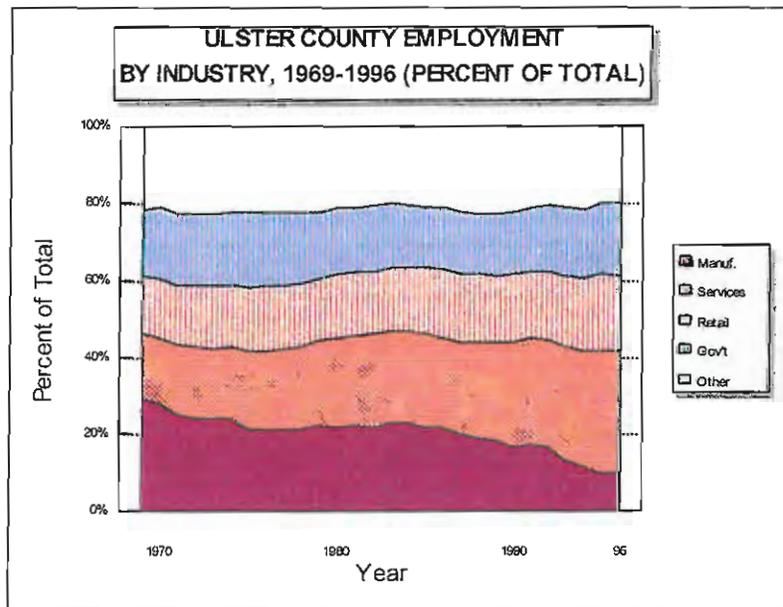
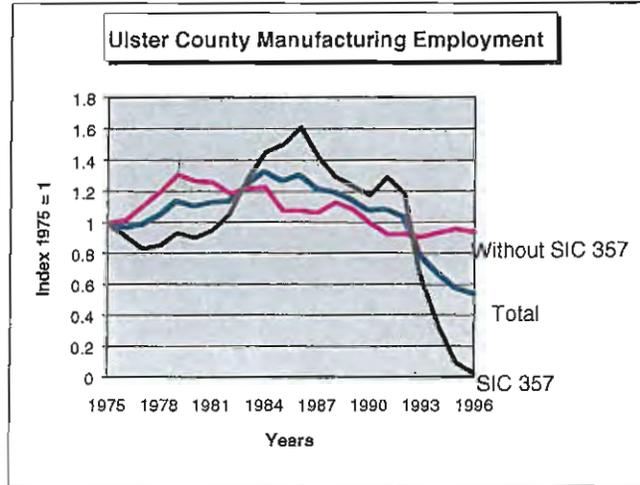


Figure 9: Ulster County Employment by Industry, 1969-1996 (Percent of Total)



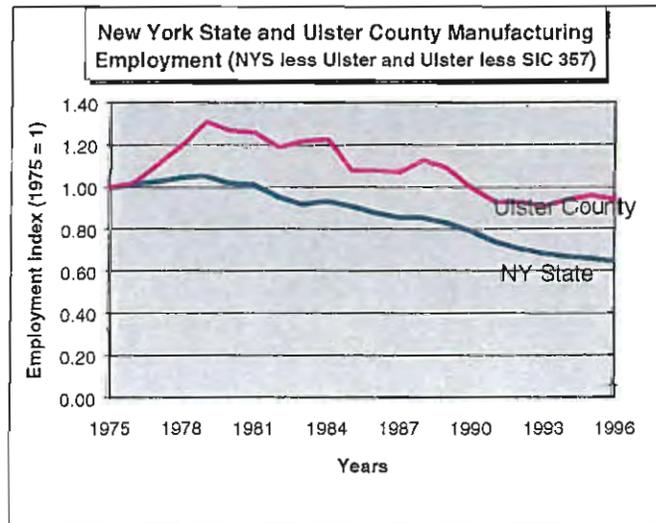
Sources: U. S. Bureau of Economic Analysis; Marist College Bureau of Economic Research; Louis Berger & Associates

Figure 10: Ulster County Manufacturing Employment With and Without SIC 357



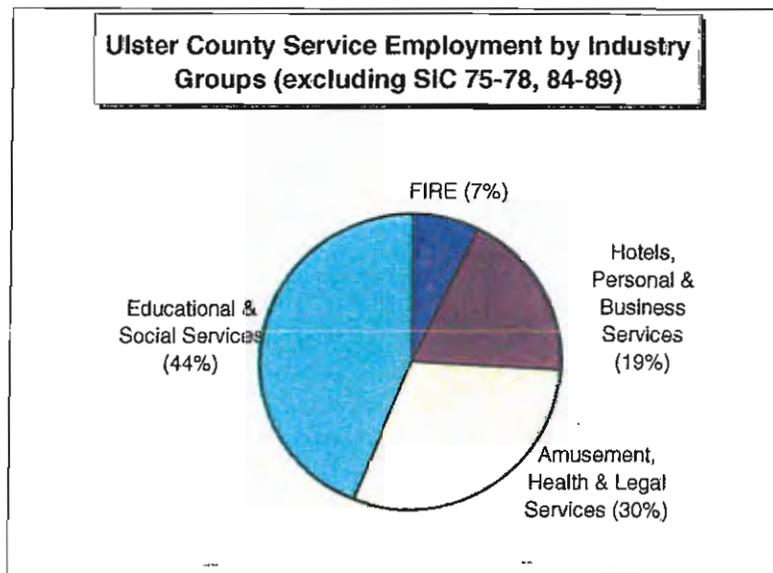
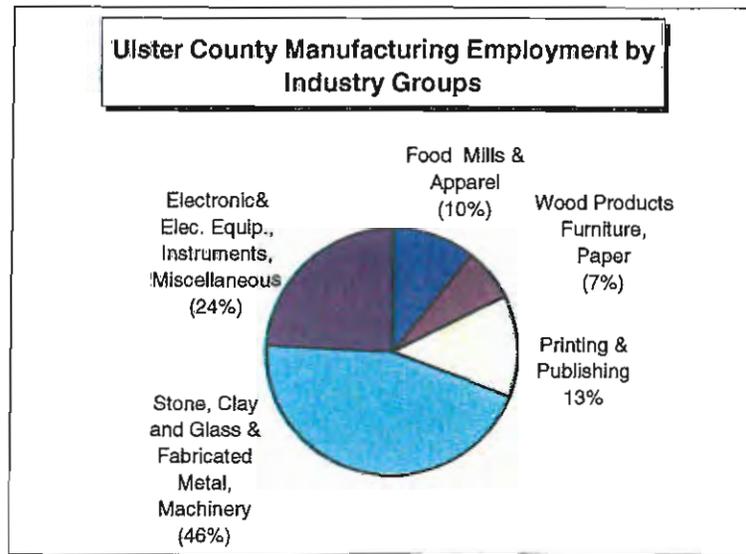
Source: New York State Department of Labor; Louis Berger & Associates, Inc.

Figure 11: A Comparison of New York State and Ulster County Manufacturing Performance



Source: New York State Department of Labor; Louis Berger & Associates, Inc.

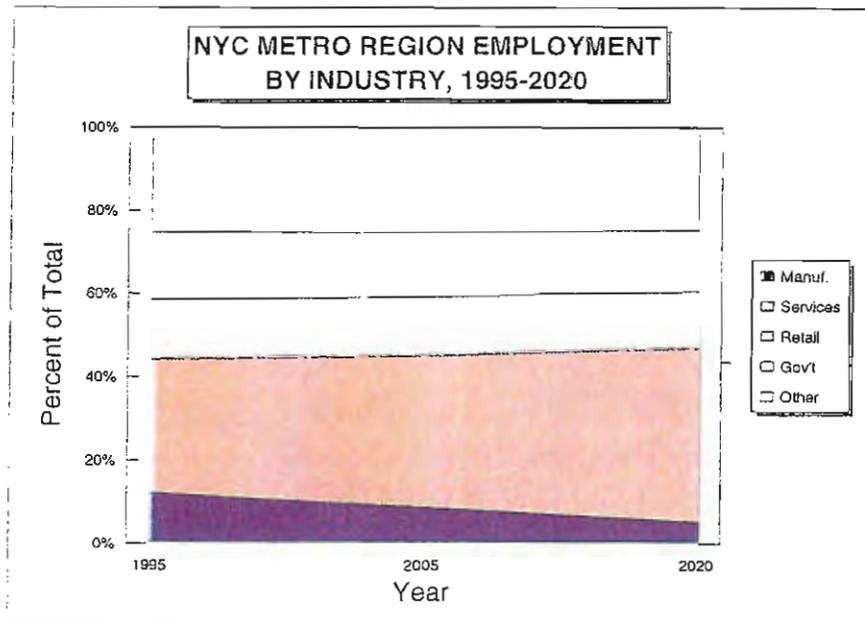
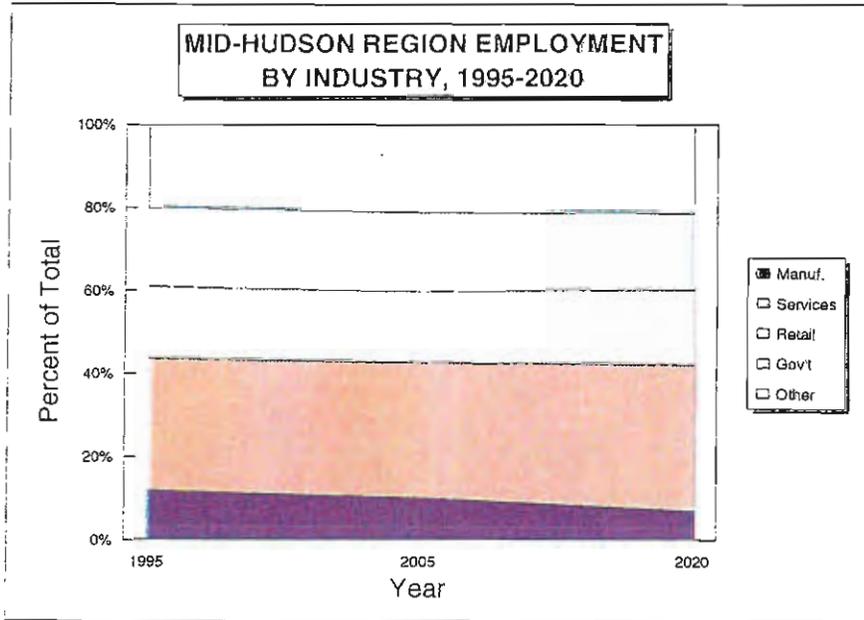
Figure 12: Ulster County Employment by Industry Groups, 1996



Sources: New York

State Department of Labor; Louis Berger & Associates, Inc..

Figure 13: Mid-Hudson and NYC Metro Region Employment By Industry 1995-2020



Sources: New York Metropolitan Area Transportation Council, Adopted Forecasts, 1995; Louis Berger & Associates, 1997.

2.1.7 Earnings

The effect of the IBM cut-backs on earnings in manufacturing were profound. IBM provided high-wage employment that will be a challenge to replace. Figure 14 illustrates the dramatic impact of the downsizing on the manufacturing sector's earnings over time, and shows the counterbalancing effect of the increase in services earnings during the same period.

According to NYSDOL data on earnings, as of 1992, the average annual earnings per employee in manufacturing were, in 1996 values, equal to nearly \$46,000; by 1996, annual manufacturing earnings per manufacturing employee had plunged 37 percent to \$29,000. The reason for the decline is simple: Workers in SIC 357 earned an average annual salary of nearly \$63,000 in 1991. Given that employment in the sector decreased from over 6,500 in 1991 to nearly 0 in 1996, the effect on average wages in manufacturing as a whole were dramatic. In total, the loss of the more than 6,500 employees in SIC 357 meant a loss of earnings of over \$412 million for the county.

As with employment (see Section 2.1.6), the service sector tended to act as the economy's stabilizer. While unable to make up for the shortfall in earnings from the manufacturing sector cutbacks, it did increase its overall earnings by nearly \$30 million between 1991 and 1996. In terms of average annual earnings per employee, this represented an increase from \$21,200 to \$24,400.

In conclusion, the IBM cutbacks were perhaps most dramatic in terms of their effect on Kingston and Ulster's earnings. As shown above, the manufacturing sector before 1992 was characterized by very high average earnings, reflecting the high proportion of high-skill workers associated with SIC 357, in other words IBM employees. While employment growth in services, trades and utilities have essentially stabilized the region's economy, these new jobs have not come close to replacing the earnings from the lost IBM employment.

2.1.8 Bankruptcies

One measure of the disruption caused by the IBM layoffs can be found in statistics on bankruptcies. In 1990, the rate of total bankruptcy filings per 1,000 population in Ulster County was only about 62 percent of the rate for the U. S. as a whole (see Figure 15). By 1995, the rate of total bankruptcy filings in Ulster County was nearly equal that of the U. S. However, *business* bankruptcy filings have apparently not been similarly affected in Ulster County (see Figure 16). In 1990, the rate of business bankruptcy filings in Ulster County was half that of the US in 1995, the Ulster County rate was one-fifth of the U. S. rate. The bankruptcy rate among Ulster County businesses actually declined by a factor of three during this period. This demonstrates that throughout the turbulent 1990s, businesses in Ulster County have managed to survive with a considerable degree of stability, (even as the individuals hurt by the IBM downsizing have not) which bodes well for future economic growth and job formation.

FIGURE 14: Total earnings and average earnings in manufacturing and services

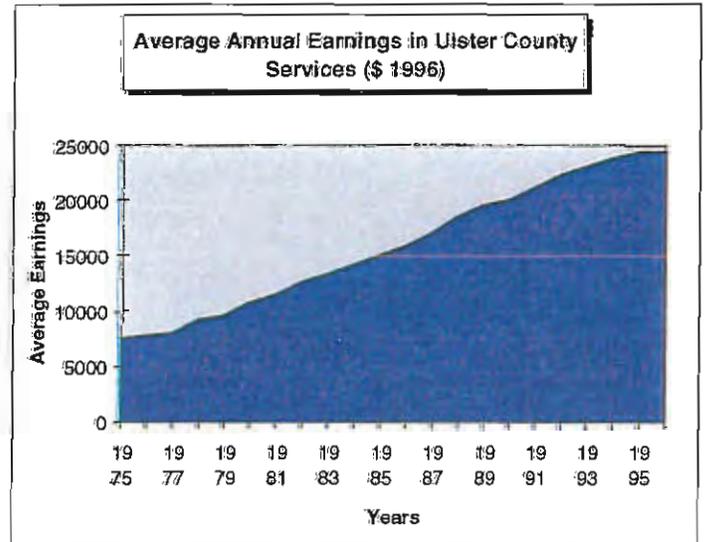
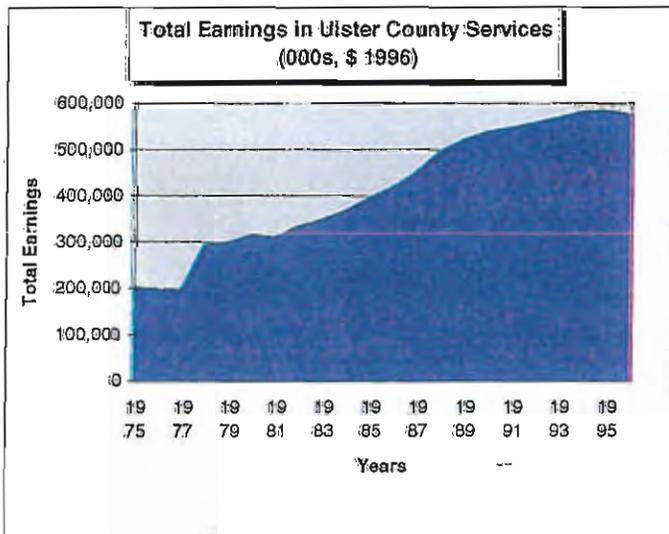
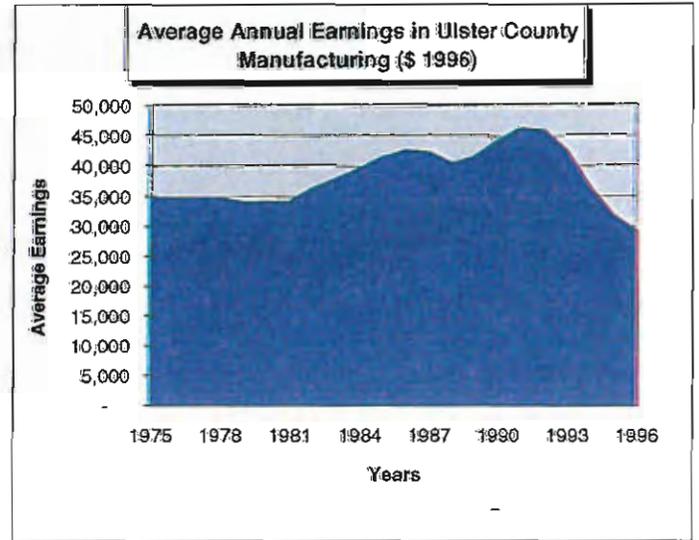
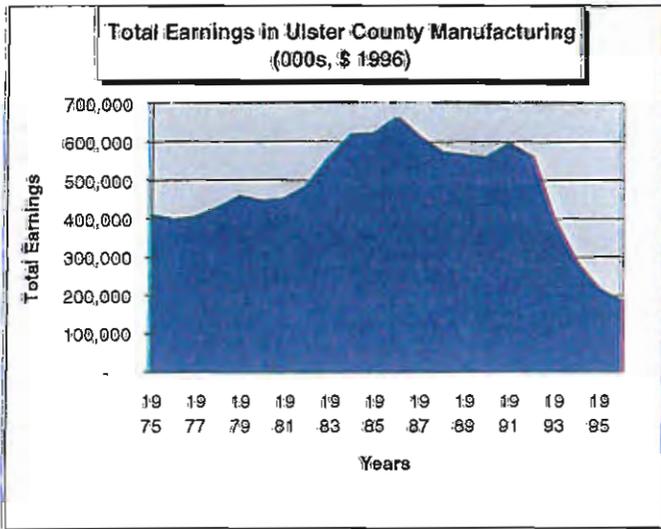
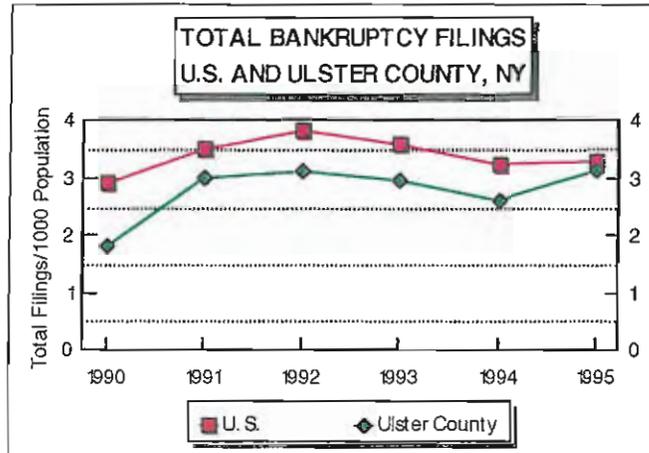
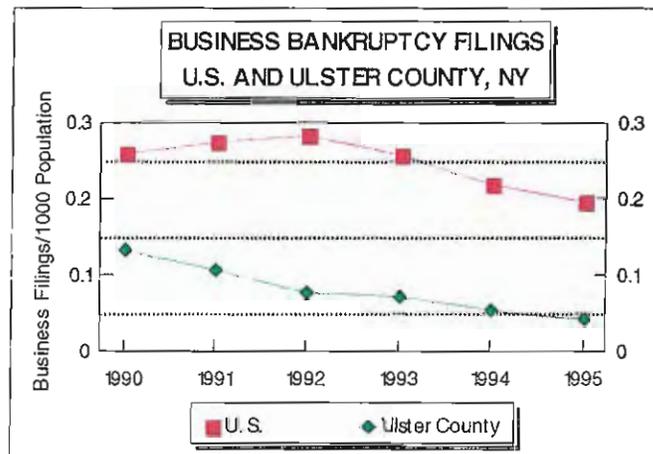


Figure 15: Total Bankruptcy Filings, U. S. and Ulster County



Sources: Administrative Office of the United States Courts, Bankruptcy Judges Division; Louis Berger & Associates, Inc.

Figure 16: Business Bankruptcy Filings, U. S. and Ulster County



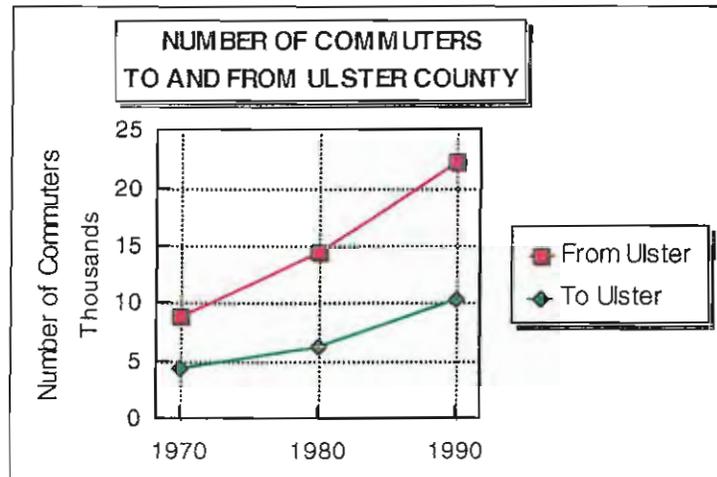
Sources: Administrative Office of the United States Courts, Bankruptcy Judges Division; Louis Berger & Associates, Inc.

2.1.9 Commutation Habits

Commuting has become a steadily more significant factor throughout the U. S., especially in the suburban counties of large metropolitan areas. Commuting among counties at the metropolitan area fringe has become an increasingly influential trend, affecting employer location and land use alike. Commutation data is an indicator of the relative attractiveness of different counties, with those offering the better jobs attracting commuters who travel into the area. Commutation data is also an indicator of the degree of economic linkages among counties in a metropolitan area.

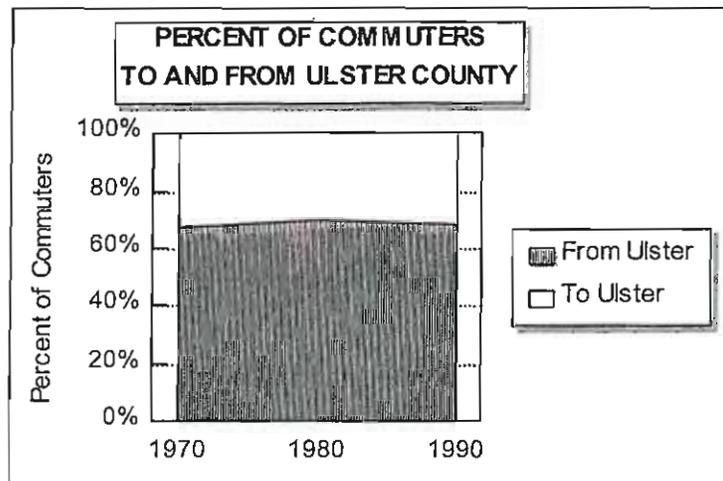
As is the case throughout the New York metropolitan area, commutation has increased rapidly in and around Ulster County, more than doubling between 1970 and 1990 (the most recent year for which data is available). In 1990, more than a quarter of workers living in Ulster County were commuting to jobs outside the County, compared with 16.7 percent in 1970. About 15.3 percent of Ulster County's jobs were filled by out-of-county residents in 1990, compared with less than nine percent in 1970 (See Figures 17 and 18).

Figure 17: Number of Commuters To and From Ulster County



Source: *Ulster County Data Book, 1996; Louis Berger & Associates, Inc.*

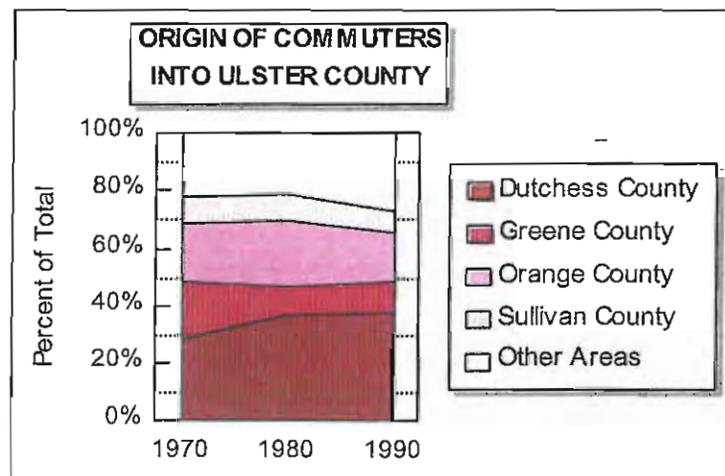
Figure 18: Percent of Commuters To and From Ulster County



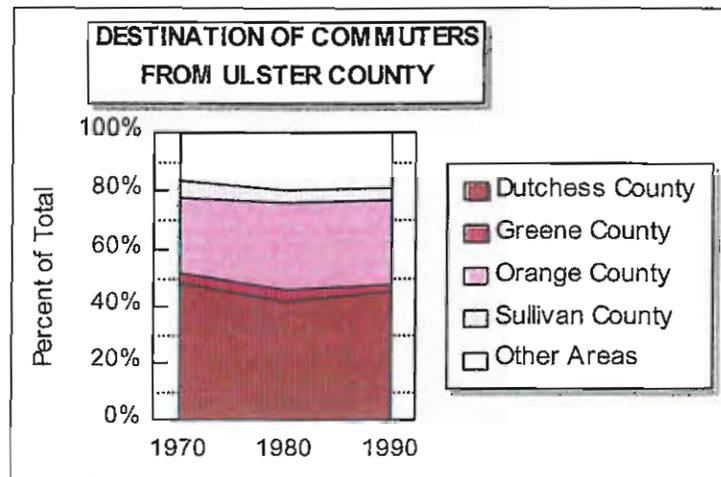
Source: *Ulster County Data Book, 1996; Louis Berger & Associates, Inc.*

There are considerably more people commuting out of Ulster County than are commuting in. This is a general indicator that the jobs outside Ulster County are more numerous (and/or pay more) than those inside. In percentage terms, the excess of commuters out of Ulster County over those commuting into Ulster did not change significantly between 1970 and 1990. There has been a steady increase in the percentage of Dutchess County residents commuting into Ulster County since 1970, but otherwise, commuting patterns into and out of Ulster County have remained fairly stable. The commutation data indicates that the economic relationships between Ulster County and its surrounding neighbors probably did not change significantly between 1970 and 1990. Ulster County’s primary commuting relationships appear to be limited to the four surrounding counties, which account for about 80 percent of Ulster’s commuters (see Figures 19 and 20).

Figure 19: Origin of Commuters Into Ulster County



Source: *Ulster County Data Book, 1996; Louis Berger & Associates, Inc.*

Figure 20: Destination of Commuters Out of Ulster County

Source: *Ulster County Data Book, 1996; Louis Berger & Associates, Inc.*

Kingston's 1990 commutation data is very similar to that of Ulster County as a whole. About a quarter of Kingston's workforce commuted to locations outside the City (ten percent outside the county). In The town of Ulster, which is more of a "bedroom" community, over 90 percent of the workers commuted outside the township, with 13.7 percent going out of the county.

The vast majority (nearly 90 percent) of commuting in Kingston and Ulster counties is done by private automobile. Over three quarters of the County's commuters drove alone to work in 1990, while just over 12 percent commuted in car pools. Fewer than four percent of the County's workers worked at home, while 7.7 percent took transit, walked, or used some other means to get to work. The average commute time in the County was 22 minutes. In Kingston, slightly fewer people (72.8 percent) drove to work alone and somewhat more (11.9 percent) used transit or other modes. In The town of Ulster, the commutation data was very similar to the County's.

Ulster County's commuting patterns are quite similar to those of the U. S. as a whole. In 1990, over 88 percent of US workers commuted in private vehicles (73 percent drove alone), about three percent worked at home, and the remainder used other modes of transportation. In the New York metropolitan area, however, commutation patterns are substantially different than in Ulster County. Only slightly more than half (52.3 percent) of the metropolitan area's commuters drove alone to work, while ten percent took car pools, and nearly 27 percent used public transit. This points out one of the potential impediments to luring employers and labor out of the higher density parts of the New York region: many of these people are accustomed to extensive public transit, which is not plentiful in the Kingston/Ulster County area. Another problem with limited public transit is lack of access to jobs for lower-income people without cars. This presents difficulties not only for the low-income workers themselves, but for employers wanting to hire low-wage employees.

A possible advantage for Ulster County lies in shorter and more convenient commuting. The mean commuting time to work was around 30 minutes in the New York metropolitan area. More importantly, 16.5 percent of the metropolitan area's commuters had commutes in excess of an hour. These people might be amenable to shorter commutes available in Ulster County.

2.2 Assessment of the Competitive Position of Kingston and Ulster County

Following from the regional demographic and economic overview, Sections 2.2 to 2.4 address a fundamental question: how “competitive” is the Kingston-Ulster County region as a location for economic activity¹⁰? The region has undeniable locational advantages. Within 90 miles of New York City, it is located in the Catskill region, an area of considerable beauty. It also is blessed with excellent access, being located on the New York State Thruway and within 35 minutes of both I-84 and Stewart International Airport and within one hour of Albany and its airport.

Besides these locational advantages, how does the region fare in other areas which are of concern to both businesses and residents? We examine below such factors as labor costs, educational attainment of residents, real estate costs, tax rates and general quality of life issues. We then examine in considerably more detail the issue of regional labor training resources (Section 2.3), and technological resources and entrepreneurial activity (in Section 2.4).

2.2.1 Analysis of Ulster County Labor Costs

As a major share of business costs, one could expect that labor costs (with wages the main component of labor costs) to have a major effect on the growth of a local economy. A report by the W.E. Upjohn Institute for Employment Research (Bartik, 1991) summarized the findings of various studies examining the effects of wage rates on business activity. Of the 42 studies surveyed, *62 percent found a significant negative effect of wage levels on local employment growth*¹¹, a result which tends to confirm what economic theory would predict. Given that wage levels are important factors in determining a local economy’s growth, it is important to thoroughly evaluate the available wage and earnings data for the Kingston area to determine its competitive position in this key element of business costs.

Several approaches and data bases were used in this analysis. The objective was to develop an accurate picture of what has happened to wages and earnings in Kingston and Ulster County since 1990, and how the area compares with competing areas of the US. The 1990 wage and earnings comparison was based upon a detailed analysis of that year’s Census data. This allowed a direct and statistically-reliable comparison between wage levels in Ulster County and several competing areas. To further evaluate what has happened since 1990 to wages in the Kingston area, four other data bases were consulted: US Bureau of Labor Statistics (BLS) *Occupational Compensation Surveys* conducted in the Kingston area between 1991 and 1994; US Department of Commerce *County Business Patterns* earnings data for 1994; NYSDOL data on occupational wages for 1995; and, BLS data on wages from the *Current Employment Survey* between 1992 and 1997.

¹⁰Note that we define economic activity broadly, encompassing leisure activities and tourism as well as the production of goods and business services.

¹¹The magnitude of the labor cost effects reported in the 42 studies could be summarized in the following way: for every 10 percent increase in labor costs, business activity was reduced two percent to 10 percent. However, as Bartik was careful to point out, a statistical analysis of the effect of wage levels on business growth presents some important technical difficulties whose discussion is beyond the scope of the present report. They are mentioned only to stress that one cannot attribute too great a level of precision in the estimated effects of labor costs, and that these findings should be seen as mostly indicative.

The combination of data from these different sources paints a favorable picture of wage levels in the Kingston area: in 1990, wages in the area were competitive with other metropolitan areas in the Northeast and Southeast, and, since 1990, wages have not grown as rapidly in Ulster County as in these competing areas. This evidence suggests strongly that the Kingston/Ulster County area is currently in an advantageous position when compared with competing areas with respect to wage levels.

2.2.1.1 1990 Census Data

The US Census five percent sample data, contained in the Public Use Microsample (PUMS) data set, allows cross-tabulation of individual Census questionnaires for county-sized geographical units throughout the US. The five percent sample asked detailed questions eliciting employment and income data. Using this data allows precise and statistically-sound comparisons of labor force attributes among various areas of the country, and it is possible to control for part- and full-time employment differences, which tend to bias regional comparisons.¹² In comparing wage levels between Ulster County and other areas, the effects of part-time and overtime employment and differing educational levels were filtered out of the data by cross-tabulating the number of weeks worked per year, the number of hours worked per year, annual wage and salary, and the industry of employees. In this manner, it was possible to develop an hourly wage level for high-school-educated manufacturing workers working 52 weeks per year and 40 hours per week in the manufacturing sector. The manufacturing sector was selected as being most representative of wage levels for purposes of comparison among metropolitan areas. *The key point is that the use of the Census PUMS data allows the comparison of the wages paid to relatively similar employees in terms of educational attainment levels.* We are also able to control for a factor which is notorious in biasing comparisons of average wages across different geographical areas, namely the presence of different levels of part-time employment.

Table 1 shows the results of this analysis. The competing areas selected for the analysis included New York City, the Sussex-Warren Counties area of New Jersey (a largely rural area on the western fringe of the New York metropolitan area), and the Raleigh-Durham, North Carolina, metropolitan area. The table shows hourly wage data for high-school-educated workers without college degrees, who worked 52 weeks and an average of 40 hours per week. The wage data is given for all economic sectors and the manufacturing sector.

The data in Table 1 show that Ulster County's 1990 general wage levels were competitive with the other areas under consideration, being somewhat lower than western New Jersey, slightly lower than New York City, and slightly higher than the Raleigh-Durham area. In the manufacturing sector, Ulster County's wage levels were lower than any of the other areas studied. This was prior to the IBM downsizing. One would suspect, based on the evidence presented in Section 2.1.7, that Ulster County's competitive position with respect to wage levels would have improved since then as the IBM employees tended to earn considerably more than the average manufacturing wage.

¹²In comparing wage levels between Ulster County and other areas, the effects of part-time and overtime employment and differing educational levels were filtered out of the data by cross-tabulating the number of weeks worked per year, the number of hours worked per year, annual wage and salary, and the industry of employees. In this manner, it was possible to develop an hourly wage level for high-school-educated manufacturing workers working 52 weeks per year and 40 hours per week in the manufacturing sector. The manufacturing sector was selected as being most representative of wage levels for purposes of comparison among metropolitan areas. *The key point is that the use of the Census PUMS data allows the comparison of the wages paid to relatively similar employees in terms of educational attainment levels.* We are also able to control for a factor which is notorious in biasing comparisons of average wages across different geographical areas, namely the presence of different levels of part-time employment.

2.2.1.2 Occupational Compensation Surveys, 1991-94

The US Department of Labor's Bureau of Labor Statistics conducts periodic wage surveys of selected local labor markets. The Occupational Compensation Survey divides occupations into representative categories with standardized job descriptions so that wage levels are comparable among labor markets and across time. BLS wage surveys were last conducted in Kingston in 1991, as part of a local labor market which consisted of Dutchess, Orange, and Ulster Counties. Between 1991 and 1994, four wage surveys were conducted in the Poughkeepsie area as well. Poughkeepsie and Kingston were included in the same local labor market survey in October 1991, while a separate survey was conducted in Poughkeepsie in November 1991. This allowed the calculation of a ratio between Poughkeepsie and Kingston. This ratio was then applied to the Poughkeepsie data for the years 1992, 1993, and 1994 to estimate Kingston wage levels for those years (the differences between Kingston and Poughkeepsie wages were quite small - less than five percent). The data was then adjusted for inflation.

Table 1: Ulster County Hourly Wage Rates, Compared With Other Areas, 1990

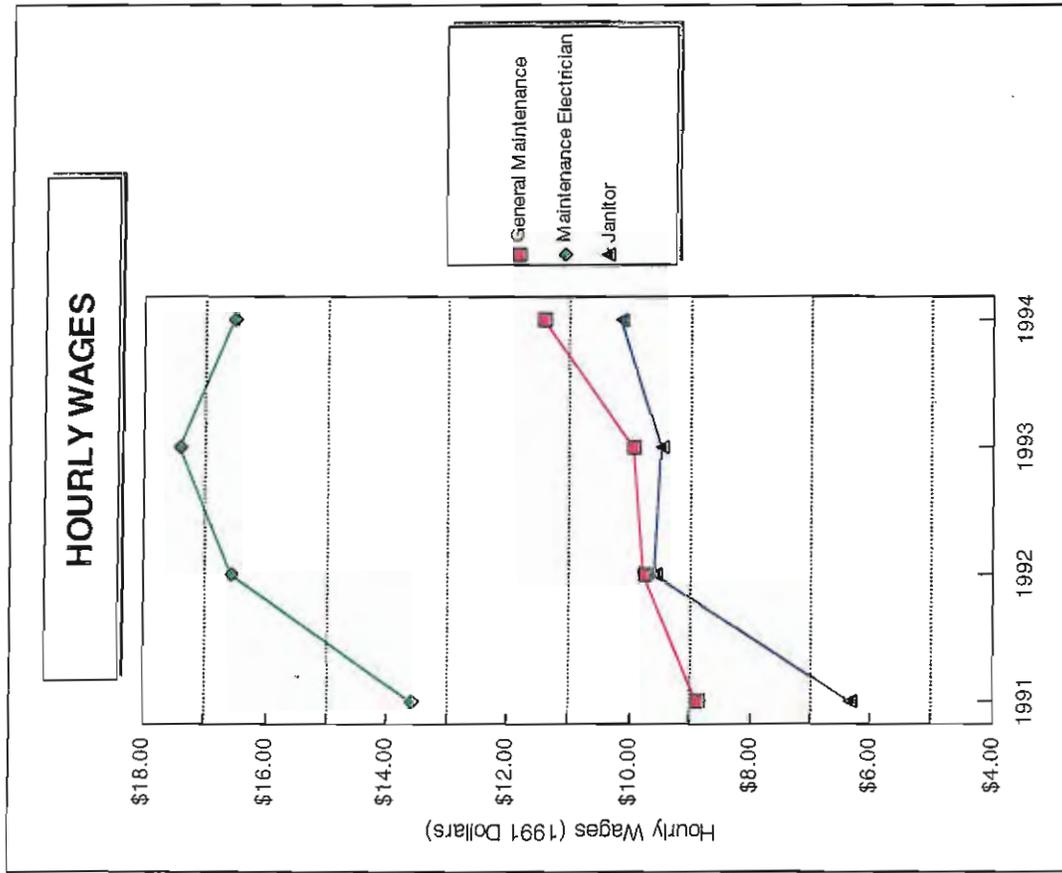
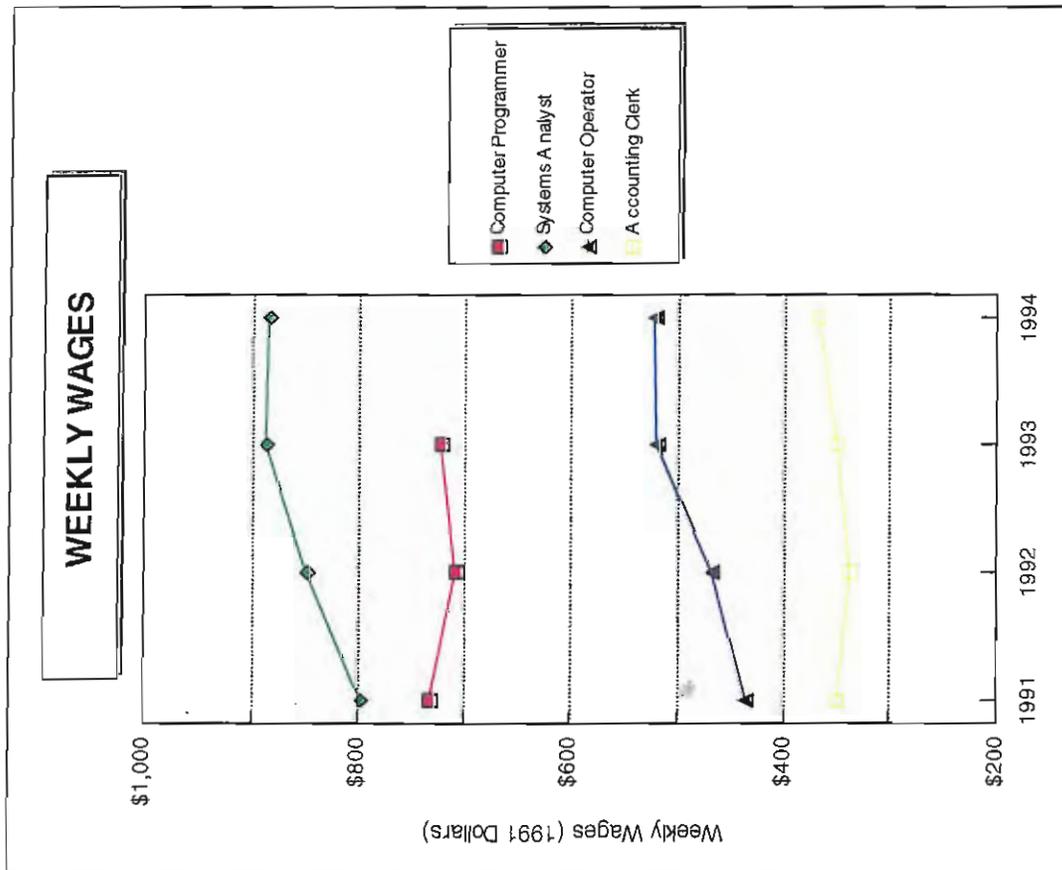
Location	All Fully-Employed Workers*	Fully-Employed Manufacturing Workers
Ulster County, NY	\$11.30	\$10.34
New York City	\$12.14	\$10.82
Western New Jersey (Sussex & Warren Counties)	\$12.74	\$14.10
Raleigh-Durham, NC	\$10.25	\$10.82

* Working 40 hours per week, 52 hours per year, with high school but without college degrees.

Sources: US Bureau of the Census, 1990 Public Use Microsample data; Louis Berger & Associates

The results of this analysis are shown in Figure 21. Wage levels for most of the higher-paying categories of work rose between 1991 and 1993, and then leveled off or declined between 1993 and 1994. Weekly wages for computer jobs leveled out but did not decline, probably reflecting a continuing demand for computer skills in spite of the IBM downsizing. Wage levels for a category of skilled electronics worker, however, declined significantly between 1993 and 1994, although they remained much higher than their 1991 levels. The lower-paid job categories shown in Figure 21 rarely experienced declines in wages during the 1991-1994 period, and were rising during the last year of the period. This pattern may reflect a predominance of higher-skilled jobs in the IBM layoffs. It also tends to reinforce the previously-noted observation that lower-paid service and retail sector employment continued to sustain the local economy during the IBM downsizing.

FIGURE 21: OCCUPATIONAL COMPENSATION SURVEYS, KINGSTON AREA, 1991-94



So

ources: US Department of Labor, Bureau of Labor Statistics, Occupational Compensation Surveys, Oct. 1991-Aug. 1994;
Louis Berger & Associates, 1997.

2.2.1.3 County Business Patterns Earnings Data, 1994

The US Department of Commerce publication County Business Patterns provides a data base of payroll earnings and employment by industrial sectors for every county in the US. This data can provide a means of comparing wage levels among different areas of the country in detail. However, there is no distinction among regular-time, part-time, overtime, or second jobs. Therefore, the data will be biased in the case of areas which have, for example, a large part-time labor force. These areas may tend to exhibit lower earnings-per-employee than would normally be the case, which would result in an overstatement of the area's wage advantage¹³.

The results of the analysis of 1994 County Business Patterns payroll earnings data are shown in Table 2 and Figure 22. In the case of manufacturing, Ulster County enjoys a significant wage advantage when compared with a variety of areas in New York State, the Northeast, and the Southeast. This finding is strengthened by the fact that manufacturing workers in Ulster County are evidently no more prone to part-time work than those in other areas of the country. One interesting comparison in this data arises with respect to Asheville, North Carolina, which is somewhat comparable to the Kingston area in that it is a tourist destination. In Asheville, manufacturing payroll is not significantly higher than in Ulster County, showing tourist-oriented areas may be attractive to manufacturers when there is a favorable wage structure. When Ulster County is compared with other traditionally strong manufacturing areas, the region offers a significant wage cost advantage.

In the other employment sectors covered in this analysis, Ulster County also had among the lowest payroll earnings per employee in finance, insurance, and real estate (FIRE) and services, with the caveat that there are probably more part-time workers in these industries in Ulster County. The analysis also looked in more detail at three employment sub-sectors, instrument manufacturing, insurance, and business services. Ulster was essentially on par with most other areas in instrument manufacturing, enjoying a significant wage advantage only with respect to Rockland County, New York City, and Raleigh-Durham, North Carolina. In the insurance industry, Ulster County was clearly lower than the competitor areas, while in business services Ulster's advantage was not as significant.

While the County Business Patterns data may in some respects be biased, it does point in a definite direction: Kingston and Ulster County are clearly competitive in wage levels with other areas of the US, especially in manufacturing, although with considerable variation depending on the industrial sector concerned.

¹³The size of the tourism industry in Ulster County would tend to imply that the area has a higher number of part-time jobs than is generally the case in other more typical US counties. This assertion was tested using the 1990 Census PUMS data, in which the hours worked per week and weeks worked per year were cross-tabulated with employment sectors. This test revealed that there are some grounds for believing that the average employee in Ulster County works fewer weeks and hours, although the difference is not large and quite varied across industrial sectors. When hours worked by all employees in 1990 was compared among four areas (Ulster County, western New Jersey, New York City, and Raleigh-Durham, NC), Ulster County had the highest percentage of workers reporting an average employment of less than 35 hours per week during the previous year (21.2 percent vs. 19.7 percent, 15.5 percent, and 17.7 percent, respectively). Roughly the same ratios applied in the case of weeks worked per year, with Ulster County employees working somewhat fewer weeks per year than the others. This pattern applied generally to several employment sectors as well, including finance, insurance and real estate, retail trade, business services, and professional services, but it did not apply to manufacturing.

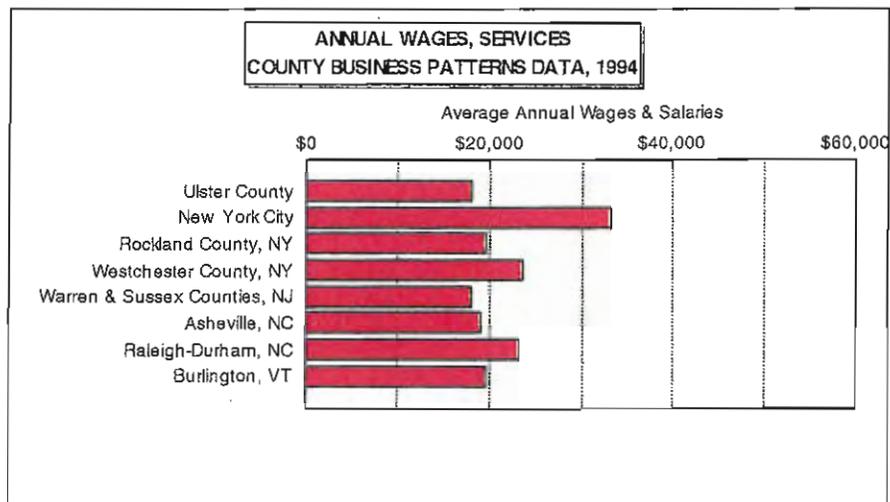
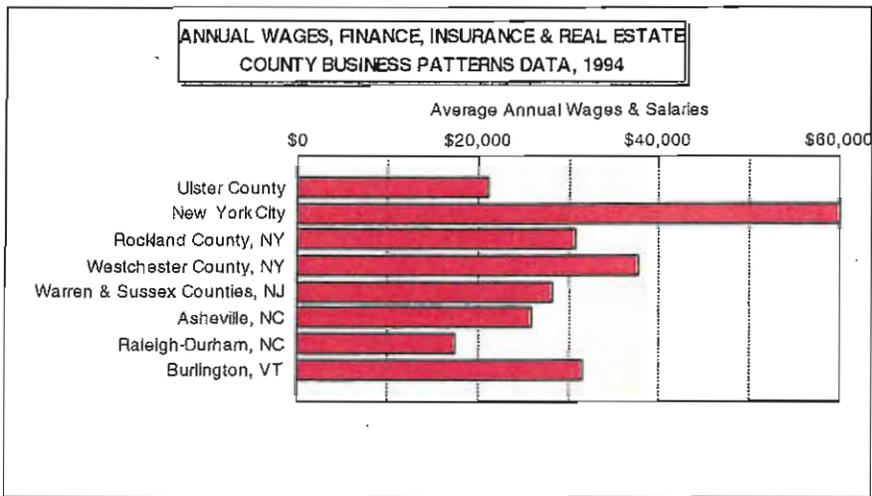
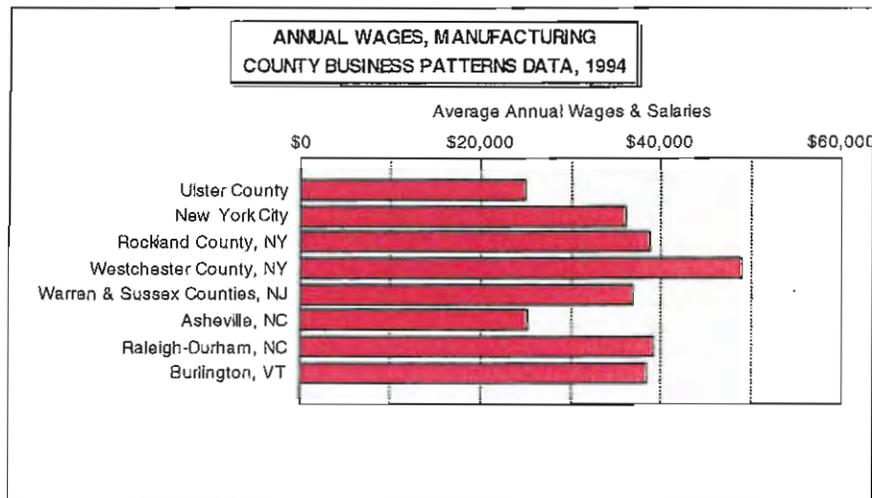
**TABLE 2
COUNTY BUSINESS PATTERNS PAYROLL DATA, 1994
ANNUAL SALARIES, SELECTED INDUSTRIES, BY AREA**

LOCATION	Manu- facturing	SIC 38 Instruments	Finance, Insurance, Real Estate	SIC 63 Insurance Carriers	Services	SIC 73 Business Services
Ulster County	\$25,005	\$31,851	\$21,242	\$20,989	\$18,023	\$17,615
New York City	\$36,040	\$32,127	\$79,890	\$47,734	\$33,250	\$31,603
Rockland County, NY	\$38,734	\$36,962	\$30,809	\$37,665	\$19,579	\$17,302
Westchester County, NY	\$49,114	\$32,603	\$37,913	\$41,020	\$23,716	\$23,879
Warren & Sussex Counties, NJ	\$36,876	\$26,706	\$28,346	D	\$17,976	\$17,409
Asheville, NC	\$25,291	\$32,646	\$26,056	\$31,494	\$19,044	\$13,422
Raleigh-Durham, NC	\$39,197	\$41,686	\$17,409	\$31,849	\$23,268	\$21,598
Burlington, VT	\$38,450	\$32,269	\$31,573	\$34,475	\$19,573	\$19,233

D = Amount withheld by BLS to avoid disclosure of individual firm statistics.

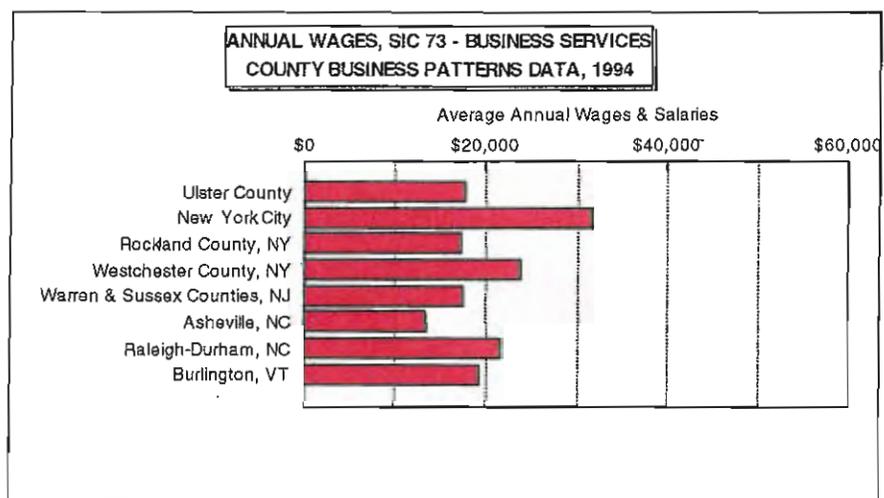
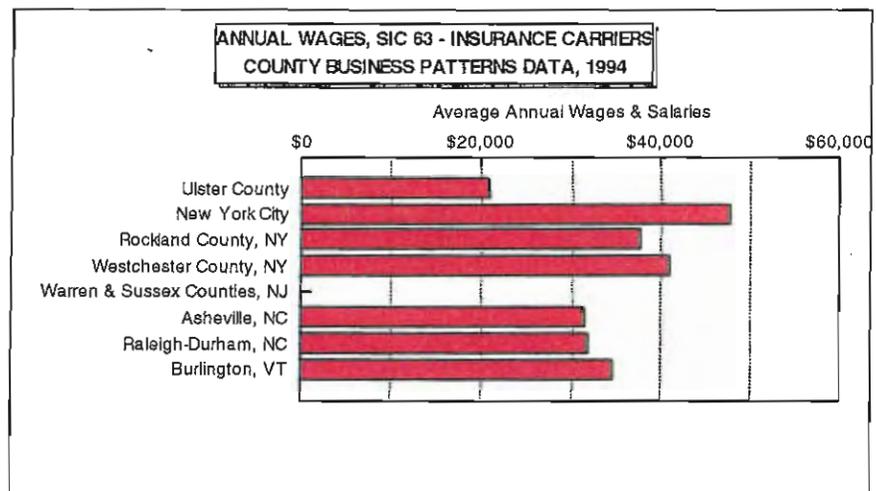
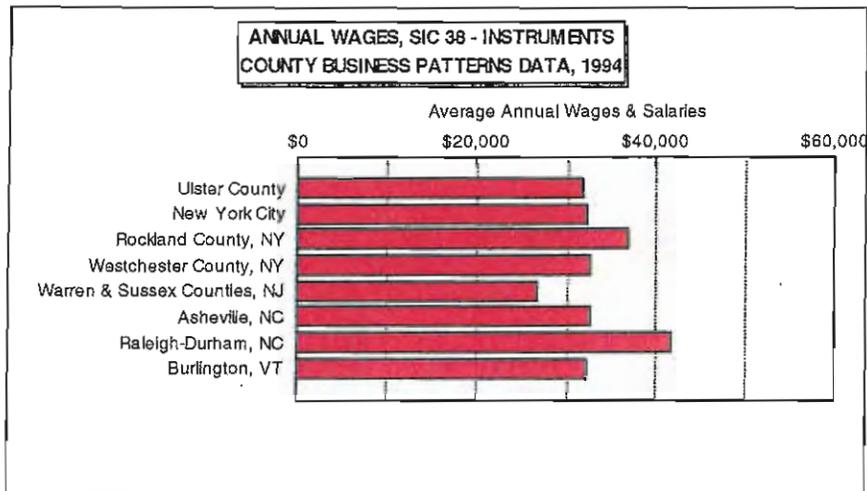
Sources: US Bureau of Commerce, Bureau of the Census, County Business Patterns 1993 & 1994;
Louis Berger & Associates, 1997.

FIGURE 22 (Page 1 of 2)
1994 WAGES: ULSTER COUNTY COMPARED WITH OTHER AREAS



Sources: US Dept of Commerce, County Business Patterns, 1994; Louis Berger & Associates, 1997.

FIGURE 22 (Page 2 of 2)
1994 WAGES: ULSTER COUNTY COMPARED WITH OTHER AREAS



Sources: US Dept of Commerce, County Business Patterns, 1994; Louis Berger & Associates, 1997.

2.2.1.4 New York State Department of Labor 1995 Occupational Wage Data

A source of data which provides an additional basis for comparison across regions within New York State is derived from unemployment insurance (UI) filings. The data contains information on average weekly earnings for selected occupations in 1995, and was used for comparing Ulster wage rates to the New York City area. The data includes 1,000 observations for Ulster County. For some occupational categories, the sample size is relatively small and, not surprisingly, one observes some percentage differences which appear quite large. These results should be interpreted primarily as indicative rather than definitive, as they do not control for experience or educational levels of the sampled UI claimants.

The results of this analysis are contained in Table 3. The average percentage difference between Ulster County and New York City, across the occupations analyzed, is on the order of 16 percent. In manufacturing, the Ulster County wage-rate advantage is consistent with the other sources studied. There appears to be significant variation among work categories, which is also consistent with other findings.

Table 3: Weekly Wages in Ulster County and New York City

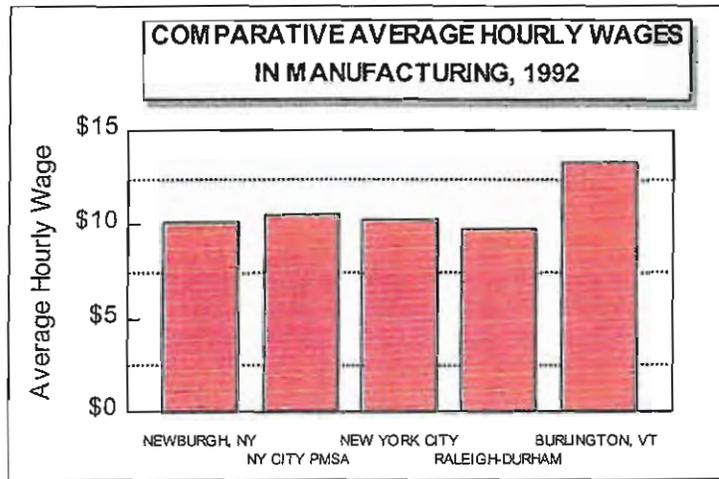
Occupation	1995 Ulster Weekly Wage	1995 New York City Weekly Wage	Percentage Difference
Management, Accountant, Administrative Assistant, Superintendent (Construction)	\$539	\$580	-7 percent
Secretaries, Data Entry Operators, General Office Workers	\$300	\$435	-31 percent
Receptionists, Sales Clerks, Salesperson	\$320	\$334	-4 percent
Manufacturing and Construction Workers	\$543	\$697	-22 percent
Weighted Average Percentage Difference, all Occupations	-16 percent		

Sources: New York State Department of Labor; Louis Berger & Associates.

2.2.1.5 Current Employment Survey Data, 1992-97

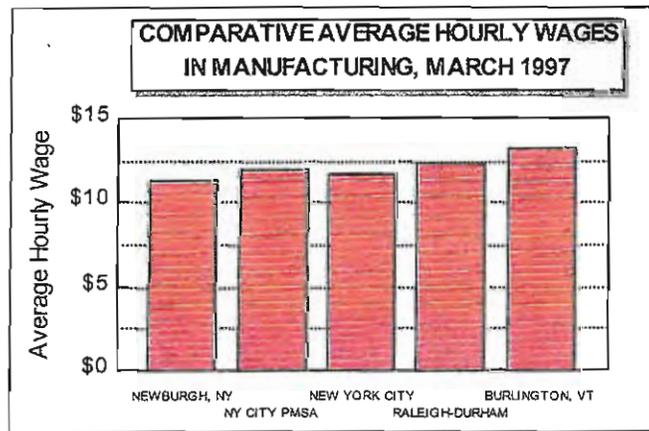
Nationally, recent hourly wage data is available for manufacturing in selected areas. This data, included in the U. S. Department of Labor's Current Employment Survey, is useful to obtain a general idea of how the Ulster County area compares with New York City, the New York metropolitan area, and other US metropolitan areas. Unfortunately, this data set does not include Ulster County or Kingston because they are not within a Metropolitan Statistical Area (MSA). However, Newburgh, which is an MSA, could be viewed as a reasonable proxy, being close geographically and of similar wage structure. Figures 23 and 24 show the hourly wage data for 1992 and 1997.

Figure 23: Comparative Hourly Wages in Manufacturing, 1992



Sources: U. S. Dept. of Labor Current Employment Survey; Louis Berger & Associates.

Figure 24: Comparative Hourly Wages in Manufacturing, 1997



Sources: U. S. Dept. of Labor Current Employment Survey; Louis Berger & Associates.

The figures show that while Newburgh’s manufacturing wage levels are slightly lower than those of New York metropolitan area and New York City, large differences occur when they are compared with other U. S. metropolitan areas. These are technologically-oriented metropolitan areas, one in the Northeast (Burlington, Vermont) and the other in North Carolina (the Research Triangle, i.e., Raleigh and Durham). Burlington’s manufacturing hourly wages have been and continue to be substantially higher than Newburgh’s, probably because of the presence of IBM in Burlington. On the other hand, hourly wages in the booming Research Triangle area went from substantially lower than Newburgh’s in 1992 to substantially higher in 1997, reflecting reported labor shortages in the Research Triangle.

If we extend the conclusions regarding Newburgh's wage competitiveness to be indicative of Kingston's situation as well, these findings suggest that Kingston may enjoy an advantage in wage structure when compared with other rapidly-growing areas of the US. *Most important, they confirm the other findings of this study, which consistently show that Ulster County's manufacturing wage levels are lower than a sample of possible "competitors."*

2.2.2 Analysis of Kingston's Educational System

2.2.2.1 Educational Attainment

The educational attainment levels of the Kingston and Ulster counties population is important as a potentially attractive factor for businesses. This is measured in demography by the percent of people 25 years and older who have: a) completed high school, and b) completed a bachelor's degree in college. In both of these statistics, Ulster County was above or near New York State levels in 1990: 76.6 percent of Ulster County persons over 25 had completed high school, compared with 74.8 percent for New York State, while 21.6 percent of this age group in Ulster County had completed college, versus 23.1 percent throughout New York State. Ulster's statistics are above those for the US in both categories, but substantially below those for competing areas such as Burlington, Vermont, and suburban Austin, Texas (see Table 4).

Educational attainment of residents of Kingston was somewhat lower than for the entire County. In 1990, 69 percent of Kingston's population aged 25 and over had completed high school, while 18.6 percent had completed college. The neighboring Town of Ulster had attainment levels nearly identical to those of the County as a whole (77 and 21.5 percent, respectively). The principal implication of this data is that Ulster County, in terms of its locally trained labor force, while being the equal of the average county in New York State, compares unfavorably with other areas that may be competing for high-technology employers. Raising these levels will be an important challenge for Kingston and the county if the region is to attract and grow an increasing number of higher value-added jobs.

Table 4: Educational Attainment, Ulster County, the U. S., and Competing Counties: percent of Population Over 25 Completing High School

REGION	PERCENT
Ulster County	76.6
Kingston	69.2
NY State	74.8
USA	75.2
Burlington, VT	86.7
Austin, TX	83.4

Table 4 (Continued): Percent of Population Over 25 Completing College*

REGION	PERCENT
Ulster County	21.6
Kingston	18.6
NY State	23.1
USA	20.3
Burlington, VT	34.0
Austin, TX	34.7

* BA Degree or Higher

Source: U. S. Department of Commerce, *City and County Data Book, 1994*.

2.2.2.2 Educational System

Kingston's primary and secondary educational system fares relatively well in comparison to the national average when one examines various indicators of service quality. For example, students taking the Scholastic Aptitude Test scored an average of 938 points, nearly five percent above the national average. The proportion of students dropping out of high school (1.2 percent) is dramatically lower than the national average 10.5 percent. Similarly, annual expenditures per pupil (unadjusted for cost-of-living differences) are ten percent above the national average, while teacher salaries are 20 percent higher. Other indicators, such as teacher-pupil ratios and average per-student expenditures are only slightly better than national averages.

Kingston's educational system also compares favorably with other systems in New York State. In New York State, the Regents Diploma signifies students who have passed the standardized State Regents examinations in all subject areas. The Kingston school systems' percentage of Regents Diplomas, as a share of all diplomas, was 54.5 percent in school year 1995-96, which was the highest percentage in New York State. In proficiency testing, the Kingston schools also do well. In grades 3 through 6, in Math, Writing, and Reading tests, the percentage of students in Kingston's schools who scored above the State average ranged between 92 and 100 percent. Similarly, in Science and Social Studies, Kingston's test scores ranked above average State levels in all categories in grades 4 through 8. In eight of the twelve high school Regents examination subject categories, students in the Kingston schools outscored Statewide averages.

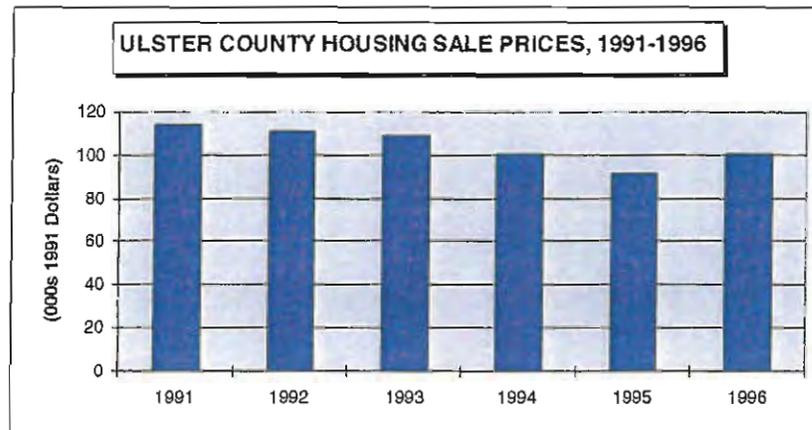
The regional institutions providing education beyond the high school level are somewhat limited in number. College and graduate school facilities in the immediate region include the State University of New York's New Paltz campus, Ulster County Community College, and Marist College. The region also includes two respected (but small) liberal-arts colleges, Bard and Vassar College. The total number of graduates this represents, particularly in technical fields, is limited.

2.2.3 Real Estate

2.2.3.1 Housing Prices

As one would expect, the IBM cutbacks and subsequent out-migration of segments of the local labor force affected the housing market. In the Kingston area, the typical single-family price in 1996 was \$90,000, approximately 20 percent less than the county average. Sale prices fell an estimated 15 percent in real terms between 1991 and 1996 when measured in constant 1991 dollars,¹⁴ while the housing market for the entire county appears to have been somewhat less affected, with a total decline in housing prices of 12.1 percent between the same period. While some of the price decrease should be attributed to the effects of the economic slow-down at the state level and a general adjustment in an inflated market of the late 1980s, it is clear that the decline brought on by the IBM cutbacks is paramount (see Figure 25).

Figure 25: Ulster County Housing Sale Prices, 1991-1996



Source: Multiple Listing Service; Marist College.

Two qualifications to this seemingly quite negative scenario are warranted: first, one positive aspect for the local economy of falling housing costs is of course a general reduction in the cost of doing business for those entering the market. Second, the market appears to have stabilized and has actually strengthened considerably. Between 1995 and 1996 average sale prices increased by well over ten percent in both Ulster County and Kingston. This pattern reflects the general economic stabilization of the area discussed above. Recent data, unfortunately not controlled for housing quality, does indicate considerable differences in selling prices between Ulster County and surrounding areas. While second quarter 1996 prices in Ulster County averaged 113,000 dollars, prices in Dutchess County averaged 132,000 dollars, in Rockland County 180,000 dollars and in Westchester County 382,000 dollars.

2.2.3.2 Commercial Real Estate

Commercial real estate values initially fared even worse in some cases. The vacant IBM facilities have created something of a glut on the market for commercial space in the segment of demand for units of more than 100,000 square feet. This has tended to affect the entire local market, as space-seeking firms

¹⁴ A 1993 report by Wadley-Donovan had already found a significant cost advantage in terms of housing prices for Ulster County in comparison with Dutchess County (where prices were 23 percent higher), Orange County (+20 percent), Rockland County (+49 percent) and Westchester County (+88 percent).

are able to exact more favorable terms (prices, free rent, landlord concessions). This generalized over-supply has led to a reported fall in prices since the early 1990s on the order of 40 to 50 percent. As with residential prices, the market has stabilized somewhat, particularly in the demand for more modest-sized facilities.¹⁵

As discussed in Section 5, the region offers a significant diversity of commercial office and industrial space.

2.2.4 Utility Rates

Electric and gas utility services are provided in Kingston and most of Ulster County by the Central Hudson Gas and Electric Corporation (CHG&E). CHG&E is among the lowest-cost utility companies in New York State. The company has developed a series of charts which compare their 1997 rates with other New York State investor-owned utility companies, based upon scenarios of monthly energy use for industrial, commercial, and residential customers. These charts are shown in Figures 26 and 27.

According to the company data, for industrial service CHG&E's rates are lower, sometimes substantially lower, than all but one other New York State utility. CHG&E's industrial rates compare very favorably with the New York City metropolitan area utilities, Consolidated Edison (Con Ed) and Long Island Lighting Company (Lilco), which have costs ranging between 75 and 100 percent higher than CHG&E. The other electric utility with low rates, Orange and Rockland (O&R), is nearly at a par with CHG&E. CHG&E's commercial electric rates are the lowest in the State, again substantially lower than Con Ed and Lilco. CHG&E's residential rates are also the lowest in the State.

CHG&E's rates for commercial gas service are substantially lower than the New York City metropolitan area's gas utility companies (Brooklyn Union Gas, Con Ed, and Lilco), but they are somewhat higher than the upstate utilities except for New York State Electric & Gas (NYSEG). A somewhat similar pattern applies to residential gas service as well.

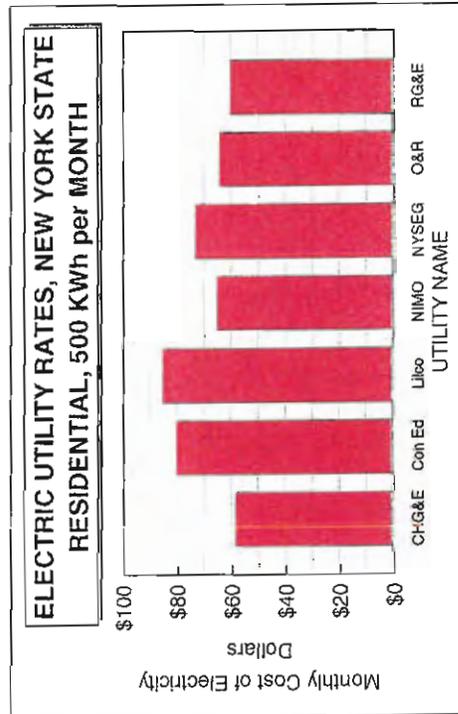
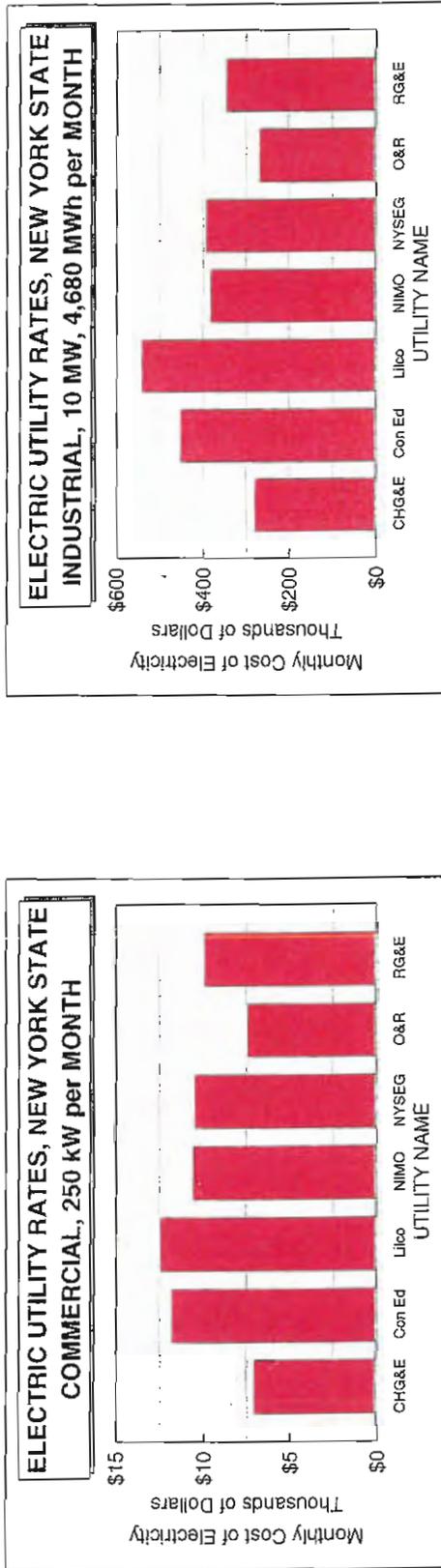
It is clear that Kingston and Ulster County enjoy utility rates that are substantially lower than those offered in the New York City metropolitan area, and are lower than or nearly at par with the rates of other New York State utilities. However, this data applies to one of the most expensive energy markets in the nation, namely New York State. As shown on Figure 28, New York State's investor-owned utilities' rates per kilowatt-hour of electricity are considerably higher than those of other competitor states for the residential and commercial sectors, and are higher overall as well. An important exception to this is in the industrial sector, in which New York State's utility revenues per kilowatt hour are substantially lower than its Northeastern competitors and only slightly higher than the US as a whole. This is a potentially important advantage for development of manufacturing industries in Kingston and Ulster County.

2.2.5 General Quality of Life Issues

An area's quality of life is a subjective matter based on factors such as visual landscape, neighborliness, community activities, available recreational opportunities and so forth, which can be difficult to quantify and evaluate. Quality of life, however, can be an important factor in business location decisions. IBM's original decision to locate in the Hudson Valley decades ago was influenced by the beauty of the local scenery. Also, in an era of footloose industries, business people and workers will often base their choice of location on quality of life considerations, with those areas offering superior living conditions coming out ahead.

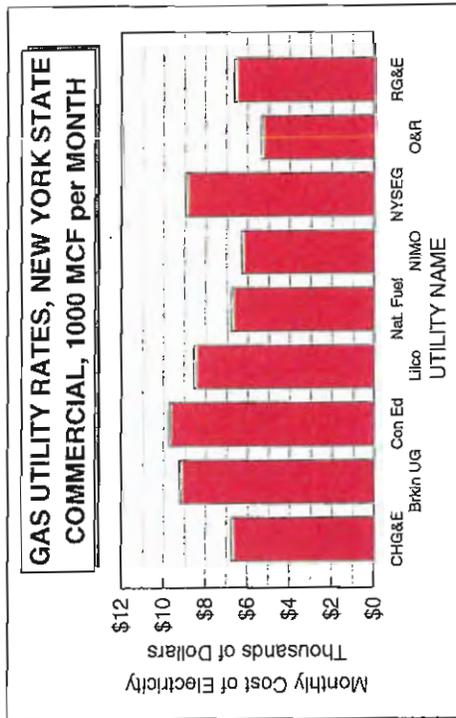
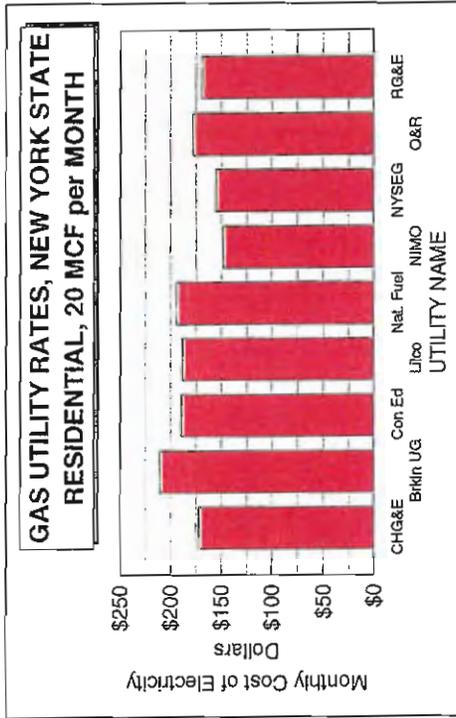
¹⁵ A small sample of 1996 commercial real estate sales indicates considerable variance in the price, with an average figure of approximately 17 dollars per square foot.

Figure 26: Utility Electric Rates, New York State, 1997



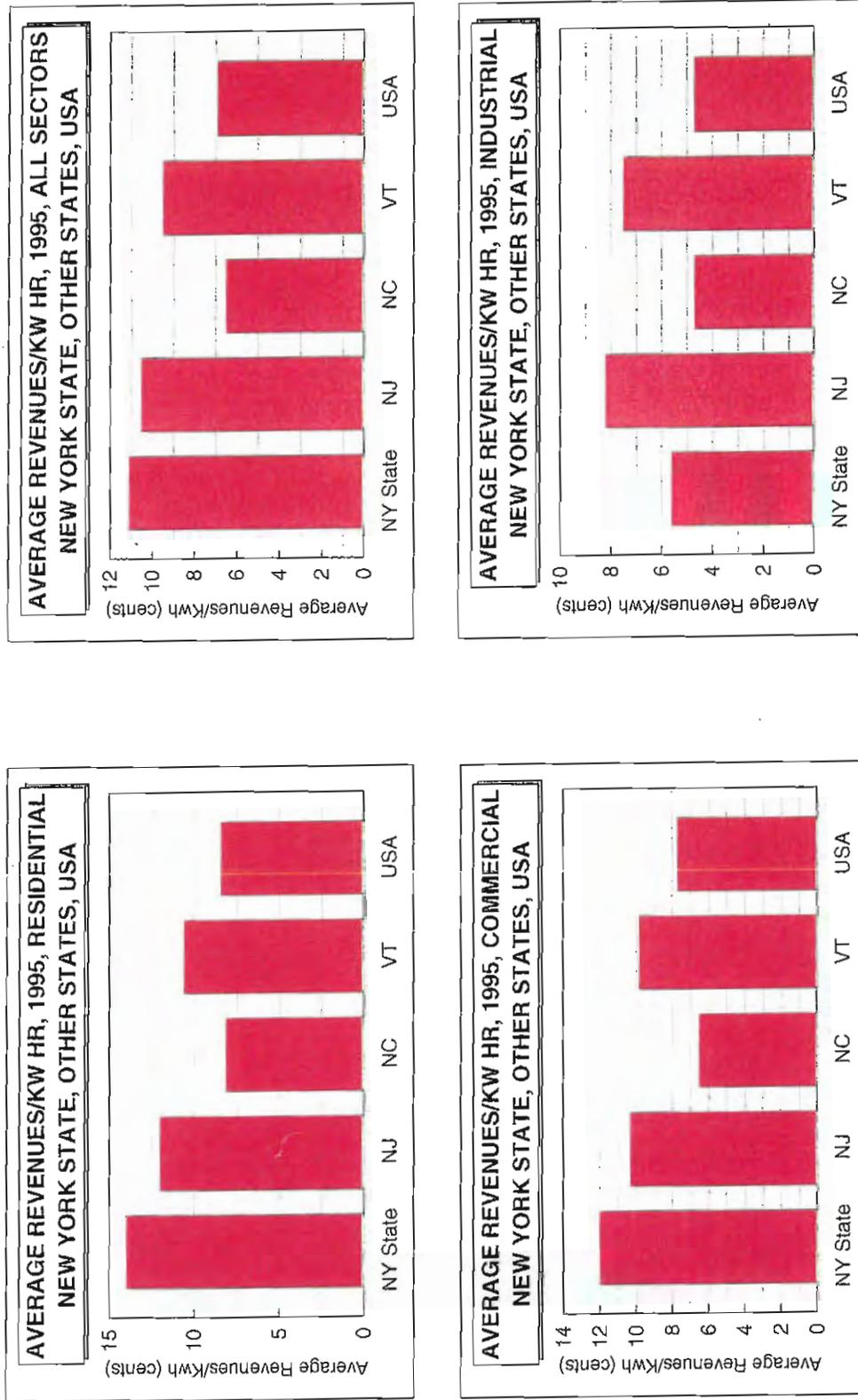
Source: Central Hudson Gas & Electric Corporation, 1997.

Figure 27: Utility Gas Rates, New York State, 1997



Source: Central Hudson Gas & Electric Corporation, 1997.

Figure 28: Utility Revenues per Kilowatt-Hour, Selected States



Source: U. S. Energy Information Administration, 1995; Louis Berger & Associates, 1997.

Undeniably, the Kingston area's high quality of life is an important attribute and selling point for attracting and retaining industry. It was commented upon as being important by several interviewees for this study. The scenery in the area is clearly aesthetically pleasing in comparison with more built-up areas of the New York City metropolitan area. The advantages of living in a more rural, or "small town," environment with recreational amenities, at a lower cost, is appealing to many people.

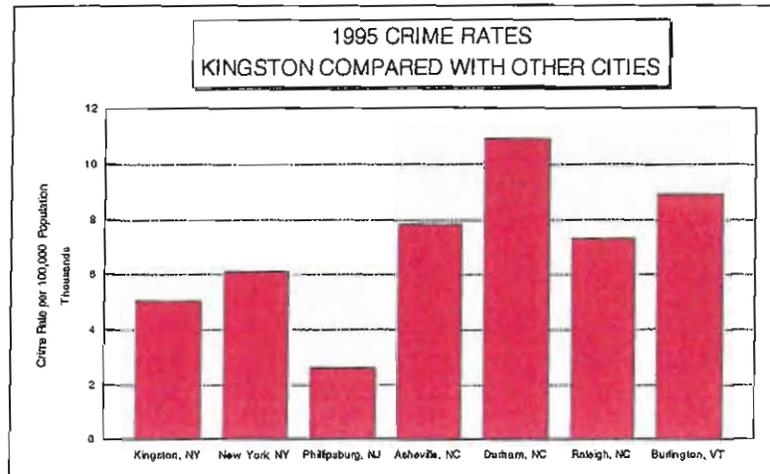
In addition to these obvious qualitative advantages, there are several data bases which can be consulted to evoke how Kingston compares with other areas of the country on "quality-of-life" issues. These include crime and environmental data sets maintained by the US Department of Justice and the US Environmental Protection Agency (USEPA). The first is the Federal Bureau of Investigation's *Uniform Crime Report*, which lists crime statistics by city for 1995. The USEPA information, available from its Environmental Indicators data base, covers air quality, toxic chemicals releases, and hazardous waste generation.

2.2.5.1 Crime Rates

The FBI annually publishes the *Uniform Crime Report* which provides extensive data about reported crimes of various types. Crimes against persons and property are aggregated in a single crime index, which gives a rate of crimes reported per 100,000 persons. This index can be compared among cities of the US.

Figure 29 shows a comparison of crime rates among Kingston, New York City, and other cities in the Northeast and Southeast. To a certain extent, crime rates vary with population density, which is reflected in this data. Kingston has a low crime rate when compared with the other cities on this table, except for Phillipsburg, a small city of 15,000 persons in Warren County, a rural area of western New Jersey. On the other hand, Kingston's crime rate compares very favorably with the other, larger cities (interestingly, New York City also compares favorably with most of these cities, in spite of the fact that it has a much larger population). In conclusion, available data indicates Kingston has a lower crime rate than most of its competitors. This is an appealing fact relevant in marketing Kingston's quality-of-life to prospective industries.

1996 data is extremely encouraging, showing an 8.6% decrease in Kingston's crime rate from 1995 levels. The total decrease since 1990 has been nearly 33%, reflecting both national crime trends as well as the effects of Kingston's own approach to combating crime. This approach has included a community-based approach to policing, with increased contact with the community encouraged through such initiatives as a "Cops and Coffee" outreach program. This has also been reinforced with an increased willingness to prosecute "quality-of-life" crimes, much as in larger cities such as New York City.

Figure 29: Crime Rates of Kingston and Other Selected Areas

Source: FBI Uniform Crime Report, 1995; Louis Berger & Associates, 1997.

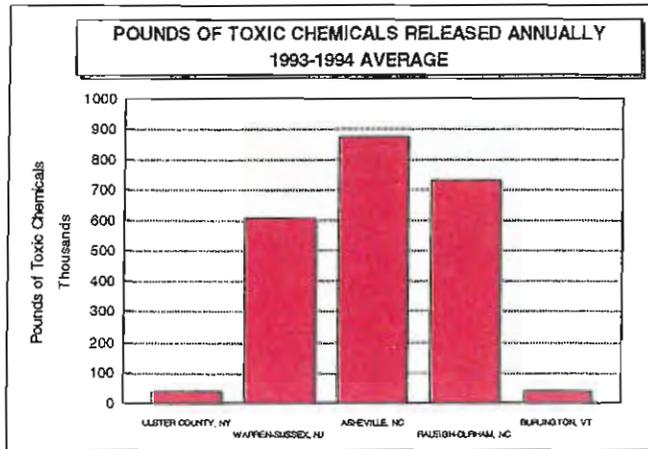
2.2.5.2 Environmental Factors

The United States Environmental Protection Agency (EPA) maintains an extensive data base of regulated facilities and pollution reports in its Environmental Indicators data base. An analysis of this data base shows that Kingston enjoys significant environmental advantages when compared with its competitors. The analysis compared Kingston with several other metropolitan areas, including New York City, northern New Jersey, Burlington, Vermont, Raleigh-Durham and Asheville, North Carolina, an area somewhat similar to Kingston because of its tourist-oriented economy.

The EPA maintains a nationwide data base on a variety of air contaminants, including carbon monoxide, nitrous oxide, ozone, lead, particulate matter, and sulphur dioxide. This data base is used to determine whether or not areas and regions are meeting air quality standards. Those which do not meet standards for one or more of these pollutants is labeled as “non-attainment,” while those which meet standards are called “attainment.” An area that is non-attainment faces more stringent regulations on smoke stack emissions and, if a project is sufficiently large, more intensive review of indirect scarce emissions. Besides regulatory restrictions, the “non-attainment” label carries with it the judgement that the affected area’s air quality is potentially unhealthy, a distinct disadvantage for its quality of life. Ulster County is in the “attainment” category for all of the major air contaminants. Only Burlington and Asheville can make a similar claim among the competing areas studied. The entire New York metropolitan area, which includes northern and western New Jersey, is “non-attainment” for ozone and particulate matter. Raleigh-Durham is “non-attainment” for carbon monoxide.

Toxic chemical releases are monitored closely by the EPA, with each releasing organization responsible for reporting quantities and dates of release to the environment. These reports are aggregated by county and reported annually. The latest EPA data covers the 1993-1994 period. Figure 30 shows toxic chemical release data, averaged for 1993 and 1994, for Ulster County and several competing areas. Ulster County possesses a cleaner environmental record than Western New Jersey. Only Burlington enjoys low levels of releases similar to Ulster County’s.

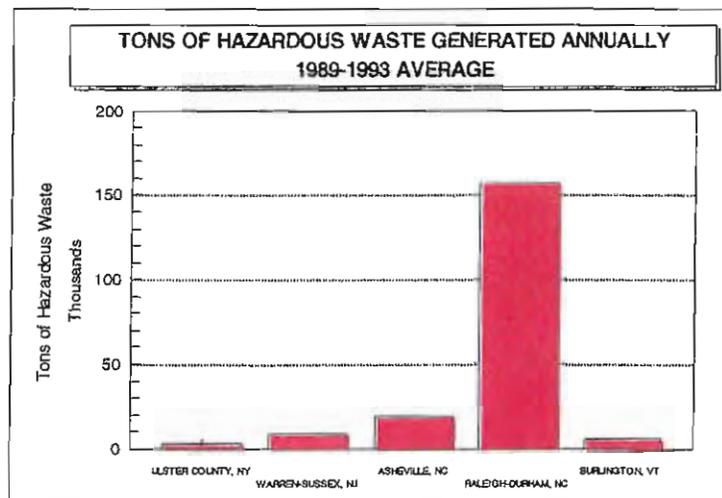
Figure 30: Environmental Indicators: Toxic Chemical Releases



Source: US Environmental Protection Agency, Environmental Indicators; Louis Berger & Associates.

The EPA also monitors hazardous waste disposal throughout the nation and aggregates the data annually by county. The latest data is available for the 1989-93 period. This data can vary significantly from year to year. Therefore, the 1989-94 average was used for comparison purposes. Figure 31 shows hazardous waste generation data for Ulster County and several competing areas. Again, Ulster County compares very favorably with North Carolina locations, and enjoys advantages with respect to northern New Jersey and Burlington, as well.

Figure 31: Environmental Indicators: Hazardous Waste



Source: US Environmental Protection Agency, Environmental Indicators; Louis Berger & Associates.

The environmental data quantifies and confirms what many people have assumed, namely that the quality of life, as measured by the selected indicators chosen here, is superior in the Kingston and Ulster County area to that of many of its competitors.

2.2.6 Analysis of Kingston and Ulster County Tax Rates

The analysis of Kingston and Ulster County tax rates is primarily a comparison between these rates and those prevailing in northern New Jersey. Implicit in this choice is the view that the northern New Jersey region could be viewed as a competitor for both firm relocations from other areas (principally New York City) as well as for entrepreneurial start-ups.

The effect of state and local tax rates on business activity has been a controversial issue. Numerous opponents of tax incentive programs have argued against their effectiveness on the grounds that differences in state and local tax rates are not important enough to influence business location decisions. However, recent empirical studies of business location decisions or regional growth patterns tend to contradict this view. A typical theoretical argument proposed to justify the importance of state and local tax rates is the following: with important reductions in transportation costs over time, the total costs of producing and bringing to market a product are less sensitive to location. Given this, the relative importance of state and local tax rate differentials, as a proportion of total production costs, have tended to increase.

Do businesses base their locational decisions on favorable tax rates? The study by Bartik of the Upjohn Institute includes an extensive summary of over 100 studies of the effects of tax differentials across areas on business activity or growth. A large majority of the studies find a significant, negative effect of state and local tax rates on employment (the most common measure of business activity); in the case of studies of inter-regional tax differences, over 70 percent of the studies find a significant tax effect, with a 10 percent increase in state or local tax burden associated with an average 2.5 percent decrease in local employment. Bartik concludes his lengthy analysis of these studies with the following statement:

“Most recent business location studies have found some evidence of significant negative effects of state and local taxes on regional business growth. The findings of recent studies differ from those of studies in the 1950s, 1960s and early and mid-1970s, which generally did not find statistically significant and negative effects of taxes on state and local growth. Any individual study summarized... can be criticized for some defect in methodology or data. But the consensus from so many studies limits the force of such criticism” (Bartik, P. 39).

2.2.6.1 Property Taxes

In 1997, real property owned by corporations in Kingston was taxed at nearly \$49 per thousand dollars of assessed value. A current equalization rate of 46.2 percent yields a property tax burden of approximately 2.25 percent of market value. At this rate, Kingston remains competitive with municipalities in Northern and Western New Jersey. The effective tax rate for municipalities in Bergen County ranged from less than one percent to 3.1 percent in 1995. Effective property tax rates in Essex and Hudson County municipalities were higher, ranging from 1.7 percent to 4.4 percent. In Bergen County, the total county and local tax levy equaled 2.1 percent of the net equalized value of taxable property in the county in 1995; in Essex and Hudson Counties, the figures were 3.2 percent and 1.7 percent.

In comparison, the property tax rate for commercial buildings in New York City is approximately 4.6 percent, confirming the supposition that Kingston and Ulster County had a considerable advantage in this area.

2.2.6.2 Corporate and Other Taxes

Overall, the state tax burden appears to be advantageous to New York firms when compared to firms doing business in New Jersey. In both states the corporate income tax rate is nine percent of net income that is apportioned and allocated to the state. The state sales and use tax in New York is four percent, compared to six percent statewide in New Jersey. Local sales taxes may be added upon the state tax. Both states have numerous sales tax exemptions targeted to businesses, in particular manufacturing firms: exemptions for the purchase of manufacturing equipment, equipment used for research and development, fuels, for example.

2.2.6.3 Tax Abatements and Incentives

The Kingston/Ulster Economic Development Zone (EDZ) offers attractive incentives to firms locating or expanding within its borders. A property tax abatement program (Section 485e of the Real Property Tax Law) provides a 100 percent abatement on any increase in real property value for seven years after the construction or improvement is made; a partial abatement on the increased value continues until year 10. In the effect since 1994, the program will end in 2004. Businesses in the EDZ can also receive an eight percent Capital Investment Tax Credit for production equipment and other qualified investments, and Wage Tax Credits ranging from \$750 to \$1,500 for each new job created. Portions of the City of Kingston also have received federal Enterprise Community designation, providing additional tax abatements and other incentives for business investment.

The tax incentives targeted to firms in Kingston are in addition to those available throughout New York State. The Business Incentive Exemption (Section 485b of the Real Property Tax Law) provides an abatement of assessment increases due to new construction or improvement. Firms receive a 50 percent abatement in year one, reducing five percent each year for 10 years. Other examples of incentives available from the state include a corporate franchise tax credit for investment in property for research and development, and a property tax exemption for pollution control devices. Additionally, the state's Industrial Development Agencies (IDAs) can confer the benefits of their tax-exempt status to the projects and firms that they assist. A short summary of select rates and exemptions in both New York and New Jersey is outlined below.

Business Taxes		Sales and Use Taxes	
New York:	Nine percent of net income that is allocated and apportioned to the state, or highest taxation level using other types of calculations.	New York:	Four percent on retail sales and some services.
New Jersey:	Nine percent of net income that is allocated and apportioned to the state.	New Jersey:	Six percent, including gasoline and diesel fuel.

Sales and Use Tax Exemptions	Other Exemptions
<p>New York:</p> <ul style="list-style-type: none"> • Manufacturing equipment; • Equipment used in research and development; • Industrial fuels and raw materials consumed in mfg., mining agriculture and research; • Building parts, packaging materials, manufacturing fuels. 	<p>New York:</p> <ul style="list-style-type: none"> • Corporate Franchise tax credit for investment in r&d property; • Pollution control facilities exempt from local real property taxes; or increase in value resulting from pollution control devices is exempt.
<p>New Jersey:</p> <ul style="list-style-type: none"> • Recycling, solar system and pollution control equipment; • Manufacturing equipment; • Motor vehicles, buses and aircraft & railroad rolling stock; • Newspapers; and • Chemical or refining processes, fuels, packaging materials, etc. 	<p>New Jersey:</p> <ul style="list-style-type: none"> • Property tax exemptions for pollution control equipment; and unharvested agricultural or forestry products.

2.2.7 Findings of the 1996 Ulster County Development Corporation Business Retention and Expansion Survey

A recent Ulster County business firm survey sponsored by the Ulster County Development Corporation (UCDC) provides a surprisingly positive picture of the local economy. Perhaps the most striking finding is the degree to which the sample of 71 firms (composed almost exclusively of manufacturing and service firms) express optimism regarding the future: fully two thirds of manufacturing firms expressed intentions to increase their work force over the next two years, with nearly half of the firms looking to expand employment by over five percent. This trend was similarly replicated in responses provided by service and trade firms. Further, the sample as a whole had, between 1990 and 1995, expanded their total employment by 25 percent, while Ulster County employment decreased by over five percent between 1992 and 1996.

While one should be careful in generalizing the survey's findings, it does appear to confirm that, besides the IBM cutbacks, the County's economy performed relatively well during this period, a conclusion borne out by the analysis of employment trends in Section 2.1.6.

The other main findings of the survey are mostly positive: employers express general satisfaction with the local work force (albeit, with the predictable difficulties in finding skilled labor for manufacturing firms), strong satisfaction with the overall quality of life, and satisfaction with the general availability of business and other services. As is often the case in such surveys, the main expressions of dissatisfactions concern local and State tax rates and energy costs¹⁶.

¹⁶ This last item is somewhat surprising given the County's low energy costs relative to other counties in the metropolitan area, as discussed in Section 2.2.4.

2.3 Education and Training Resources in the Kingston Region

2.3.1 Workforce Development Framework

The economic well-being of Kingston and Ulster County residents is directly related to the quality of the resources available to prepare and support them in the development of appropriate workforce skills. Moreover, a highly skilled and effective workforce is of critical importance to the attraction and development of business and, subsequently, a healthy job base in the area. With this in mind, it is clear that any economic development plan that builds upon the strengths of the labor force must be concerned with the nature and adequacy of local education, training, human services programs, and other key resources. This section assesses the availability and quality of certain key resources needed to support employment. Emerging themes are developed from our assessment and discussions with industry and education and training providers.

The following inventory examines four areas critical to workforce development:

2.3.1.1 Work Preparedness and Access

For many people seeking employment, the time and opportunity cost of pursuing further education or training makes such commitment difficult. Many are simply looking to find jobs that match their interests and financial needs. However, finding a job is not an easy process, particularly for people with no employment history nor employed family members to provide advice and support. Writing a resume, dressing for an interview, filling out a job application, and selecting an appropriate job opening for which to apply can be a very daunting process to someone who has never worked before.

2.3.1.2 Skill development for targeted populations—JTPA

There are certain populations in any economy that suffer the negative effects of unemployment disproportionately. They may experience certain barriers to entrance in the workplace such as inadequate transportation, unaffordable day care, or lack of language competencies. Others may have experienced the effects of a restructuring local economy or downsizing of a major employer. These populations are targeted with specific education and training programs through the federally funded and regionally administered Job Training Partnership Act funds.

2.3.1.3 Customized Training for Business

In order to remain competitive, businesses seek to keep their workforce highly trained and adaptable. They do so through providing training either in-house or customized to their specific industry needs. The region's education and training institutions offer many such programs. These programs include customized training programs offered through state government programs and business and professional centers through higher education institutions.

2.3.1.4 Career Development and Lifelong Learning

In today's ever changing economy and workplace it is essential that individuals are adaptable and gain technically oriented skills to meet the market's demands. Increased attention is being given to these issues in the secondary education system - through school to work and tech prep programs. Moreover, more and more workers are required to build upon and improve existing skills throughout their lives. Local school systems and institutions provide most of these services to the Kingston and Ulster County workforce.

2.3.2 Inventory of Education and Training Resources

2.3.2.1 Work Preparedness and Access

- **New York State Department of Labor (NYSDOL) Community Services Division.** The NYSDOL operates a community resource center in Kingston that offers job placement, vocational counseling, computer generated job banks for job seekers, and testing programs for unemployed workers. The center services the unemployed from all over the county and beyond. One of the more popular offerings at the center is a computerized system that links applicant skills to job opportunities. The center acts as a referral source for job training. Computers, commercial driving certificates, and medical technicians are the most requested avenues for job training. Two of the biggest barriers to employment are transportation and matching a worker's old skills to a new job.
- **Ulster County Department of Social Services (DSS).** The Ulster County Department of Social Services offers job search assistance, job counseling and employability plans, support services such as child care, and work assignments to the AFDC recipients in the county. The department is dealing with state and federal changes that emphasize the labor attachment model of welfare reform. The department's Division of Temporary Assistance coordinates over 100 civil service and non-profit work sites for workfare recipients. These jobs include clerical, library, maintenance, food service, carpentry duties with city and county offices in the region. These jobs serve as opportunities to learn new skills and be transitioned to permanent jobs. Of those that do find permanent jobs or placement, approximately 85 percent find them on their own and the remaining 15 percent are through programs offered by NYSDOL, JTPA, or others. Other DSS coordinated programs for recipients are a child assistance program (CAP) for child care to working mothers, a teen assistance program through the YWCA, a teen parent program with the Kingston school system, a CNA program through BOCES, a keyboarding class with L&S Computer Tutors, and a community college program (offered through PACE University) for continuing education.

DSS has coordinated the Ulster County Jobs Consortium—a consortium of agencies to respond cooperatively to the needs and requirements of both employers and job-ready individuals. The goal is to expedite the job placement process by matching individuals' skills to specific employer and job requirements. Participating agencies include Ulster County DSS, Ulster BOCES VO-TEC Center, New York State DOL's Community Service Center, Ulster JTPA, Gateway Vocation Transition Center, Ulster County Community College Career Services, and Kingston Schools Consolidated.

- **Family of Woodstock.** Family of Woodstock is a large multi-service organization serving many different constituents through its adolescent, child care, homeless, hotline, domestic violence, and AIDS services. The programs related to employment are the child care certification programs, youth "world of work" programs, and pre-employment counseling programs. These programs focus more on job readiness and pre-vocation issues and less on specific skill training. Through the Child Care Resource Center counselors assist low-income families develop child care businesses. The agency assists with training, licensing, and start-up. In addition to income generation, the organization hopes to create a more affordable day care infrastructure to support employment through the generation of day care services. Family of Woodstock's youth "world of work" programs focus on workshops that address life-skills such as finding and keeping a job, living on a budget, and using business machine technology. Approximately 334 youth attended these programs in the past year. Other programs target Kingston's chronically unemployed by

offering pre-vocation and life skills training such as resume preparation, job interview skills, maintaining successful relationships, stress management, problem solving, and maintaining a job.

The agency is exploring more income generating endeavors to support its programs and give its clients employment opportunities. In addition to development of family day care homes, the organization is developing a driving school program to not only hire their constituents as employees but also to address transportation barriers in the region. Other business and employment ventures include operation of a golf course (the agency was given a gift of a 127-acre tract of land that was previously a golf course) and a lead abatement business—both with intents to create significant employment opportunities.

2.3.2.2 Developing Workforce Skills of Target Populations—JTPA

The Job Training Administration, County of Ulster administers the county's JTPA funds. Training programs are targeted to two distinct populations in the Kingston area and County: people who are "economically disadvantaged" and those that have been classified as "dislocated." A County Private Industry Counsel (PIC) of 29 members (of which 51 percent must represent private industry) reviews and selects recipients for education and training funding with JTPA money.

Of the funds distributed to County programs, there are approximately 200 participants in Title IIa programs, 80 in Title IIc, 275-300 in dislocated worker programs, 60 in school to work, 10 in older worker programs, and 220 in summer employment. The only program that the Job Training Administration partially operates is the OJT program with the Ulster County Chamber of Commerce.

All program funding and administration are determined by the competitiveness and ability of vendors to meet performance goals mandated by the state. These requirements provide vendors with incentives to be more reactive to changes in the labor market rather than proactive. *As a result, the overall system in the region has not been very entrepreneurial or open to change.* As one participant in the system noted "we have a lot of catching up to do." However, the organization is in a period of transition with the hiring of a new director of the Job Training Administration within the last four to six months. Moreover, *changing federal and state policies will push the system towards change over the next few years.*

The major JTPA vendors serving Kingston residents include:

- **Kingston City Schools** administers an Adult Business Resource Program, which is funded through JTPA grants. The program started out as an adult GED preparation program and has developed into a medium to train dislocated workers. The center trains approximately 30 adults per year. JTPA funding requires that the school monitor the progress of people for 90 days after their initial placements.
- **L&S Computer Tutors** operates a computer learning center. JTPA eligible workers can take computer literacy, software, and programming courses at the center. The Ulster County Chamber of Commerce's On The Job Training is a JTPA funded program that pre-screens and links unemployed residents to job opportunities with on-the job training opportunities. A reimbursement of up to fifty percent of the entry level wage can be paid to the employer for training of eligible participants. The length of training time averages two to four months and trainees are expected to be retained as full-time employees after completing the training program. In the last year 54 individuals have been placed in jobs.

- **The YMCA** operates a summer youth employment program for 173 youth ages 14-21 throughout Ulster County. Approximately 30-35 percent of these participants are from the City of Kingston. In addition, 50 percent of the Kingston residents are minority and many are children of AFDC recipients and single parent families. Jobs are secured in the public sector or among non-profit organizations. These jobs include civil service occupations, maintenance, camp counselors, hospitals, and health organizations. The goal of the program is to teach work and life skills to the summer employees. Some of the skills emphasized are supervisory relationships and basic job readiness skills. Each summer employee is given an assessment exam that measures academic proficiency. Remediation programs are offered to those that score two grade levels below the norm.
- **St. Cabrini Home, Inc.** is a retention center for youth that uses JTPA funds for summer employment programs. The clientele is youth ages 14-21 that are residing at the retention center by court order. Summer jobs vary among private and public sector institutions and are targeted to teach youth job readiness and basic workforce skills.
- **Ulster County BOCES** provides students meeting JTPA eligibility criteria with work experience at a local job site. The student receives on-the-job training, skills assessment, job and career counseling, school-to-work transition services, marketable work habits training, and transportation to and from the work site.
- **Gateway Community Industries** manages an objective assessment program that determines eligibility for potential JTPA participants. The programs include vocational evaluation. Part of the programming is a placement service that matches applicants to appropriate JTPA funded programs.
- **Commercial Driver Training** is a program offered through a private school. The training focusses on licensing and commercial operation. The training is one of the more popular programs.

2.3.2.3 Customized Training for Business

As businesses come to recognize the importance of workforce skills to maintaining their competitiveness, the availability of appropriate and high quality sources of customized training has taken on increased importance as an economic development resource. While most customized training is supported through individual corporate funding, there are state programs that subsidize the cost of customized training for companies. In addition, some companies with similar workforce needs are developing innovative partnerships to support the development of specific training programs for their employees. Institutions of higher education throughout the Mid-Hudson Valley region are seeking to serve this growing market and are actively developing training programs customized to the specific needs of local companies.

- **The Regional Economic Development Partnership Program (REDPP), New York Department of Economic Development.** The REDPP provides loan and grant assistance to the State's Regional Economic Development Councils for education and training, as well as business infrastructure, physical infrastructure investment, economic development, tourism destination, childcare, and regional revolving loan trust funds. Regional councils prioritize projects according to their importance/relevance to regional economic development efforts and their estimated impact on the regional economy, measured by projected job creation and retention benefits and impact on competitiveness. Training grants have been provided to eligible companies, community colleges, and other degree-granting institutions, local governments, and private industrial councils.

Funding was available for employment training, skills upgrading, or productivity enhancement, as well as training facility construction and equipment purchases. Retail establishments are not eligible for workforce training grants.

The Mid-Hudson Region received eight percent of the \$20 million of the funds through the REDPP program between 1993 and 1995 for a total of \$1.6 million and 24 projects. Of the \$1.6 million awarded, approximately 23 percent went to workforce training programs.

- **Economic Development Skill Training Program, NY Department of Economic Development.** The Economic Development Skills Training Program (EDSTP) was designed to (1) assist companies in efforts to improve quality, productivity, reduce costs and enhance their competitiveness through training and (2) enhance the employment opportunities within the State of New York. EDSTP resources allowed companies to both upgrade the skills of their existing workforce and train new entrants. As the principle economic development training program administered by the Department of Economic Development, EDSTP was intended to foster economic growth and development by creating and retaining employment in the State. Funding was available for projects which facilitate the adoption of new technology and manufacturing processes; enhanced business competitiveness through the development of high performance work organizations and total quality management systems; provided funding support for on-the-job training programs for new hires and skills upgrading for existing workers; enhanced training and employment opportunities for disadvantaged persons, dislocated workers and displaced homemakers; fostered the development of small- and medium-size businesses and assist minority- and women-owned firms; and improved the economic development capacity of the state's Economic Development Zones and distressed areas.

By statutory mandate, the program expended one-half of its allocation to assist small companies employing fewer than 200 workers. In addition, 50 percent of EDSTP allocation is set aside for training of economically disadvantaged, dislocated workers and displaced homemakers hired into new jobs. The program worked jointly with local JTPA agencies and the State Job Service to link this target population with companies seeking training assistance. Between 1993 and 1995, 7.2 percent of the \$5.5 million distributed statewide was allocated to the Mid-Hudson region. One of the funded projects was through the Ulster County BOCES to provide assistance in ISO 9000 training and certification to five small manufacturers.

The status of this program is currently unclear. The state however still provides training funds as part of its incentive program aimed at attracting large companies to New York.

- **Business Resource Center, Ulster County Community College.** The Business Resource Center offers industry specific occupational training on a contract basis with area business. For example, courses they provided to businesses in the past include basic education, management supervision, team building, foreign language skills, ISO 9000, computer software, and industry specific software. Businesses served include graphic design firms, manufacturers, computer companies (IBM), among many others. Most of the classes/training occur on site. The center will assist in the preparation of funding applications for a company interested in accessing state education and training dollars. Even though many of the center's customers are medium to large businesses, the center is interested in serving more small business (less than 20 employees).

The center has grown by 40 percent over the last few years and is looking for uses of an additional 7,600 square feet of space. The training programs of Ulster County Community College have received much positive attention—including exposure in the national press. The College has been

well integrated with the economic development activities in the region and has developed close relationships with new companies entering the region. *This program has been highly successful.*

- **Institute for Professional Development, State University of New (SUNY) York- New Paltz.** The Institute for Professional Development offers customized training to employers anywhere in the United States. The institute has contracted with the New York transit authority for special certification for transit operators. The Software Institute specializes in providing training in computer programming for industry. Project IDEA (The Incubator Design and Engineering Applications) offers low-cost access to technology for engineers, programmers, and others in design related fields. Training programs are customized to the needs of the business and can be offered on or off site.

2.2.2.4 Career Development and Lifelong Learning

- **Ulster County BOCES.** Ulster County BOCES provides education and training to two populations: students in 11th and 12th grades in technical training programs and adults in continuing education and technical courses. There are two sites for continuing education programs, one in Ellenville and the other in Port Ewen. The mainstay of the adult education curriculum is the health occupation training program, including LPN, CNA, phlebotomy, and certified dental assistant. BOCES is the primary provider of vocational training programs, with the day program primarily serving high school students and evening programs serving a diverse adult population. The Adult Education Services is comprised of a literacy, GED, and ESL curriculum (serving 1,500-2,000 people per year) and a skills training curriculum. In addition to courses in the health professions, other offerings include machine tool technology and welding, construction and building trades, electronics, office skills, cosmetology, nail technology, and computer/copy machine repair.

Ulster BOCES offers a 750 hour electronics training program, as well as other industry- specific training programs. There are several 30-hour courses related to job training, and a number of certificate programs. Many of BOCES offerings are designed to upgrade the skills of workers, especially computer skills classes and are offered free of charge to target populations such as the dislocated worker or economically disadvantaged student. Trade Advisory Groups serve as advisors to BOCES on curriculum, equipment, placement, and work experience. The groups also provide scholarships to students interested in entering the trades.

- **Division of Continuing Education, Ulster County Community College.** The Ulster County Community College serves an older population of students through career certificate and degree programs. Degree programs offered through the Stone Ridge campus, the Business Resource Center in Kingston, and other extension sites include computer information systems, nursing, business and office technology, design and graphic technology, industrial technology, environmental control, among others. Diploma programs include business office skills, business studies, and drafting. The Business Resource Center has served approximately 400 people through their continuing education and occupational training components. The continuing education unit at the Center includes computer training, real estate licensing, accounting, child care certification and health and safety (OSHA) training. Since 1992, the college has experienced declining enrollments. The decline has occurred almost exclusive in the numbers of students 20 years of age and older—suggesting a trend that adult residents are either choosing their education elsewhere or not pursuing further education altogether and entering the workforce. *This trend may not be consistent with the need for continuing education and skill development as a foundation for local economic growth.*

- **Kingston City High Schools.** The Kingston City High School has an enrollment of 2,100 students in grades nine through 12. Approximately 60 percent of the graduating students are college bound. In addition to core requirements, many students complete a sequence in art (drawing and painting, commercial art, three-dimensional crafts), business (consisting of accounting and marketing “clusters”), family and consumer science/home economics (consisting of food/nutrition, human services and home and personal management), and/or technology (which includes the communications, construction, and pre-engineering clusters).
- **Ulster County School-to-Work Partnership.** School-to-work initiatives are an integral part of Kingston High School and Ulster County BOCES’s educational programs. Kingston High School has a New York State accredited co-op program through which it offers cooperative programs that allow students to obtain on-the-job experience while earning academic credit. According to the Co-Op Coordinator, there is a large job market in the region for students in these programs. Many employers are looking for students with typing and computing skills. More often, however, employers want a student with good interpersonal and communication skills. More than 300 students per year participate in co-op programs. The Ulster County Chamber of Commerce also sponsors an importance of work mentoring program called “Grade Expectations” that develops a user-friendly system to take grades and attendance into consideration when hiring students transitioning from school-to-work. Ulster County BOCES has a school-to-work initiative that involves students from several area school districts. These programs include a curriculum that draws students from the BOCES component districts to participate in a health care and/or law career explorations and work site educational programs.
- **Cornell Cooperative Extension of Ulster County.** Cornell Cooperative Extension of Ulster County has a broad mission to disseminate research-based information and help build capacity and leadership in the community. Programs related to education and training focus on the general areas of agricultural productivity, youth development, food and nutrition, family and community well-being, and economic vitality. The agricultural training programs include courses in horticulture business management, use of equipment and machinery, land use and agricultural business vitality, and environmental regulations. Food and nutrition programs provides low-income families with basic nutrition and shopping tips. The Extension has developed a youth employment and job readiness service in collaboration with the Chamber of Commerce that helps connect school age children with work.
- **Center for Continuing and Professional Development, SUNY New Paltz.** The Center for Continuing and Professional Development offers all SUNY New Paltz credit courses to area residents without official matriculation into the university. Part-time continuing education students can accumulate credits over a period of time that can be used toward degrees. Courses at satellite campuses are offered throughout the region. SUNY New Paltz recently has offered a nursing course at Kingston Hospital and a elementary education course at the campus of Ulster County Community College.
- **Center for Corporate and Professional Education, Marist College.** The Center for Corporate and Professional Education provides training to business in the areas of computer competency, workplace communication, and management/supervisory skills. Continuing education opportunities exist for professional certification in financial planning, human resource management, art and advertising design, computer programming, and information systems. Courses are offered at the main campus in Poughkeepsie or the extension sites in Fishkill or Goshen.

2.3.3 Themes from Education and Training and Industry Interviews

The Workforce development system in the region is in a period of transition. Changes at the federal, state and local levels have converged to present the current workforce development system in the Ulster County region with a number of new challenges. These forces have included:

- The NYSDOL released *The Policy Framework for New York's Workforce Development System* in 1996 as a benchmark document to implement statewide integration and realignment of each county's workforce development system. The initiative is focussed on 1) integration of services among multiple government agencies and non-profits involved in education and training, 2) shared technology and information (all data will be integrated into a comprehensive LAN system integrated region-wide), and 3) changed expectations to meet customer rather than internal expectations. The first step to the process is the development of an integrated and comprehensive workforce development decision making body—a local workforce development board that is led by the private sector. Eventually each county will be required to implement a series of changes in the system. State grants, incentives, and demonstration projects are given to those counties that begin planning for the new system. Ulster County's Department of Labor office has begun distributing the material to local stakeholders.
- *There are a number of significant leadership changes in the region.* Most notably, the President of Ulster Community College has retired after a very long tenure in the region. In addition, there is a new Executive Director at the Job Training Administration.
- *Welfare reform will have a significant impact on the job training and support system across the state.* Changes in state and federal regulations have tightened so that those persons previously considered exempt from work requirements will experience new restrictions. Most recipients will be required to participate in workfare or find a job within a limited amount of time. In addition, training programs will be limited to a 24-week period.
- *The workforce development system has not been well integrated with the economic development system.*

The Kingston region, like most other communities throughout the country, has not had effective linkages between the education and training system and the economic development system. Historically, only in a few communities have effective linkages been made which have integrated efforts to train and develop the workforce with efforts aimed at strengthening existing businesses or attracting new businesses to a region. However, there is growing recognition that as we enter the next century, the key competitive factor in the growth and development of new employment opportunities will be the strengths of a region's workforce. This means that economic development and workforce training can no longer be viewed as separate arenas but, in contrast, must be tightly linked and integrated. While there are clear cases in the region where the two systems have come together, most notably through the activities of Ulster County Community College, overall the relationships between those involved in workforce development and those working on economic development have not been as strong as they could be.

While there is some duplication among training programs in the region, there have been several recent initiatives involving more collaborative relationships amongst those involved in service delivery.

- Loss of the county's traditional employer base and changes in the welfare system have stirred people in the region to begin collaboration around workforce development issues. Many of the education and training providers are engaged in collaborative ventures such as the Ulster County Jobs Consortium, Ulster County School-to-Work Partnership, Hudson Valley Research

Partnership, and Team Hudson Valley. These collaboratives are vehicles for future and more comprehensive collaboration.

- Leaders and initiators in the area of workforce development have been the community colleges and higher education institutions of the region. The Business Resource Center of Ulster County Community College stands out as a particularly creative and demand responsive program that works across many systems of workforce development.
- An opportunity exists with the new state sponsored initiative and incentive program to create a collaborative, county-wide, and comprehensive workforce development system. The initiative encourages business leaders, economic development professionals, and providers of K-12 education, occupational training, employment support, and higher education to work together on a system-wide basis.

The system is not sufficiently demand driven—the business community needs to be more involved in strategic directions as well as curriculum development.

- There are some good models of industry involvement in the system. For example, the Business Development Center has provided training specifically tailored to industry and the BOCES adult education electronics certificate program has involved businesses.
- *However, for the most part, the system does not view the business community as part of its customer base. Moreover, programs are being developed that often do not meet the needs of the business community.*
- Many of the education and training providers are constrained by performance requirements. These requirements encourage providers and County administrators to focus on efforts that are stable and can produce known results. New initiatives and/or creative endeavors that target emerging trends are often discouraged because of these system constraints.

There is a growing mismatch between the skills of residents and the needs of employers.

- As the economy of the region has restructured, the historical match between the skills of the region's workforce and the needs of employers has been lost. Job trends in the area include a movement to more service jobs and technically oriented jobs (including manufacturing), an increase in the use of computers in the workplace, new demand for modern equipment training, and expanded opportunities in the retail and health care industries. Some skill set deficiencies among many of the downsized hotel and manufacturer workers include lack of education and language barriers. There is also growing concern over the number of high school dropouts in the city.
- In many of the JTPA programs, there has been an increasing number of job orders from businesses looking to participate and fill employee vacancies. Many of the jobs have been in manufacturing (production line jobs) and business information processing (computer basic skills). Overall jobs have become much more specialized and technical (new media, electronics, welders, information processing, etc). There is a trend of these jobs, however, coming with less benefits. The biggest challenge is matching sequences of available jobs from participating companies with the skills of the eligible person.

- Many providers and businesses expressed the desire that city and regional leaders pursue economic development strategies that focus on replacement jobs with comparable quality and benefits. There is concern that the region's focus has shifted away from manufacturing and other high paying jobs to less paying jobs such as retail and tourism. Industries and projects that inspire optimism are the Head Trauma Center.
- There is concern that support for traditional manufacturing has dwindled at the state and local levels. Many industry leaders perceive an emphasis on information technology and other emerging industries. As a result there is less effort to train workers for manufacturing jobs. A shift in focus toward exposing students to the more "high profile jobs" also has occurred. Some businesses report a desire for more non-college bound students steered toward jobs in the manufacturing sector.

There is concern that while the quality of the workforce is an historic strength, this competitive edge is being lost.

- Most employers and education and training providers referred to the quality of the labor force as one of the region's assets. Attributes mentioned were work ethic, high level of skills, and desire to work in the area.
- Many highly skilled workers are in jobs that underutilize their skills. This latent workforce has positive and negative implications for the region. On the one hand, this workforce could be used to meet the workforce demands of an employer contemplating expansion or relocation to the area. On the other hand, there is fear that these people will move to other areas with more suitable job opportunities.
- There is urgency to act to keep the skilled and quality labor force in the area. Many of the education and training providers were concerned that they could not find jobs that met the standards or skill level that the job seeker had previously possessed.

While the unemployment rate is low, there is a perception that there remains an untapped labor force not represented in the employment statistics.

- There is a perception that there is an increase in the number of school dropouts and unemployed youth (ages 17-25) in the city. Many youth do not have any hope of finding jobs with high wages. Most of the new jobs available are in the retail sector and as information processors with Fleet Bank. In addition, the increasing costs of college make it more difficult for low-income families to afford higher education. Students today have "lower expectations" in terms of career potential and self-image. These factors contribute to a culture that encourages youth to leave the area for better opportunities.
- Changes in the welfare system are affecting labor force availability. There has been a reduction in the County's caseload by 15 percent (the lowest since 1989). Exemptions to opt out of workfare programs are being tightened. Many of the remaining recipients have multiple disabilities and therefore are much more difficult to employ.
- There is a sense that the unemployment rate does not accurately account for the number of people in need of employment. Although the unemployment rate is low, there are many underemployed and discouraged workers not counted. Populations that may be underrepresented are former IBM workers who are "discouraged workers," construction workers, and high school dropouts.

Health care represents an area of opportunity for targeted job development.

- One of the fastest growing and accessible industries for low-income residents is health care. Health care employers report that in occupations such as certified nursing assistants, medical record technicians, accounting clerks, and computer network technicians, the demand for workers outstrips the supply.
- The region's health care industry is responding to national trends in the delivery of health care services. There is a reduced need for inpatient services as more care is provided outside of hospitals. This has resulted in lower demand for acute care nurses, but, at the same time, there has been an increase in demand for other health service workers, particularly certified nursing assistants, personal care and home health aides.
- The development of a 280-bed head trauma center is expected to further increase demand for certified nursing assistants in the area. The new Trauma Center will provide a tremendous boost to the local economy, adding a significant number of new jobs to the region's health services industry. The 280-bed facility is expected to bring 400 new jobs to the region, in addition to growth in ancillary services. Moreover, the \$14 million site renovation will bring a number of construction jobs to the County.
- The region's hospitals and education and training providers have responded to industry restructuring by forming the Northern Metropolitan Hospital Association Consortium. This group, comprised of local hospitals, Pace University, Ulster County Community College, SUNY New Paltz, and BOCES, among others, is working to develop training programs for home care nursing, pediatric home care, subacute care, and medical case management. The Consortium has applied for funding from the New York State Department of Health to retrain health service workers, in preparation for the anticipated restructuring of the health services sector.

Both transportation and, not surprisingly, child care were identified as major issues.

- A major barrier to employment is *transportation*. Many of those individuals targeted by JTPA funding lack driver's licenses and the means to travel to employment opportunities in the region. Providers report that one of the main barriers to service delivery is the size of the county and transportation issues.
- Child care is still a major barrier to employment. The state-funded CAP program cannot keep up with the demand for subsidized, affordable day care.
- Access to transportation to work thwarts many entry-level worker's ability to find and keep employment. Public transportation is limited due to the rural nature of the county.
- Fleet has identified transportation as a key issue for many of its employees. The company has started a public/private transportation initiative in order to meet the off-hour transportation needs of its employees.

2.4 Analysis of Technology Resources and Entrepreneurial Activity

2.4.1 The Entrepreneurial Climate in the Kingston Area

Evidence from interviews with service providers and entrepreneurs in the Kingston region provides strong support for nurturing the entrepreneurial culture in Kingston. From the growing demand for the services of the Small Business Development Center, to the strength of a newly established financial services company that serves the needs of young businesses, our interviews confirmed that new enterprise development, if nurtured, could provide many new employment opportunities for Kingston residents in the near future.

Information on actual business start-up activity in Kingston is very difficult to obtain. Evidence that is available suggests that historically, Kingston has not had a very strong entrepreneurial environment. However, with the closing of IBM, self-employment, home based work, and new business development have become more significant components of the local economy.

- One source of data is the US Census. This provides information on the number of workers who were self-employed. In 1990, 541 or five percent of the 10,902 employed residents of Kingston over the age of 16 were classified as self employed. *This percentage of the workforce classified as self-employed was lower than the state and US average.* However, the 1990 census preceded the IBM cut-backs, and it is very likely that the current percentage of self-employed workers has risen.
- The level of workers characterized as self-employed grew by 33 percent in Ulster County between 1980 and 1990. In contrast, the number of self-employed residents only grew by two percent in Kingston.
- According to the US Census, 304 employed Kingston residents worked out of their home. This was a significant increase over 1980. However, the percentage of home based workers was still below that of the County and the US (though slightly higher than the average in New York).

A second source of data is information on businesses started between 1994 and 1996 that is compiled by the TRW company as part of their credit reporting data base. According to TRW, approximately 541 new companies have been started in Kingston between 1994 and 1996. While we have serious questions about the precision of its data base (or the Dun and Bradstreet database which also is based on credit reporting), the magnitude of the business creation number does provide further evidence of an apparent entrepreneurial economy in the community in need of attention.

The sources of entrepreneurial energy in the region are varied and include:

- **Second Home Owners:** There are a number of examples of individuals who own second homes in the Hudson Valley region who have long fantasized about moving to the region on a full time basis. With few prospects for finding comparable employment in the region, many focus on starting their own business as the only way to become a full time citizen of the Hudson Valley.
- **Urban Transplants:** Due to its close proximity to New York City and its quality of life, the region has attracted urban refugees—individuals who have decided to seek a simpler life in a more rural environment, but maintain a close proximity to the amenities associated with New York cities.

- **Ex-IBM Employees:** With its closing, many individuals hoped that the highly skilled employees of IBM would stay in the region and use their skills to develop new, technology based companies. The hope was that these companies would be fast growing businesses involved in highly competitive segments of the software and computer hardware industries. These would be the companies that would lead Kingston into the next century. Unfortunately, the dreams of hundreds of IBM spin-offs started by dislocated workers has not materialized. While there have been a few examples of ex-IBMers starting technology based companies, for the most part, evidence suggests that:
 - ▶ Most of the most highly skilled and qualified IBM workers left the region, either getting jobs at other IBM facilities or finding comparable jobs at other locations;
 - ▶ Highly skilled IBMers who were tied to the Kingston area work on a contract basis with IBM or as a consultant to related companies. These self-employed individuals primarily work at home, and their primary interest is in sustaining their level of income as a self-employed consultant, not growing a business; and
 - ▶ Some ex-IBMers have started their own businesses, but not in technological areas. They have bought franchise and started other retail and service oriented businesses, usually totally unrelated from their former work.

- **Non-traditional entrepreneurs:** With limited employment opportunities, many residents, with limited business skills, have turned to starting their own business or other forms of self-employment. Some of these entrepreneurs are serving the diverse ethnic groups in the region.

Not only is the source of entrepreneurial activity diverse, but the types of entrepreneurial activity is also varied. There are two major types of entrepreneurial activity in the region:

- **Home based workers and the self-employed:** Many residents of the region are not part of the formal job market tied to employers located in the Kingston region. They work out of their homes, either independently or for a distant company, but they do not operate a formal business enterprise. Much of the entrepreneurial activity within Kingston fits within this category and includes:
 - ▶ **Telecommuters** who are not self-employed. They are on a company payroll and have an agreement with their employer to spend the majority of their paid hours working from a home office. The term telecommuter stems from the fact that many of these workers are electronically linked to their workplace through computer modems. In many cases, companies will supply computers for their employees to use at home. Some companies are aggressively promoting this work option as a way to reduce office space needs, improve worker productivity, or offer more flexible hours. The federal Clean Air Act also created incentives to encourage telecommuting as a means of reducing auto-related pollution.
 - ▶ **Sales people** not tied to a particular retail establishment are usually not self-employed but rather work in a corporate sales occupation. These employees travel extensively spending the majority of their work week on the road with customers or sales prospects. As a cost cutting measure, companies have increasingly eliminated corporate offices for the sales force instead encouraging them to use their home as a base of operations when not

traveling. These employees will either have a home office or use a portable computer and cellular phone to turn any location, including their home, into an office.

- ▶ **Freelance contractors** may be entirely self-employed or simply supplement traditional employment with freelance work. They work on a contract or project basis for a larger employer or employers. The work is conducted either at home or using home as a base. Some freelance contractors choose this situation as an alternative to traditional employment because of the flexibility and freedom to locate at greater distances from employment centers. Some freelance contractors have chosen the lifestyle by default after involuntarily severing ties from their previous employers. Laid-off managerial employees are likely candidates for freelance contracting.
- ▶ **Artists/Artisans** frequently choose to set up studio space in either a portion of their home or in an adjoining structure on their property. While some artists will then sell their work from home, frequently the work is sold off-site at a store or gallery, or through a dealer. While this category is not as important in some communities, the Hudson Valley has a relatively large community of artists and artisans.
- **Small business owners:** Among the more clearly defined small businesses, there are clear distinctions in the type of product or service they provide, the size of the market they serve, and the likely potential for growth.
 - ▶ **Retail** is the most common sector for entrepreneurial activity in the economy. With the exception of retail activity oriented towards tourism, most retail businesses serve the Kingston Market.
 - ▶ **Building trades**, such as electricians, plumbers, and carpenters are another very traditional form of entrepreneurial activity. Depending on the size of the business, some building trades companies have the potential to create a number of jobs for other people with skills in the building trades in addition to an administrative/bookkeeping person.
 - ▶ **Business services** provide a variety of functions for businesses. As businesses increasingly contract out administrative activities not directly related to their core business, a new crop of firms have sprung up to meet their outsourcing demands. These businesses have the potential to create some new jobs as well, if local demand warrants expansion.
 - ▶ **Personal services** provide a wide range of services, offering new conveniences to primarily local residents. In recent years, there has been a proliferation of services targeted to time-starved consumers. Entrepreneurs have developed a range of personal services that substitute for tasks previously performed within the household. These business generally service the local area in which they are based.
 - ▶ **Growth-oriented businesses** are the minority of new businesses. This is the one category that offers the single greatest potential for job growth. These are the entrepreneurs who toil in their garage, office, or kitchen but have ambitions for growing their company. They are the creators of Nantucket Nectars, Yankee Candle, or Doom Software. While their niche may vary from manufacturing to business services to software development, in each case they design a good or service sold well beyond the confines of the local community.

It is important to differentiate among the types of enterprise development activity, because they are likely to bring differing levels of economic impact to a community. Businesses will differ in their ability to create new jobs as well as bring new income into the community. Companies which export goods and services outside of the region bring new income into the community. Those businesses that are supported primarily by local residents serve a valuable function, but they recirculate money already in the community and do not generate new dollars in Kingston.

2.4.2 Resources to Support Enterprise Development and Small Business Assistance

The Ulster County region has developed a relatively sophisticated network of support services oriented towards startup businesses.

2.4.2.1 The Ulster County Community College Business Resource Center Incubator

In 1995, the Ulster County Community College renovated a 48,000-square-foot building in an old strip mall for use as a small business incubator as well as an extension of the College. The 10,000-square-foot facility was financed through a combination of federal, state and county funds. The incubator provides entrepreneurs with relatively inexpensive space, as well as administrative services on a fee basis, an atmosphere conducive to promoting interaction among tenants, and management assistance and support through the co-located SBDC. The incubator facility itself is about 7,000 square feet and has already generated several "success stories." The incubator currently has a number of tenants including:

- A natural fruit juice company;
- Company consulting and financial management;
- A software applications company;
- A commercial cleaning company;
- A custom embroidery company; and
- A maker of personalized books.

2.4.2.2 The Small Business Development Center (SBDC)

Ulster County Community College has been operating an SBDC since 1985. The Center provides assistance to business on a wide range of issues, from writing business plans, to loan packaging assistance, export trade assistance, financial management, and government procurement. Assistance is provided through one-on-one counseling as well as through special seminars. The SBDC serves Ulster, Sullivan, Orange and Dutchess counties. According to SBDC staff, as compared to the other counties "Ulster is where the growth is."

The SBDC usually operate four classes a month and a workshop on entrepreneurship every two weeks. They usually get between two and 45 participants at these workshops.

While a relatively active SBDC—serving about 2,300 entrepreneurial and small businesses prior to 1995, the move from the College's campus to the Business Resource Center has greatly increased the Center's visibility. As a result, demand for its services has gone up in the last year. Moreover, the new location is much more accessible to residents of Kingston, making the Center a much more integral part of the community's entrepreneurial support base.

2.4.2.3 Small Business Administration (SBA) SCORE Program

SBA operate chapters of the Service Corps of Retired Executives (SCORE) in communities throughout the US. The program provides new and small businesses with a source of advice on the day to day realities of operating a business. The Community College has had a SCORE Chapter since 1984. Like the SBDC, SCORE is now located at the Ulster Community College's Business Development Center in Kingston.

2.4.2.4 Entrepreneurial Assistance Centers

New York State has supported the development of specialized Entrepreneurial Assistance Centers to support small business owners and entrepreneurs in a number of communities. Ulster County BOCES ran a Entrepreneurial Assistance Center funded through the New York State Department of Economic Development. The Center was started in July of 1995 and provided 60 hours of classroom training to guide program participants in developing realistic business plans, establishing strategies for growth and in solving problems. The Center also provided each student with 40 hours of individual mentoring and counseling with a local business owner. The program targeted women, minority businesses and entrepreneurs in Ulster County. Although the program manager did considerable outreach in the region there was limited response to the advertisements and outreach activities. Only about six individuals went through the program. The EAP is no longer operating. A similar EAP program is still being administered through the Orange/Ulster BOCES. This EAP program has had a large number of participants, some of whom live in Kingston.

2.4.2.5 New York State Department of Labor "Taking Care of Business Program."

This is a joint federal/state effort that encourages unemployed persons to create their own business. The program provides unemployment benefits to individuals who have been laid off during the period in which they have getting their business off the ground. In addition, the program requires that participants receive entrepreneurial training as well as support through the SBDC, SCORE, or a EAP.

2.4.2.6 Kingston Local Development Corporation

The Kingston Local Development Corporation (KLDC) operates two revolving loan funds that provide financing assistance (in the form of gap financing of up to 25 percent of the project's costs) to some local entrepreneurs. For both the Kingston Revolving Loan Fund and the Community Development Revolving Loan Fund, the maximum loan amount is \$50,000, and typical projects involve facilities financing or the purchase of machinery and equipment. *The loan funds have the potential to help fund the growth and development of new enterprise in the city. For example, KLDC financing of AmeriBag or M + E Manufacturing was important to their development.*

2.4.3 Technology Transfer and Commercialization Activities

With the closing of the IBM facility the Kingston area has lost its primary engine of technological strength. The facility provided the region with a potential source of technology spin-off activity. The location of IBM also provided the region with a large core of highly skilled individuals working on the cutting edge of technology development. This source of research and development capacity provided the potential for spin-off enterprise development activity.

Even though IBM is gone, the region maintains a relatively strong base of institutions that have individuals with technological skills; very advanced facilities; and mechanisms for transfer technology from the source to the user.

2.4.3.1 Info Mall Mid-Hudson

Info Mall Mid-Hudson is a not-for-profit organization whose mission is to stimulate the creation of new businesses providing computing and communication related products and services. The organization was started in 1994 as a spin-off of the InfoMall program developed at Syracuse University. InfoMall USA is a “virtual” corporation created to “help American business and society take advantage of the emerging Information Superhighway.” It was designed to bring the results of the federal High Performance Computing and Communication and National Information Infrastructure initiatives into the real world. While Info Mall USA is housed at Syracuse University, the geographic coverage of the Mid-Hudson organization is Orange, Ulster, and Dutchess counties. However, it also focuses some attention on Putnam, Green and Columbia counties.

The organization was the initiative of a state Senator concerned with the downsizing at IBM. He saw the InfoMall initiative at Syracuse as a potential mechanism for promoting technology transfer and commercialization in the Mid-Hudson region. The organization is directed by an ex-IBM engineer with significant ties to both the academic and corporate environments.

The organization provides a wide range of support services to entrepreneurs and small technology based businesses in the Mid-Hudson Valley region. These services include:

- Access to computer hardware and software resources;
- Technical mentoring, collaborative projects and market development assistance; and
- Training.

Most importantly, the InfoMall is a “broker” of services to industry. The staff know the full range of resources available through the federal and state governments, the academic community in New York, as well as the private sector. A key role that the organizations plays is in developing new networks and relationships amongst private and public sector actors involved in the technology arena in the Hudson Valley.

In order to provide entrepreneurs and companies with linkages to business opportunities and technology resources in New York City, InfoMall Mid-Hudson maintains an office in Manhattan and has developed a close relationship with the New York based World Wide Web Artists Consortium.

One of the most significant components of the InfoMall program has been the development of *Info River Valley*. The purpose of this effort is to create a regional brand image with national recognition, to energize a new industry, to help open markets for businesses in the region and to help the startup of new enterprises. Through Info River Valley a directory of companies and individuals involved in the new media and broadly defined information technology industry in the Mid-Hudson Valley region has been developed. The program provides visibility for companies in the region through promotions at trade shows, amongst national and regional industry associations, and in the national media. According to those involved, over 200 Mid-Hudson professionals are involved in their activities.

2.4.3.2 MASC

MASC is an association of new media companies that was originally started in the Kingston/Woodstock area but is now based in Dutchess County and more closely affiliated with the InfoMall. The organization was initiated by Kingston-based businesses. The group came up with the concept of creating a multimedia access and study center (MASC). As a result of the success of the Ulster County based MASC, a Dutchess County MASC was formed in September of 1995. This organization took off and become very active. Dutchess County is now the center of activity for the organization.

MASC is now a member organization that provides technical and business support to the new media industry in the Mid-Hudson Valley. The organization sponsors national speakers to come to the region to speak on subjects of relevance to the new media industry. The organization also provides a focal point for networking in the industry, and was instrumental in the creation and promotion of the "Info River Valley" image being developed in the region.

2.4.3.3 The Hudson Valley New Media Association (HVNMA)

HVNMA was created by the previous Director of the Ulster County Development Corporation to focus attention on the County's growing new media industry. HVNMA is a regional trade organization "created to promote the commercial and civic use of new media and to facilitate communication between new media professionals and the business and legislative communities."

2.4.3.4 SUNY New Paltz—Strategic Partnership for Industrial Resurgence (SPIR) and the Incubator for Design and Engineering Evaluation (Project IDEA)

In order to better promote the transfer of technology from the state university system to the business community, New York developed the SPIR program with locations at the engineering programs at four SUNY campuses, including New Paltz. The program offers technical support for start up and existing firms. Through the program SUNY engineering faculty work on research and training projects with local companies. The program in New Paltz has focused on small start up companies. In addition to the services through SPIR, the university has an "incubator without walls." The school of engineering program provides support services such as library, laboratory and computer access to small startup businesses. According the staff, "Project IDEA differs from other incubators in that it emphasizes technical rather than business or administrative support."

2.4.3.5 Marist New Media Laboratory

Working in collaboration with InfoMall, Marist College is developing a New Media Laboratory what will provide access to new media technology to businesses and potential entrepreneurs in the Hudson Valley region. The Laboratory will be used by companies that want to learn about the use of the World Wide Web, by new media developers in the region seeking access to specialized equipment, and to students involved in the new media industry. The lab will also work to develop internship opportunities with local companies.

2.4.3.6 Cornell in the Valley: Research and Technology Partnership

The lack of a major research university has long been a concern of those involved in economic development in the Mid-Hudson Valley. In response to this concern, a group of economic development organizations along with Cornell University and SUNY New Paltz have recently announced a new partnership around technology. Mid-Hudson Patterns for Progress and the Cornell Office for Technology Access and Business Assistance were the two leading institutions behind the initiative.

While still in its infancy, the new Research and Technology Partnership with Cornell is providing a focal point for the development of new initiatives related to technology development. The Partnership has already developed a web site that provides businesses and other organizations in the Mid-Hudson Valley with information on regional contacts and technology experts; a calendar of events relevant to those involved in all aspects of technology; and direct links to Cornell University.

The Partnership also identified five technology areas that involved the mutual interests of all parties. These technologies are being pursued by the Partners. The technology include: high performance computing, information storage, multimedia and telecommunications, microelectomechanical systems and biotechnology/pharmaceutical.

The intention of the Partnership is to promote increased technology transfer between the university and local businesses as well as to promote the potential commercialization of technologies developed at Cornell. Technology transfer activity in the region would be enhanced through better informing local technology based companies of the potential resources of Cornell in these key areas. For example, the Partnership has already led to increased relationships between Micrus Corporation and the Cornell Nanofabrication Facility. In terms of commercialization, Cornell is providing information on the technologies is currently has available for licensing.

2.4.4 Summary of Key Findings

- The region has a very sophisticated network of professionals and organizations involved in entrepreneurial development, small business support and technology transfer.
- Non-wage and salary workers—whether they are at home contractors, artisans or small business owners—are becoming an increasingly important component of the Kingston economic base.
- Anecdotal evidence points to a growing entrepreneurial culture in the region in both technology and non-technology areas.
- A large part of the entrepreneurial activity is being fueled by individuals who are leaving New York City and attracted to the quality of life in the Hudson Valley. While the region lacks a major

research university, local colleges have been very aggressive in getting involved in economic development activity and major research institutions are becoming more involved in the Valley through the Info Mall initiative as well as the recent entry of Cornell in the region.

- Many small businesses and entrepreneurs are unaware of many state, regional and local resources that do exist.
- There is a considerable amount of competition for technology oriented startup activity in the Hudson Valley region. New Paltz has an incubator without walls that is technology oriented and operated by the dean of Engineering. RPI's technology park is only 45 minutes away and Peekskill has a technology center.
- The lack of a single focal point for the activities promoting the new media industry in the Mid-Hudson Valley region will be detrimental to efforts to promote the industry.

2.5 Main Street Businesses and Tourism

Kingston's Main Street business and tourism actively have a dual function. First, they both are important as providers of employment and earnings. Secondly, they also are a crucial component of the city's quality of life and attractiveness, offering diversity in shopping, artistic activities and general recreation.

Kingston is a city in transition. On the one hand, the downsizing of IBM has resulted in the loss of a significant portion of the region's economy. On the other hand, tourism in the region is increasing. Kingston has focused on developing tourism as a new economic cornerstone for the past 20 years, and one need only look at comparably sized and located cities, such as Poughkeepsie, Newburgh, and Yonkers, to realize that this focus is paying off. However, the city still faces significant challenges in its efforts to restore the health of its three downtown business districts: The Rondout, Midtown, and Uptown, and to become a regional tourist draw. In order to understand fully the challenges and opportunities facing tourism in the city and the city's three downtown shopping districts, the following was undertaken:

- A land use inventory of the three business districts;
- A survey of business owners;
- A survey of tourist attractions within the city;
- Focus groups with leaders in the three districts and tourism leaders; and
- An inventory of regional tourist attractions.

The results of each are presented below.

2.5.1 Land Use Inventory

In order to determine the current conditions in each of the three districts, a land use inventory was taken. Maps were developed of each of the districts showing the general land use patterns, which are described below.

2.5.1.1 The Rondout

The commercial core of the Rondout district consists of both sides of Broadway from the Rondout Creek to Spring/Garraghan Drive, and both sides of East Strand roughly from Wurts Street to the Trolley Museum on the north side of the street and the Hudson River Maritime Museum on the south side. The area contains a mix of retail uses, office and institutional buildings, tourist attractions, some residential uses, and a large proportion of open space.

Within the business core, the primary business type is comparison retail stores such as antique and gift shops. There are also quite a few eateries, ranging from a take-out deli to a number of sit-down restaurants. The most intensely used properties are those closest to the Rondout, including the row of historic structures called The Strand and the southernmost block of Broadway.

On the west side of Broadway north of West Union, there are quite a number of vacant storefronts and buildings, some of which are not well maintained. Offices and residences dominate the east side of the street, located in a newer row-house style development. North of Spring/Garraghan Drive, where Broadway begins a rather steep ascent toward McEntee Street, the character of the street changes rapidly to residential/institutional.

A large proportion of the Rondout's land area comprises three large public parks: the waterfront park, the sculpture park on Garraghan Drive, and Hasbrouk Park on the corner of Spring Street and Wurts Street.

2.5.1.2 Midtown

Midtown is a long, narrow business district, encompassing the entire length of Broadway from McEntee Street, where Broadway becomes the Rondout, to Albany Avenue, where Uptown begins. There is a rough pattern to the various land uses in Midtown, as follows (from east to west):

Broadway from McEntee Street to West/East Chester Street is mainly residential. In addition to the older single and multi-family houses, there is a large new senior citizen complex. This is followed by a small commercial strip that extends to Foxhall Avenue.

Foxhall Avenue marks the beginning of an institutional area, dominated by the hospital, the high school, and the YMCA. Interspersed among these major buildings are medical offices and some convenience retail. Two important structures in this area are the currently vacant historic City Hall and City Library buildings.

Institutional uses fall off at the railroad bridge, where a few old industrial buildings are still in use. From the railroad bridge to the end of the Midtown district, Broadway is a mix of successful to marginal comparison and convenience retail, offices and eateries. Although it is a fully functioning commercial strip, the few vacant buildings that are in disrepair and some marginal businesses mar the appearance. The centerpiece of Midtown's west half is the Ulster Performing Arts Center (UPAC), located between Cedar Street and Henry Street. The theater recently underwent major façade improvements under a state-funded program.

2.5.1.3 Uptown

The Uptown business district is contained within Clinton Avenue to the east North Front Street to the north and east, Pearl Street to the south, and Washington Avenue to the west. The area is characterized by a mix

of retail establishments and offices. For the most part, the retail is concentrated on the ground floor of buildings on Wall Street and North Front that were colonnaded under the Pike Plan. Unfortunately, some of the ground floor spaces are being taken over by offices, which could compromise the appeal of the area for recreational shopping (i.e., window-shopping).

Most of the stores along Wall Street and North Front are comparison retail—selling specialty gift items, clothing, and antiques. There are also a few restaurants, but the central part of the district has very little convenience shopping. Convenience shopping is concentrated instead in the shopping center across the railroad tracks from the old part of Uptown.

The retail core of the Uptown district is surrounded by governmental offices, including the County Courthouse, and by professional offices. The edges of the district also contain a considerable number of historic structures, ranging from museums (The Johnston House) to churches (The Old Dutch Church) to private buildings with historic significance (the stone houses).

2.5.2 Business Surveys

The best way to determine the customer base and general status of business in the three business areas is to ask the merchants directly. Therefore, the Kingston Office of Economic and Community Development circulated a survey to all business owners in the three districts. Of the 106 returned questionnaires. Slightly more than half were from businesses in Uptown, about one third were from Midtown, and the remainder was from Rondout businesses (see Figure 32).

2.5.2.1 The Rondout

■ Business Profile

The businesses in the Rondout district are mainly comparison retail establishments selling merchandise such as clothing, gifts, and antiques. A fair number of businesses participating in the survey from the Rondout district are eateries, and only a very few sell convenience goods (e.g., drug store items, groceries, etc.) (see Figure 33). This mix of stores indicates that the Rondout district caters mainly to tourists and visitors, rather than to the everyday needs of local residents. Furthermore, the lack of any professional and medical offices indicates that the Rondout does not have many workers who will shop on their lunch hour. The customer base reported by the Rondout merchants supports this. According to those merchants surveyed, only a small proportion of their customers are from Kingston and none are area workers. Most customers are from elsewhere in Ulster County or are boat owners docking on Rondout Creek. Furthermore, the businesses rely on second homeowners and tourists more than do those in either of the other districts (see Figure 34).

Figure 32
Distribution of Businesses Surveyed

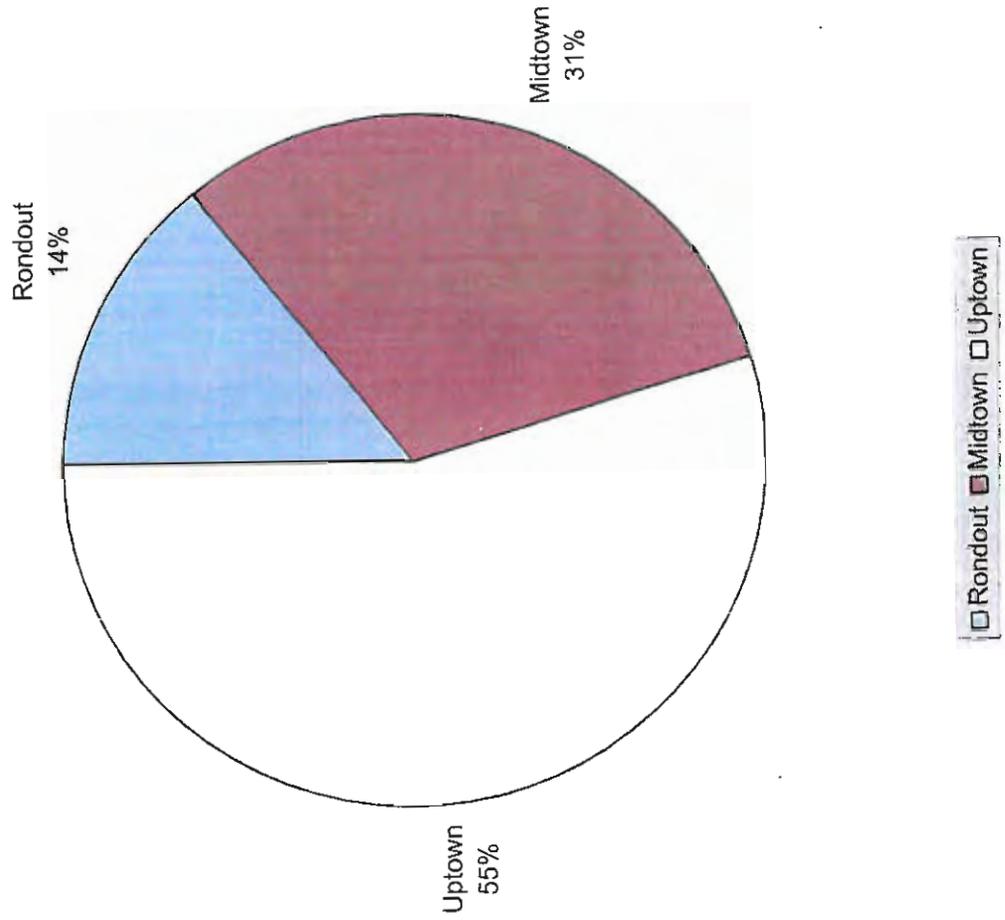


Figure 33
Distribution of Business Type by Business District

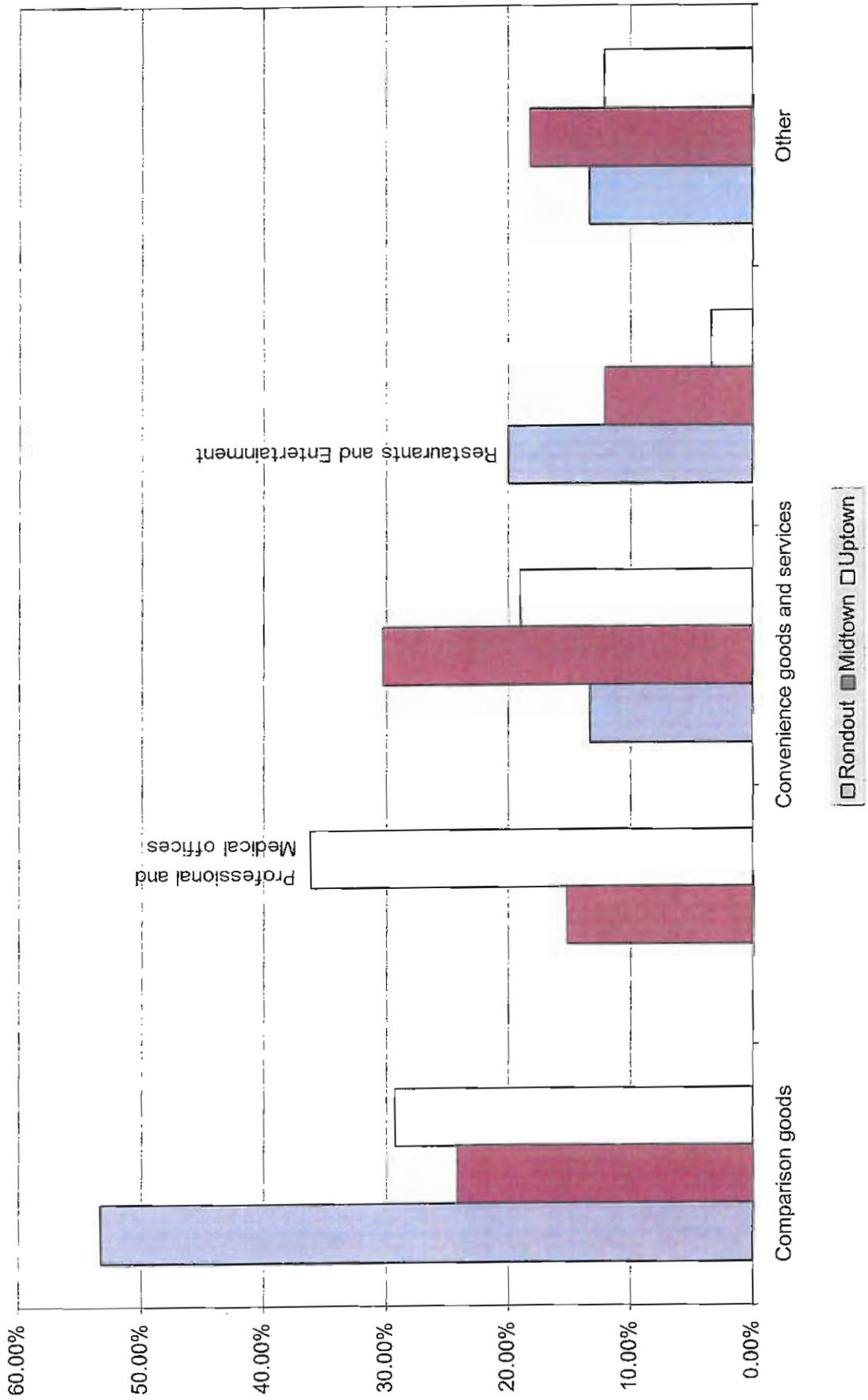
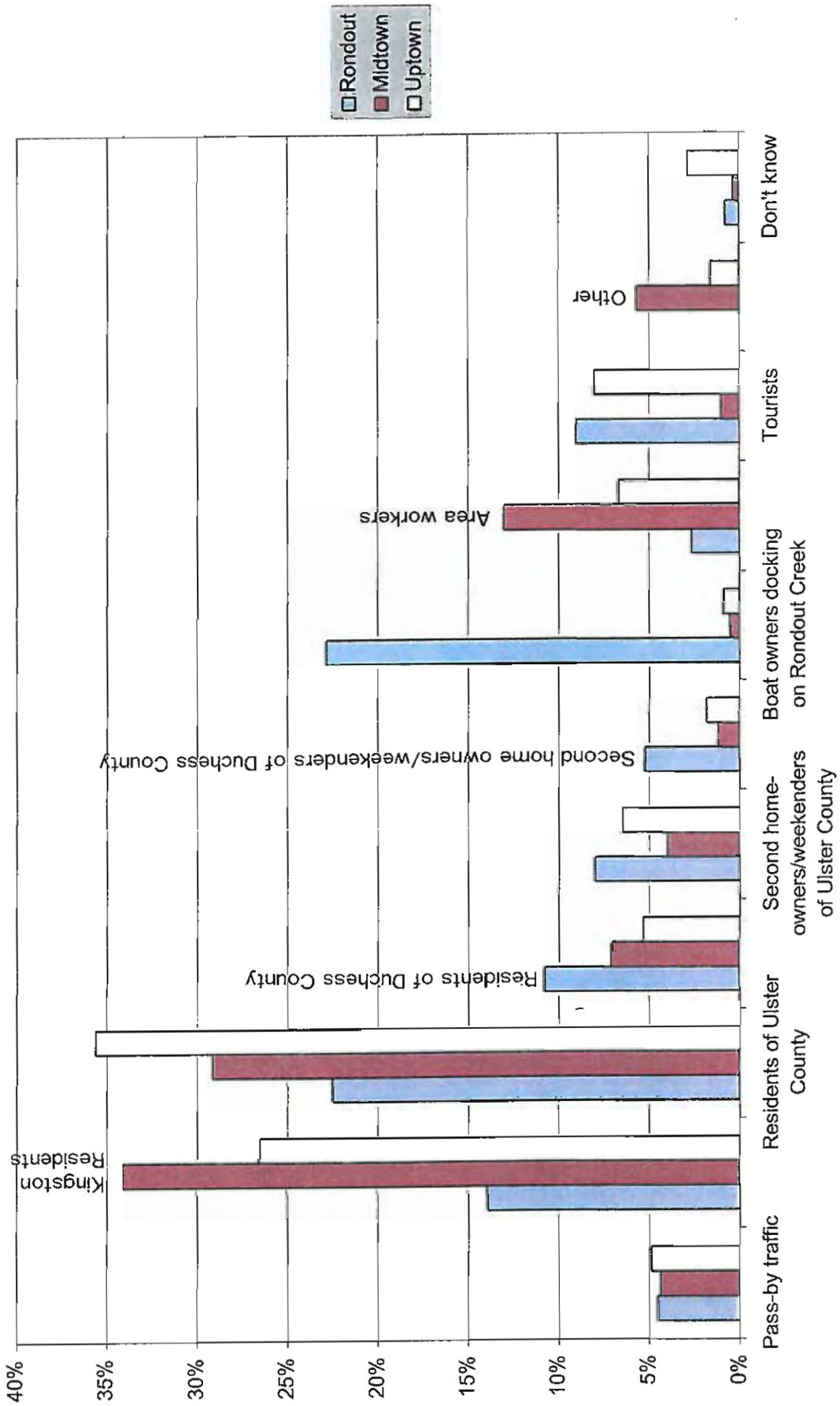
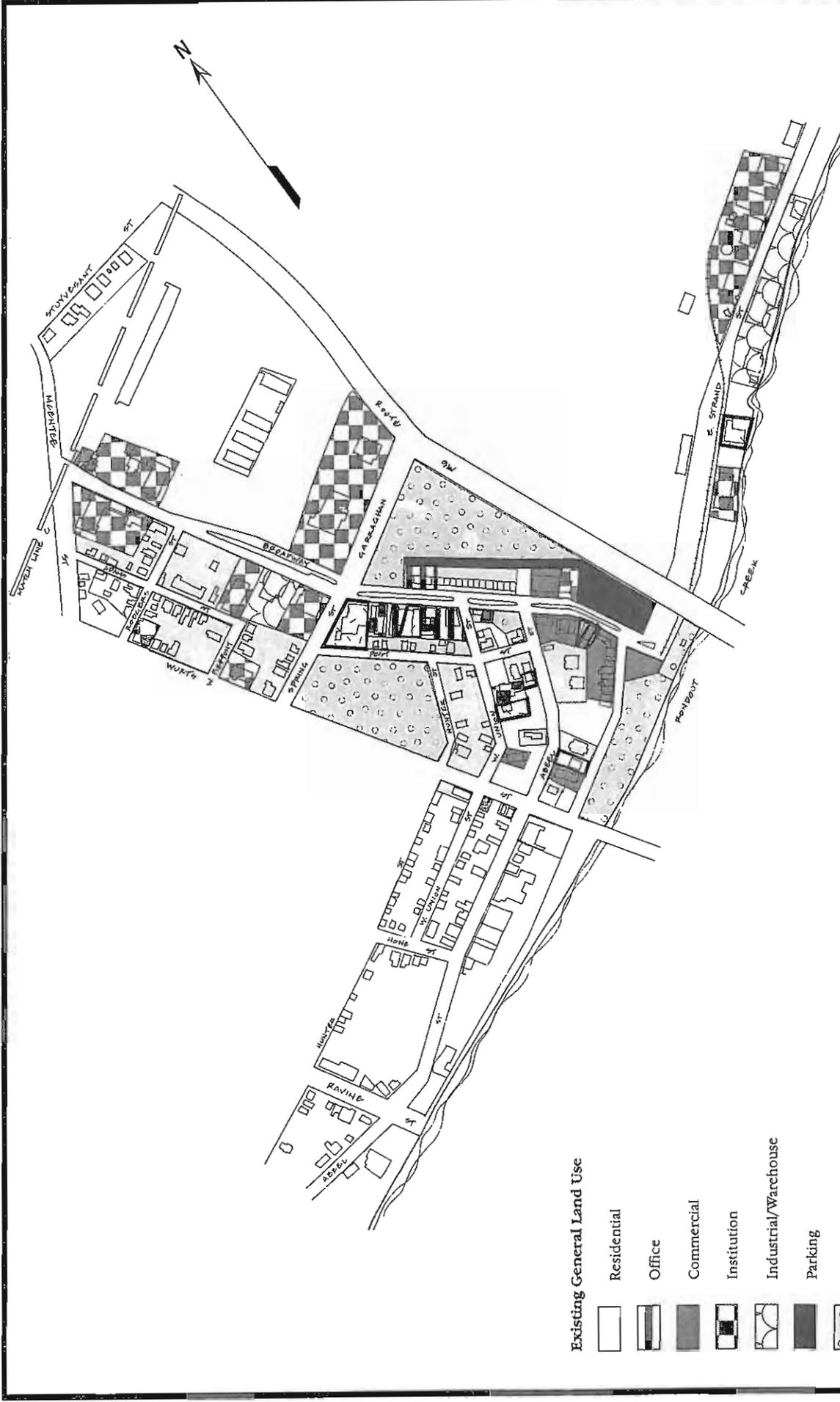


Figure 34
Where Customers are From





Existing General Land Use

- Residential
- Office
- Commercial
- Institution
- Industrial/Warehouse
- Parking
- Parks/Open Space
- Vacant

LOUIS BERGER & ASSOCIATES, INC.

Map 1
Rondout Area

Source: Abeles Phillips Preiss & Shapiro, Inc. 1997

This strong reliance on visitors rather than local residents and workers is evidenced further by the hours kept by Rondout businesses. The average closing time is between 7:00 pm and 7:30 pm on weekdays and 6:00 pm and 6:30 pm on weekends, later than either of the other two districts; and most businesses in the Rondout are open throughout the weekend (see Table 5).

As a seasonal tourist destination, the Rondout merchants report sharp seasonal trends. Their busiest season is summer, with spring and fall also more busy than average, while the holiday season and late winter are both slow to very slow (see Figure 35).

According to local merchants, shoppers are attracted to the Rondout primarily by its restaurants, special events, waterfront location, and charm (see Table 6), reinforcing the concept that the area is a tourist destination rather than a convenient place for local residents to shop. In fact, when asked to rate their business district, the highest rated qualities were the variety and quality of restaurants, the attractiveness of the area, and the general walkability, all qualities consistent with a tourist and visitor oriented business district. On the other hand, the number of stores was ranked low, as was marketing and convenience of public transportation, three qualities often ranked low by merchants located in a business area that is not attracting a large number of customers (see Figure 36). This is indicative of a need for a new strategy for attracting patrons to the Rondout. Some of the recommendations and other comments and suggestions from the merchants who participated in the survey are listed in Table 7, and the types of new businesses felt to be the most important additions to the Rondout are listed in Table 8.

■ **Stability**

Only 40 percent of businesses own their buildings, a much smaller proportion than in the other two districts, indicating a lack of stability. The average tenure of these businesses is just over 16 years, much lower than the average tenures of businesses in Midtown or Uptown. The area is exceptionally susceptible to extreme seasonal spikes. It is difficult for even the most profitable summer to tide a business over a long, slow winter. Until the busy season is extended, the success of Rondout businesses will continue to be tenuous.

■ **Competition**

Half of the merchants surveyed indicated that Woodstock presents major competition to the Rondout area. Rhinebeck was also listed by a number of people. However, about one third of the merchants apparently recognize the unique qualities of the Rondout, and indicated that they feel the Rondout does not have any real competition (see Figure 37). Of those merchants who feel that the Rondout does have significant competition, the most common reason cited was that the competition has more stores (see Figure 38).

Table 5
Average Opening and Closing Times Of Kingston Businesses

	Rondout	Midtown	Uptown
<u>Monday</u>			
Average opening time	10:00 AM	08:30 AM	09:00 AM
Average closing time	07:00 PM	05:30 PM	05:30 PM
% of businesses open	86%	96%	86%
<u>Tuesday</u>			
Average opening time	11:00 AM	08:30 AM	09:00 AM
Average closing time	07:00 PM	05:30 PM	05:30 PM
Percent of businesses open	67%	100%	90%
<u>Wednesday</u>			
Average opening time	10:30 AM	08:30 AM	09:00 AM
Average closing time	07:30 PM	05:30 PM	05:30 PM
Percent of businesses open	56%	96%	91%
<u>Thursday</u>			
Average opening time	12:00 PM	08:30 AM	09:00 AM
Average closing time	07:00 PM	05:30 PM	05:30 PM
Percent of businesses open	67%	96%	96%
<u>Friday</u>			
Average opening time	11:30 AM	08:30 AM	09:30 AM
Average closing time	06:30 PM	05:30 PM	06:00 PM
Percent of businesses open	78%	96%	100%
<u>Saturday</u>			
Average opening time	11:00 AM	09:00 AM	09:30 AM
Average closing time	06:00 PM	04:00 PM	05:00 PM
Percent of businesses open	100%	61%	54%
<u>Sunday</u>			
Average opening time	11:00 AM	11:00 AM	09:00 AM
Average closing time	06:30 PM	04:30 PM	04:00 PM
Percent of businesses open	81%	4%	6%

SOURCE: Abeles Phillips Preiss & Shapiro, Inc. Kingston Business Owners Survey, 1997.

Figure 35
Amount of Business

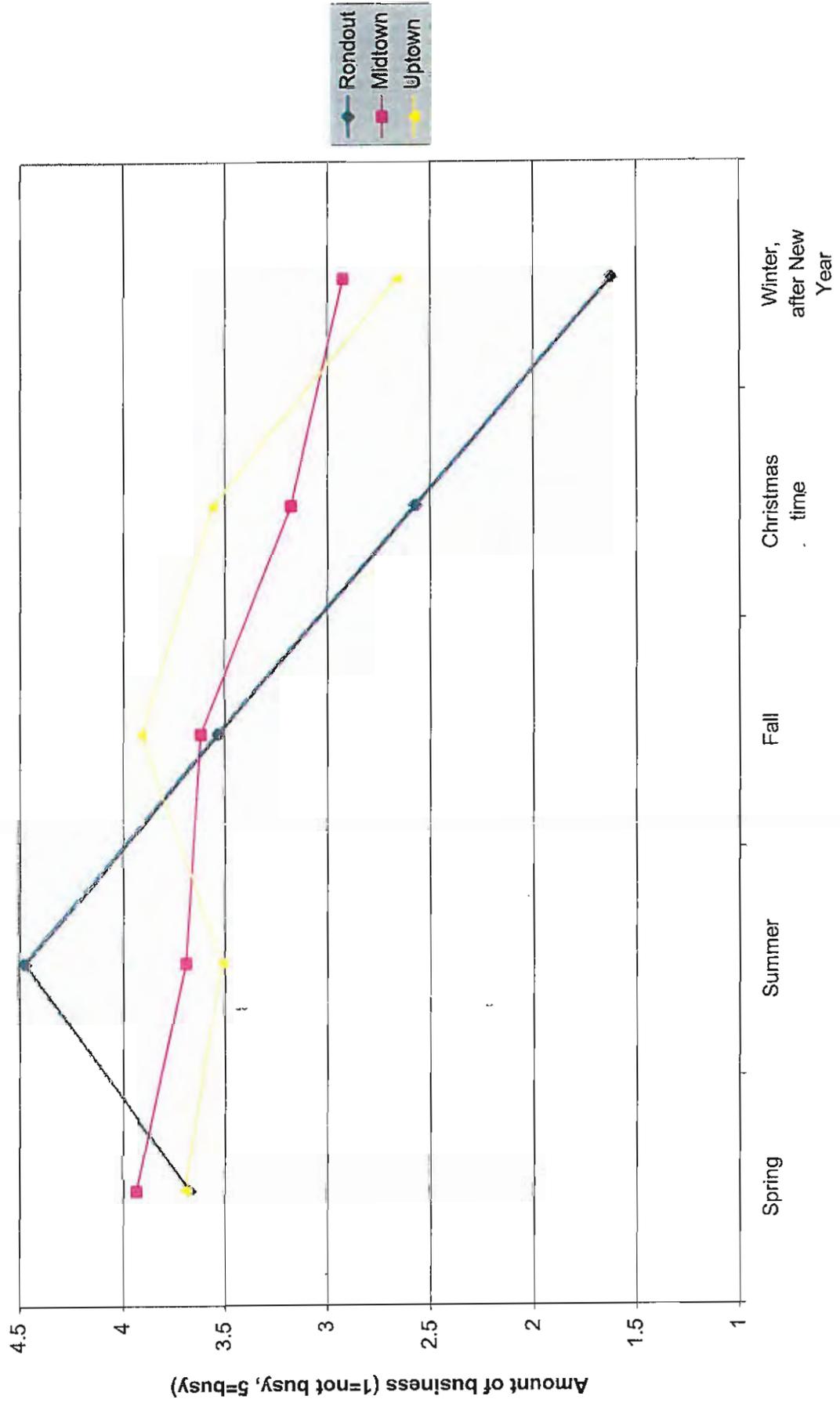


Table 6
Top 10 Attractions to Kingston Business Districts
Business District

<u>Rondout</u>	<u>Midtown*</u>	<u>Uptown</u>
Restaurants	UPAC theatre	Food festivals
Waterfront and boating	Special events/activities	Antiques fairs
4th of July celebration	Clean area	Deitz Stadium
Special events/activities	High school	Special events/activities
Specialty destination stores	Hospital	Art events
Musical events	Restaurants	Atmosphere
Boat shows	Specialty destination stores	Restaurants
Art events	Art events	Specialty destination stores
Atmosphere		Street fairs
Beautiful area		Craft festival

* Only 8 responses were repeated for the Midtown district

SOURCE: Abeles Phillips Preiss & Shapiro, Inc. Kingston Business Owners Survey, 1997

Figure 36 Rating of Business District Qualities

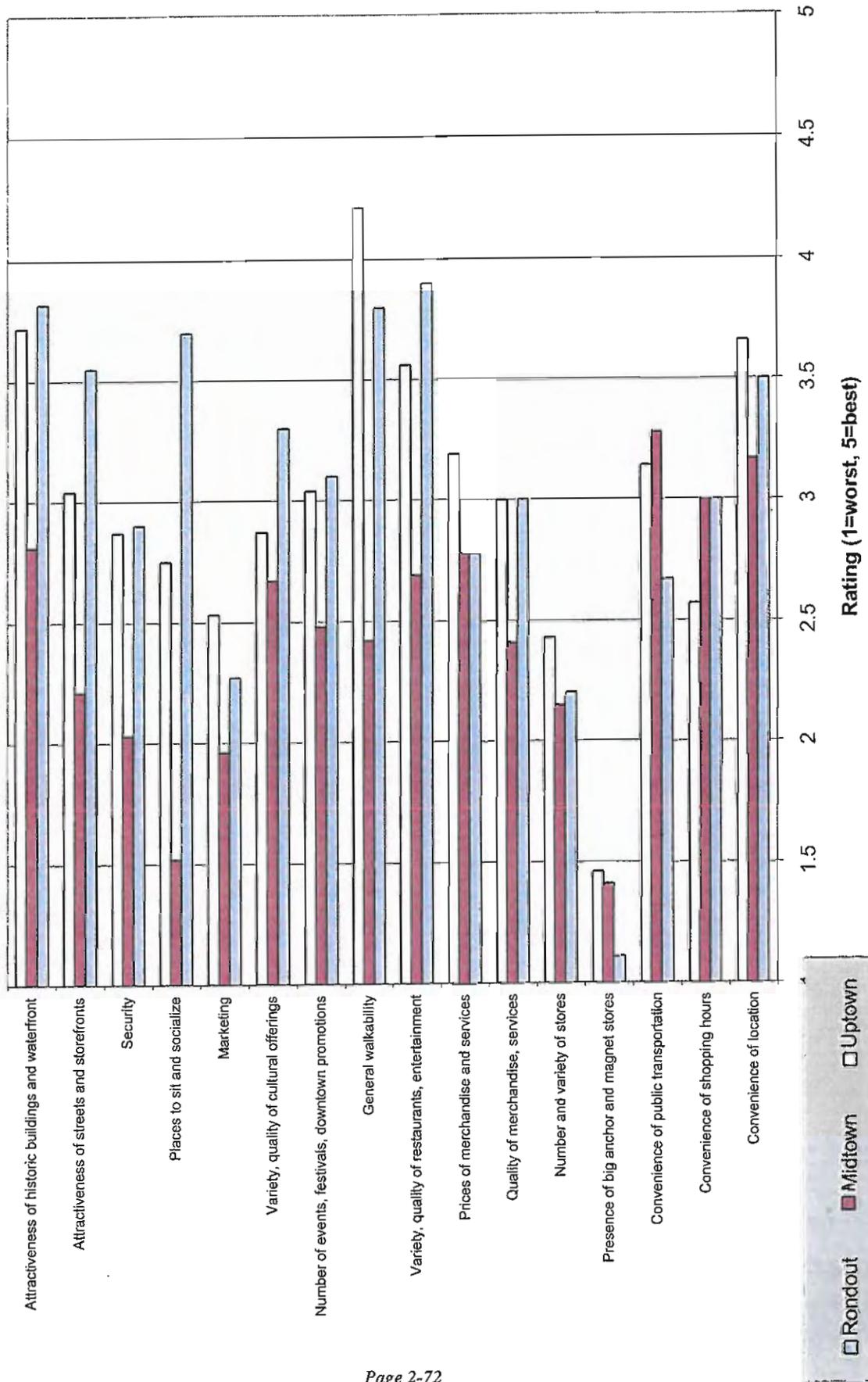


Table 7

Ideas and Suggestions from Rondout Business Owners

- Too many vacant stores and unattractive buildings and lots.
- Improve police presence and visibility.
- Improve street cleaning and maintenance.
- Parking at store fronts should be set up so streets can be cleaned in the AM.
- Festivals should be spread throughout whole Rondout area.
- More area promotion so new businesses have a chance.
- Planned activities to make the Rondout a year round area.
- Camouflage junkyards along Creek.
- Magnet stores such as The Gap.
- Coffee house.
- Small specialty stores for tourists.
- Security and safety are big concern for all of our female clients.
- Better lighting and more patrols would help along waterfront.
- Provide designated parking area for customers, tenants, and merchants.
- More businesses.
- Lower property taxes.
- Market a Rondout Tourism booklet like Woodstock has.
- Give brochures a local business to all boat tour customers.
- Give out more area info by chamber of commerce and travel agencies.
- City and marinas should discuss transient docks and come to some agreement.
- Too many stores closed during the week.
- Lack of toilet facilities.
- I'm thinking of moving because the Rondout is so empty.
- Construct a walking bike path along Abeel St. to Rondout.

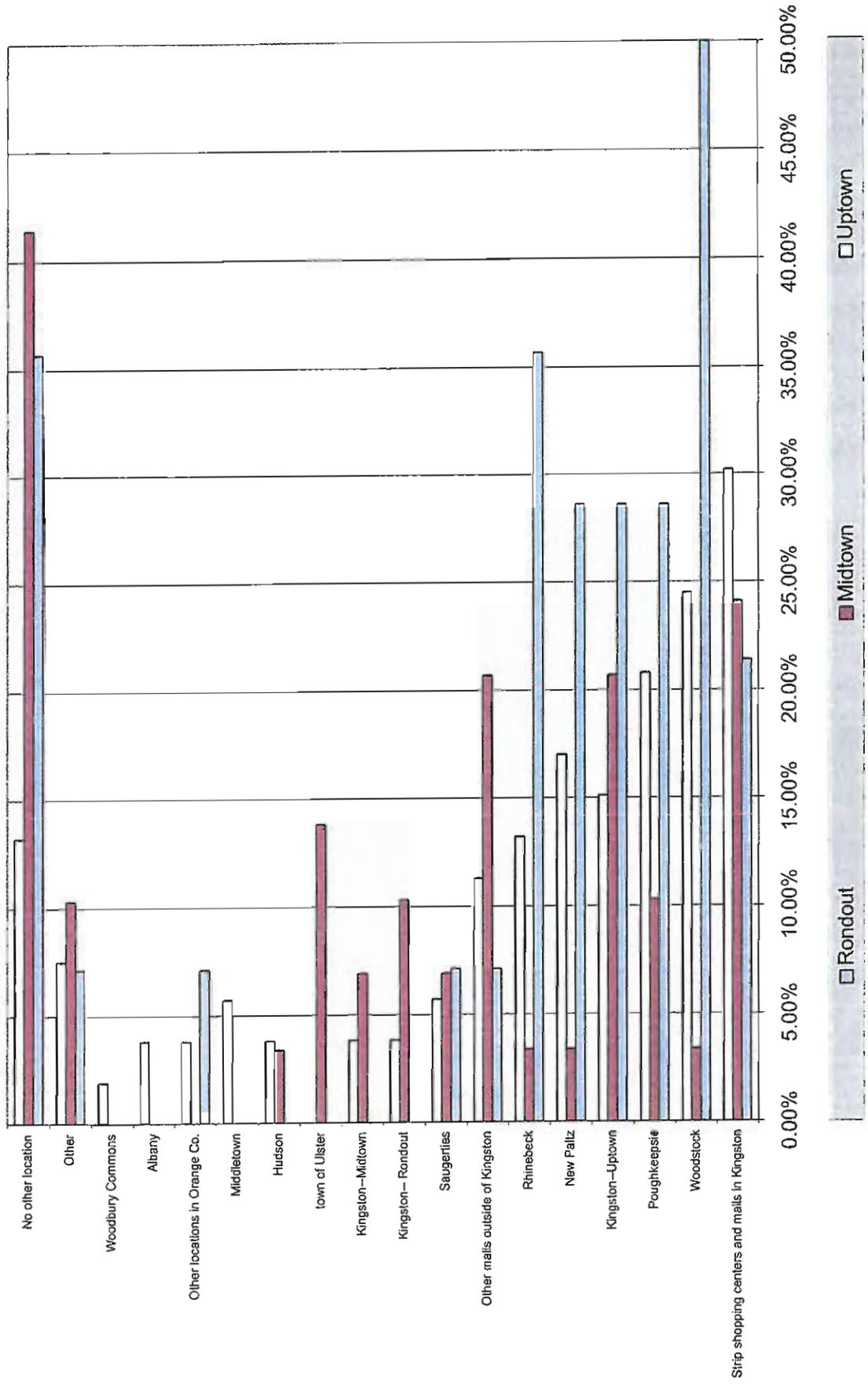
SOURCE: Abeles Phillips Preiss & Shapiro, Inc. Kingston Business Owners Survey, 1997.

Table 8
Top 10 Important Additions to Kingston Business Districts

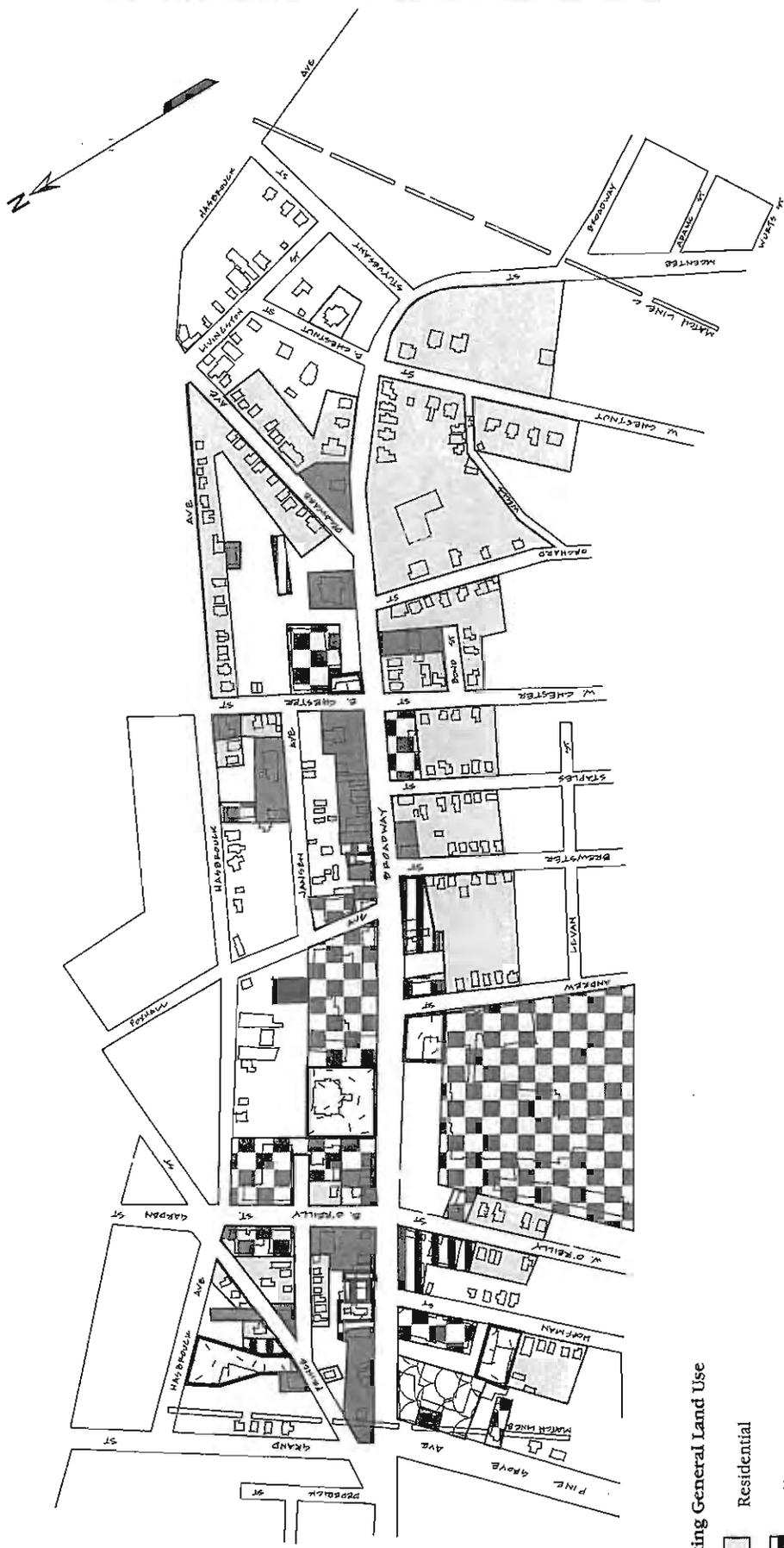
<u>Rondout</u>	<u>Midtown</u>	<u>Uptown</u>
Antique shops	More police presence	Men's clothing
Banks	Café	Shoe store
More specialty stores	Retail stores	High quality stores
Retail stores	Factories	Women's clothing
Women's clothing	Galleries	Bookstore
Art activities	Antique shops	Factories
Breakfast place	Bookstore	Hotel/B&B
Café	Larger parking areas	Movie theatre
Dance club	Public transportation	Antique shops
Better signage	Business in general to replace economic loss from IBM closing	Café

SOURCE: Abeles Phillips Preiss & Shapiro, Inc. Kingston Business Owners Survey, 1997.

Figure 37
Major Competition



SOURCE: Abeles Phillips Preiss Shapiro, Survey of Kingston Business Owners, 1997.



Existing General Land Use

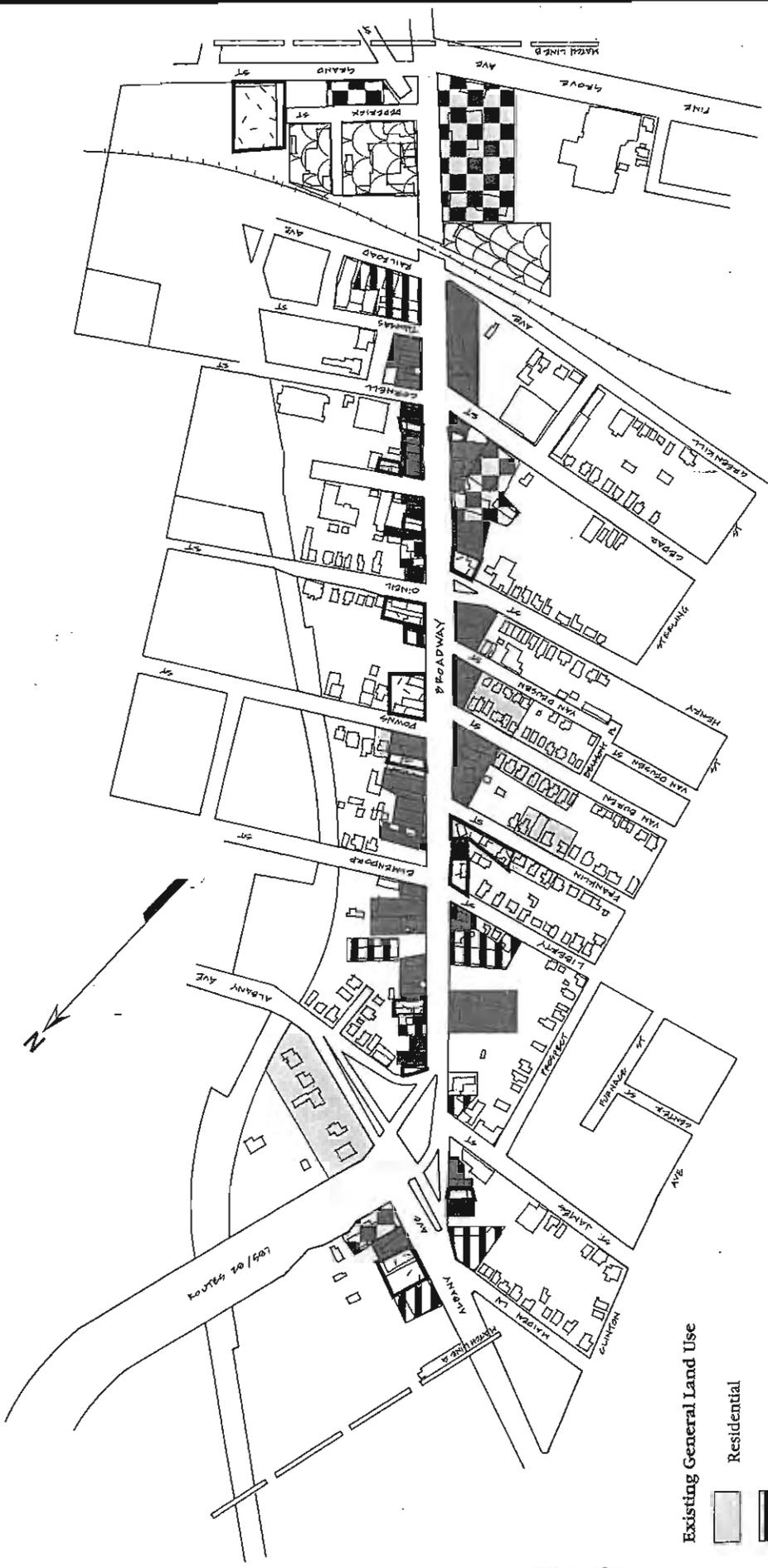
-  Residential
-  Office
-  Commercial
-  Institution/Government
-  Industrial/Warehouse
-  Parking
-  Parks/Open Space
-  Vacant



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Map 2
East Midtown Area

Source: Abeles Phillips Preiss & Shapiro, Inc. 1997



Existing General Land Use

- Residential
- Office
- Commercial
- Institution/Government
- Industrial/Warehouse
- Parking
- Parks/Open Space
- Vacant

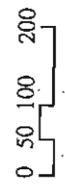
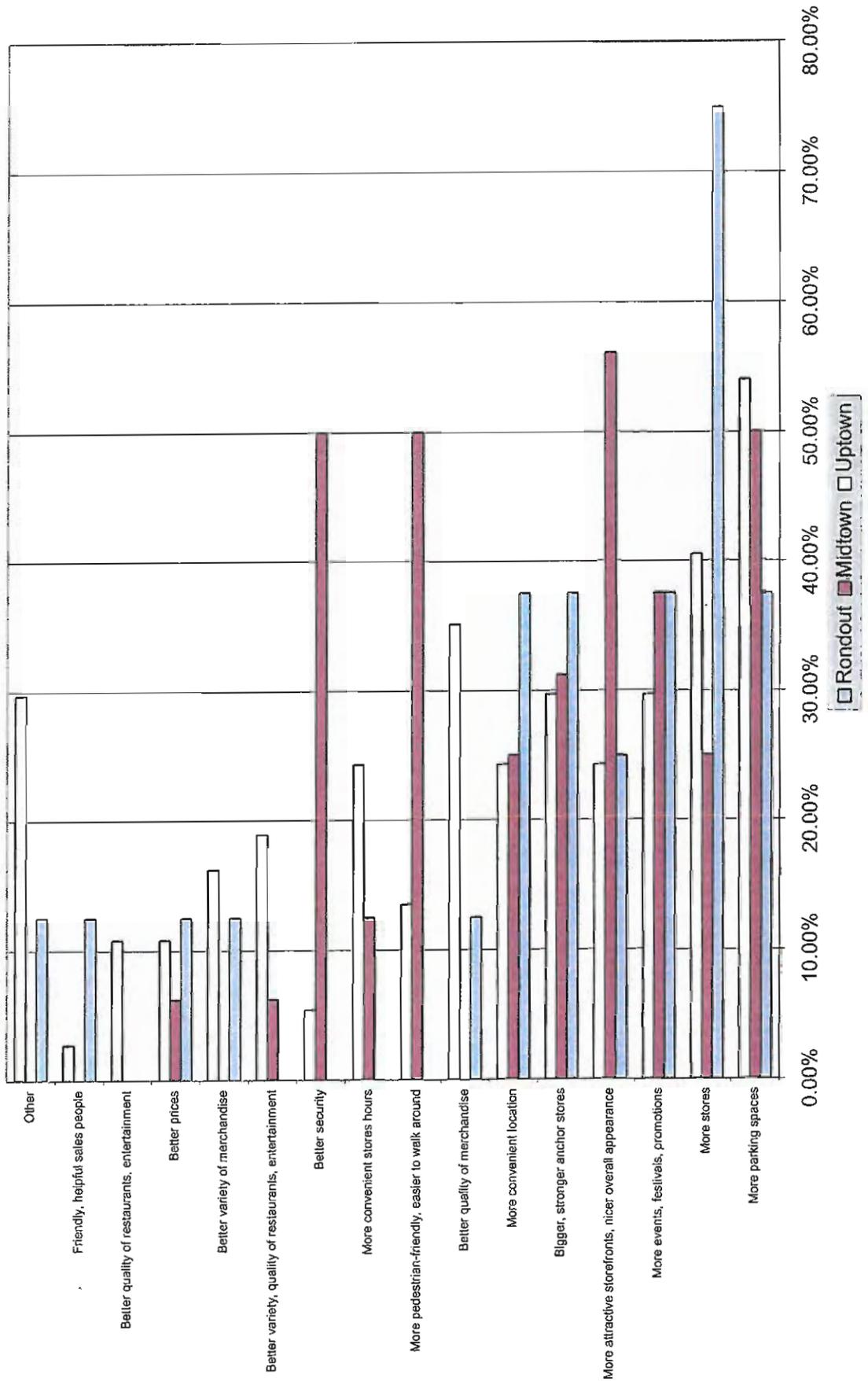


Figure 38
What Competing Areas Have that Kingston Business Districts Do Not Have



■ **Parking**

On average, about 84 percent of customers who visit Rondout businesses drive, and over 90 percent of employees drive (see Tables 9 and 10)—many of whom park on the street in front of their business (see Table 11). This could indicate a parking conflict between workers and shoppers. However, as indicated above, the Rondout does not have professional offices that tend to have a large number of employees. In fact, the average Rondout business, as reported in the survey, has only 1.8 full time workers and 7.2 part time workers, so local employees do not require a huge number of dedicated parking spaces. Merchants did complain about the lack of parking (see Table 12) but visits on summer weekdays and weekends did not reveal any real parking problems.

■ **Trends**

The outlook, according to Rondout merchants participating in the survey, is dim. The majority of merchants indicated that customers of every type are either stable or decreasing. One bright spot, however, is that nearly 40 percent indicated that the business they get from second homeowners in Ulster County is increasing (see Table 13). The most common reason cited for decreasing customer base is a poor economy (see Table 14). Note that this perception by Rondout merchants contrasts somewhat with the overall health of the regional economy.

Apparently businesses in the Rondout are not overly concerned, however. Of those responding to the survey, less than 10 percent foresee the need to decrease their business size or volume, and over 40 percent do not foresee any changes. However, about 15 percent did indicate that they are considering moving out of the Rondout district, a larger proportion than in either of the other two business districts (see Figure 39).

2.5.2.2 Midtown

■ **Business Profile**

The largest business category in Midtown is convenience retail and services (i.e., grocery, drug stores, laundry, etc.). Unlike the other two districts, which have a large number of a single type of business, those in the Midtown district are distributed across the categories (see Figure 33).

Businesses along the length of Broadway report that a third of their customers are from Kingston; Kingston and Ulster County combined account for over half the customers. Compared to the other two districts, Midtown serves a larger proportion of local workers and a much smaller proportion of tourists and second homeowners (see Figure 34) This indicates that Midtown is serving the everyday needs of the regional population; it is, in essence functioning as a traditional main street.

As a convenience shopping street serving local residents and businesses, the Midtown district experiences only minor seasonal variations. Although late winter (after the holiday season) is somewhat slower than the rest of the year, merchants did not report major swings from season to season (see Figure 35)

In keeping with its niche as a convenience shopping street, Midtown businesses are open, on average, from 8:30 am to 5:30 pm on weekdays, and only 4 percent are open on Sunday (see Table 5). These hours are sufficient to serve the everyday needs of business clients, local workers, and local residents. However, some businesses may be missing out on the business that could be generated by UPAC theater-goers. A third of local merchants reported shoppers are attracted to the Midtown district by the UPAC theater, which brings evening clientele looking for recreational shopping and eateries (see Table 6). This is a very different customer base than the one that are in Midtown because of the hospital or high school and are

Table 9

**Customers' Mode of Transportation to
Kingston Business Districts**

	<u>Rondout</u>	<u>Midtown</u>	<u>Uptown</u>
Car	84%	80%	89%
Walk/bike	3%	10%	9%
Bus/cab	3%	3%	2%
Other	9%	8%	0%
Don't know	0%	4%	1%

SOURCE: Abeles Phillips Preiss & Shapiro, Inc.
Kingston Business Owners Survey, 1997.

Table 10

**Workers' Mode of Transportation to
Kingston Business Districts**

	<u>Rondout</u>	<u>Midtown</u>	<u>Uptown</u>
Car	94%	87%	95%
Walk	3%	7%	3%
Other	3%	4%	2%
Bus	0%	1%	0%

SOURCE: Abeles Phillips Preiss & Shapiro, Inc.
Kingston Business Owners Survey, 1997.

Table 11

Frequency with which Workers' Park in Various Locations

	<u>Never</u>	<u>Sometimes</u>	<u>Everyday</u>
<u>Rondout</u>			
• On-street space in front of your business	15%	39%	46%
• Other on-street space in the business district	42%	50%	8%
• Leased or privately-owned space	64%	9%	27%
• City parking lot	55%	18%	27%
• Residential on-street space	50%	42%	8%
<u>Midtown</u>			
• On-street space in front of your business	61%	16%	23%
• Other on-street space in the business district	77%	13%	10%
• Leased or privately-owned space	39%	52%	10%
• City parking lot	77%	10%	13%
• Residential on-street space	75%	16%	9%
<u>Uptown</u>			
• On-street space in front of your business	70%	23%	7%
• Other on-street space in the business district	75%	22%	4%
• Leased or privately-owned space	46%	47%	7%
• City parking lot	39%	42%	19%
• Residential on-street space	91%	6%	4%

SOURCE: Abeles Phillips Preiss & Shapiro, Inc. Kingston Business Owners Survey, 1997.

Table 12

Survey Results: Rating of Parking in Business Districts by Business Owners

<u>Rondout</u>	Not	2	Rating Enough	4	Too
Number of short-term parking	0%	10%	20%	20%	50%
Number of long-term parking	0%	10%	20%	20%	50%
Number of conveniently-located	0%	11%	22%	33%	33%
Number of parking spaces	0%	9%	46%	9%	36%
Lighting of parking areas	0%	9%	55%	9%	27%
Time limits on parking	0%	0%	29%	29%	43%
Enforcement of parking	0%	0%	50%	25%	25%
Maintenance of parking areas	0%	9%	73%	0%	18%
<u>Midtown</u>					
Number of short-term parking	21%	14%	62%	3%	0%
Number of long-term parking	28%	14%	52%	3%	3%
Number of conveniently-located	27%	20%	47%	3%	3%
Number of parking spaces	29%	36%	32%	4%	0%
Lighting of parking areas	11%	32%	54%	4%	0%
Time limits on parking	11%	21%	61%	7%	0%
Enforcement of parking	3%	17%	62%	10%	7%
Maintenance of parking areas	14%	7%	68%	11%	0%
<u>Uptown</u>					
Number of short-term parking	55%	12%	26%	8%	0%
Number of long-term parking	29%	16%	43%	12%	0%
Number of conveniently-located	40%	29%	25%	6%	0%
Number of parking spaces	31%	29%	31%	8%	0%
Lighting of parking areas	35%	15%	46%	4%	0%
Time limits on parking	20%	22%	44%	9%	7%
Enforcement of parking	14%	8%	43%	24%	12%
Maintenance of parking areas	26%	18%	50%	6%	0%

SOURCE: Abeles Phillips Preiss & Shapiro, Inc. Kingston Business Owners Survey, 1997.

Table 13

Survey Results: Recent Change in Customer Base by Business District

	Rondout			Midtown			Uptown		
	<u>Increase</u>	<u>No change</u>	<u>Decrease</u>	<u>Increase</u>	<u>No change</u>	<u>Decrease</u>	<u>Increase</u>	<u>No change</u>	<u>Decrease</u>
Pass-by traffic	13%	50%	38%	18%	46%	36%	19%	36%	45%
Kingston residents	30%	30%	40%	15%	42%	42%	33%	33%	33%
Residents of Ulster County	25%	42%	33%	27%	32%	41%	41%	32%	27%
Residents of Dutchess County	22%	67%	11%	35%	35%	29%	50%	31%	19%
Second home owners/ weekenders of Ulster Co.	38%	63%	0%	25%	44%	31%	67%	19%	14%
Second home owners/ weekenders of Dutchess Co.	25%	63%	13%	17%	50%	33%	56%	25%	19%
Boat Owners docking at Rondout Creek	10%	40%	50%	9%	64%	27%	23%	54%	23%
Area workers	0%	50%	50%	13%	38%	50%	29%	33%	38%
Other	0%	0%	100%	0%	50%	50%	50%	0%	50%

SOURCE: Abeles Phillips Preiss & Shapiro, Inc. Kingston Business Owners Survey, 1997.

Table 14
Survey Results: Reasons for Change in Customer Base in Kingston Business Districts

Rondout

Poor economic climate	Loss of IBM
Promotions and advertising	Weather
Cost of Boating	Word of mouth
Higher taxes	City provides transient dockage at half the rate of any marina on the Rondout.
Vandalism	

Midtown

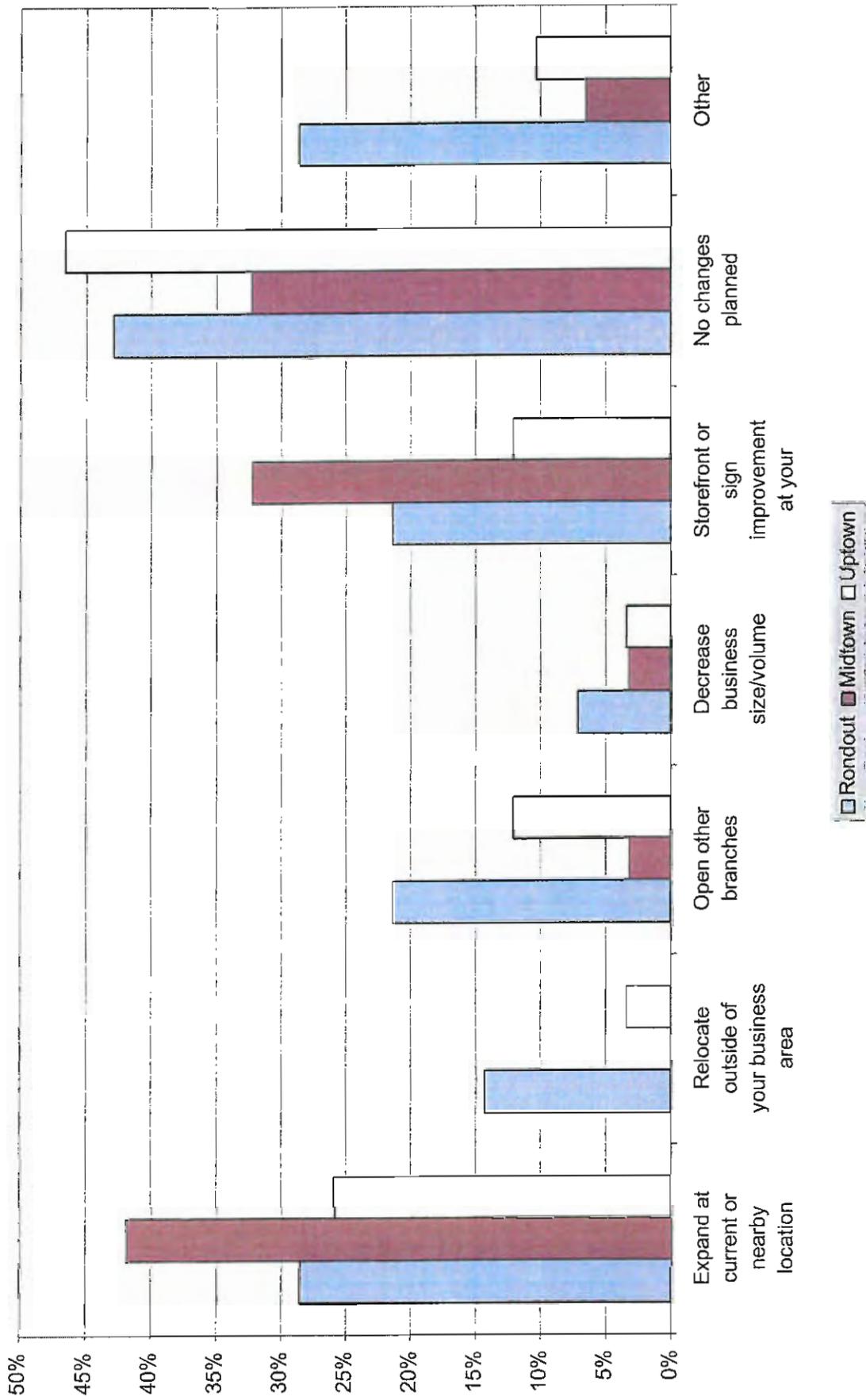
Loss of IBM	Increasing number of referrals
Safety, crime and drug problems	Lack of parking and number of tickets
More people moving up from the cities	People and business moving out of area
Area traffic	Negative press
Changes in social services	Residents have less money
Computer access	No new building or business expansion
Conditions on Broadway and people hanging out	Reference needs
Deterioration and run-down buildings	Taxes too high
Distance from main shopping area	Improved economy
	Word of mouth

Uptown

Loss of IBM	Decrease due to change in the rate and fee structure of accounts and services
Loss of jobs in Kingston	Higher taxes
Promotions and advertising	Increase due to second homes
Word of mouth, business is gaining a reputation	Internal and community growth
Consumer confidence	Kingston arts newsletter
Poor economic climate	Lack of parking and number of tickets given
Lack of retail business in Uptown	Moved to a better location
Beautification of Uptown made big impact	Politics
Changing customer taste	

SOURCE: Abeles Phillips Preiss & Shapiro, Inc. Kingston Business Owners Survey, 1997.

Figure 39
Business Plans for the Next Few Years



likely searching for everyday needs or lunch places. The challenge for Midtown, therefore, is to continue to service its traditional client base (see Figure 34) while becoming more appealing to an emerging customer base made up of people coming to the area for UPAC performances and special events.

The highest ranked qualities of Midtown were the convenience of location, shopping hours, and public transportation, all qualities that are important for a convenience shopping center. However, qualities that might be important for an emerging entertainment center, such as security and places to sit and socialize, are ranked very low (see Figure 36). This is again indicative of the need for Midtown to begin to address its new customer base. Some of the recommendations and other comments and suggestions from the merchants who participated in the survey are listed in Table 15, and the types of new businesses felt to be the most important additions to Midtown are listed in Table 8. Improved safety and beautification are high on the list of suggestions for Midtown businesses.

■ **Stability**

Midtown's businesses appear to be quite stable. Not only do 70 percent of the businesses own their buildings, but also the average tenure is almost 34 years, much higher than the other two business districts. However, the stability of businesses is not reflected in the appearance of the district, and the area will not be able to take advantage of its blossoming theater-goer population unless it addresses both the issue of overall appearance and the issue of security, or perception of insecurity.

■ **Competition**

Interestingly, the most common response to the question, "What areas are the major competition to Midtown?" was "no other location." Of those merchants who do feel that other areas present Midtown with competition, the most-cited places are strip centers in Kingston and other shopping districts in Kingston (see Figure 37), and that these places offer a more attractive appearance, better security, a better pedestrian environment, and more parking (see Figure 38).

■ **Parking**

On average, about 80 percent of customers who visit Midtown businesses drive, and almost 90 percent of employees drive (see Tables 9 and 10), many of whom park on the street in front of their business (see Table 11). This is likely to create a parking conflict between workers and shoppers, especially as Midtown businesses have an average of 8.6 full-time employees and 12 part-time employee, more than do either of the other districts. Merchants in Midtown complain about the lack of parking for shoppers and for employees (see Table 12)

Table 15

Ideas and Suggestions from Midtown Business Owners

- Midtown has too many vacant stores and unattractive buildings and lots.
- Improve police presence and improve security, especially in the evenings.
- Police are improving coverage of this area; however, I will not walk on Broadway at this time.
- Create more parking and take down some slum buildings.
- Being located near the High School, our biggest problem is trash.
- More stores, factories and entertainment and offices.
- Signs in deli windows look junky, advise owners.
- Graffiti needs to be cleaned up.
- The only way Midtown can survive is if we have financial help.
- Lower taxes on property.
- Better control of loitering, prostitution, and drugs.
- Attract more artists to cash in on Woodstock art image.
- City commitment to continued improvement of attractiveness of business districts will attract more businesses.
- Redevelop industrial and commercial spaces for an educational institution.
- Clean streets.
- Create more interest in Kingston as an historic jewel.
- Emphasize more cultural art activities for community and tourism.
- People do not feel safe walking our block due to many loud offensive young adults.
- More lighting.
- City of Kingston must use its own resources more.
- Hire local talent before companies form out of the area.
- There are no trash baskets on our block but lots of fast food restaurants.
- Kingston business has declined since the 60's, major stores left town for more space, so it's a little late to turn it around now.
- There is a serious lack of security and police presence.
- Festivals and marketing are done for Uptown and Downtown, but nothing in Midtown.
- A copy of survey results should be sent to all respondents.
- It is not helpful that the City of Kingston currently surcharges business property nearly 100% of real estate tax.
- Mobile police station great idea.
- TR Gallo is doing a great job!
- What's happening with Broadway facelift funds, can we tap into it?
- Kudos for the commitment to Midtown with police station and City Hall project.
- Optimism is contagious.
- Improvement of economic conditions in wider area.
- Need to clean up Midtown from violence and drugs.
- Put the police headquarters near Midtown and more police on duty on Broadway.
- Each business member should take more responsibility for the cleanliness and attractiveness of the store front and sidewalk.
- Crime in Franklin St. Library section must be addressed by involvement of community.
- I believe Broadway can be improved.
- We need an aggressive campaign to get the flow of traffic to stop and look around.
- Give loans to existing businesses to help them stay in business; businesses in Midtown are having financial difficulties now.

SOURCE: Abeles Phillips Preiss & Shapiro, Inc. Kingston Business Owners Survey, 1997.

■ Trends

The Midtown merchants agreed with Rondout merchants in that most customer categories are either stable or decreasing. Notably, 50 percent of business owners said that the proportion of area workers they serve is declining, emphasizing the need for Midtown businesses to begin to address the needs of the UPAC theater-goers as the area worker population decreases. Interestingly, a third of Midtown merchants report an increase in customers from Dutchess County (see Table 13). The most common reason cited for decreasing customer base is the loss of IBM (see Table 14).

While business is not improving, it is not declining to the point that merchants are ready to throw in the towel. In fact, more than 40 percent of businesses are considering expansion, and less than 5 percent are considering decreasing in size or volume. Not one merchant surveyed claimed to be considering relocation out of Midtown (see Figure 39).

2.5.2.3 Uptown

■ Business Profile

The majority of businesses located in the Uptown district are professional offices. This is likely due to the many law offices located near the Ulster County Courthouse, as well as the medical offices on the outskirts of the district. Aside from the professional offices, Uptown has a large proportion of comparison retail shops as well as some convenience goods and services, but very few restaurants. This is borne out by the land use survey (see previous section and Figure 33). A large number of professional offices indicates that Uptown merchants can depend on a large daytime customer base of area workers. Surprisingly, however, the businesses from Uptown reported an average of only seven percent of their business is from area workers, pointing to an untapped market. As in Midtown, over half of the customers shopping in Uptown are from either Ulster County or Kingston itself. However, a greater proportion are from Ulster County than Kingston, the reverse of the Midtown customer distribution, indicating that Uptown is more of a regional draw than is Midtown (see Figure 34). This is likely due to its relatively greater proportion of specialty stores and special events. According to local merchants, shoppers are attracted to the Uptown district by its festivals and events (see Table 6).

When asked to rate their business district, the highest rated qualities were the walkability, general attractiveness, convenience, and variety and quality of restaurants and entertainment (see Figure 36). All of these are qualities that appeal to the pleasure, or recreational, shopper. However, the number of stores and the convenience of shopping hours, other important qualities to the recreational shopper, were ranked lowest. This points to some obvious issues to address in a strategy to improve the economic health of the Uptown district. Some of the recommendations and other comments and suggestions from the merchants who participated in the survey are listed in Table 16, and the types of new businesses felt to be the most important additions to the Uptown are listed in Table 8.

■ Stability

Nearly half of all businesses rent their space. With an average tenure of approximately 23 years, however, the businesses in the Uptown district are relatively more stable than those in the Rondout. Nevertheless, renters tend to be less invested in their business district than owners are—if they think business will be better elsewhere, they can easily move. Therefore, it is important for the Uptown area to pay careful attention to the needs of its businesses in order to keep them from moving.

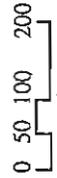
COUNCIL CHAMBERS DP

WALKER AVE



Existing General Land Use

-  Residential
-  Office
-  Commercial
-  Institution/Government
-  Industrial/Warehouse
-  Parking
-  Parks/Open Space
-  Vacant



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Map 4
Stockade Area

Source: Abeles Phillips Preiss & Shapiro, Inc. 1997

Table 16

Ideas and Suggestions from Uptown Business Owners

- Enforce 20-minute parking.
- Store fronts should not be used as offices.
- Remove parking meters and enforce 2hr parking.
- Fix up parking lots and garage.
- Make the garage free to shoppers and charge nominal fee to merchants to park.
- Allow merchants to validate parking tickets.
- Employees should have car tags so they can not park on street.
- Better maintenance of streets and sidewalks.
- We need to improve from Gov. Clinton area to St. Mary's church.
- Uptown is starting to look aged and run down and is giving people a very poor impression.
- Expand business and office space.
- Antique car shows bring people uptown.
- Parking is available in garage but not convenient for many customers.
- Remove planters and some bollards.
- Plant smaller street trees.
- Create perpendicular parking and time limit parking, no meters.
- Stores are not open in evening or Sundays which might be why the type of people who just hang around do.
- Better maintenance of the Pike Plan and surrounding area will preserve area.
- Enforcement of sign ordinances and uniform signage would improve appearance.
- Clean Uptown garage more often and improve the lighting.
- We need to be more aggressive marketing the Uptown area to tourists and encourage businesses to relocate here.
- We need to promote a greater cultural presence in Kingston.
- We should get behind the 10K or another event to make it regional.
- No chain stores in the historic district.
- At least 85% of the problems we have are actually perceptual and not real.
- Not enough transportation for employees.
- Employees working past 4 PM have no restaurant alternatives, after 9 PM not even a soda.
- Either tear down or rebuild parking garage.
- Building owners should give financial break to tenants if they can, to entice them to stay.
- Shops would conform to historic rules.
- Boarded up buildings and unsightly mural should be removed or finished.
- Better store fronts and merchandise would bring people in.
- More retail!
- Landlords should try for more upscale retail.
- Perhaps ordinances should be written so offices can replace retail.
- People cannot find uptown.
- There is a need for very visible signage at intersections such as Washington Avenue and major intersections.
- Remove planters with trees for additional parking that should be free 15 min parking, which is enforced.
- Reduce taxes.
- Lot on North Front Street needs better lighting, security, and snow removal.
- Store keepers should not have tables on streets, more upscale look is needed so when people get off at exit 19 they come Uptown instead of Woodstock, Rhinebeck.
- Hopefully, trolley will help transportation.
- Promote festivals more!
- Long range plan is necessary.
- Attract stores such as Borders Books, high-end crafts, more antique and clothing stores.
- We are becoming very blue collar and need a better balance; more mid to upper class people would improve Kingston.

Table 16

Ideas and Suggestions from Uptown Business Owners (Continued)

- Rubbish removal should be at night; trash pickups during the day take away from the beauty of Kingston.
- Local merchants have poor attitudes, probably due to economic pressures.
- Make financial concession and tax, low interest loans available to attract more quality businesses to area.
- Uptown's rental values have decreased to prevent more vacancies.
- Need to improve revenue and tax base for city.
- One school district for the whole county.
- Reduce the number of layers of government.
- Great job so far, but needs beautification to go further.
- Businesses should be forced to keep clean and contribute to the efforts.
- We need to attract college students and children.
- The Mayor is doing a great job!
- Parking needs to be addressed; people don't know about validation.
- Improve connection to Kingston Plaza and Uptown.
- Better walkway for parking facility.
- Retailers have to standardize their hours to compete against malls.
- The city should promote Uptown.
- Wall Street should be painted.
- City and realtors and business organizations should do everything possible to encourage more destination and specialty upscale retail stores; Uptown is the perfect place for specialty stores.
- I would like to see discounts for businesses that purchase parking passes on a monthly basis.
- Continue to promote this region attracting new businesses and events both with the city as well as county in an effort to revitalize local economy.
- City should hire a good PR firm.
- It is a beautiful area to do business - no one seems to put it all together to shape up area. I've been waiting for years.
- We need a Fortune 500 Co. headquartered in Kingston with 1,500-2,000 jobs.

SOURCE: Abeles Phillips Preiss & Shapiro, Inc. Kingston Business Owners Survey, 1997

■ Competition

Uptown seems to be less secure in its niche within the city than either the Rondout or Midtown. More than any of the other merchant groups, those from Uptown cited other business districts in Kingston and strip shopping centers and malls in Kingston as their main competition, and a much smaller proportion indicated that no other location competes with Uptown (see Figure 37). This points to a need to define the Uptown district—to give it a definite niche within the city and the region.

The most common characteristics that merchants attribute to the locations are more parking, more stores, and, interestingly, better quality of merchandise (see Figure 38).

■ Parking

More than in either of the other business locations, parking is perceived to be a problem in Uptown. This is interesting given that Uptown is the only district with a public parking garage. However, as merchants participating in the focus group pointed out, the parking garage is in bad repair and people are loath to use it. Furthermore, the fact that 89 percent of customers who visit Uptown businesses drive, and 95 percent of employees drive likely creates a huge demand for parking (see Tables 9 and 10), more than either of the other districts. Moreover, about one third park either sometimes or everyday in front of their businesses, and a quarter park in other on street spaces, spaces that should be reserved for shoppers (see Table 11). More than in any other district, merchants from Uptown complained of a lack of parking, particularly short term parking, reinforcing the hypothesis that there is a lack of shopper parking, at least during the week when workers take up many of the spaces (see Table 12).

■ Trends

Despite the parking problems and the lack of a strong identity, Uptown merchants are noticing an increase in quite a few customer groups. In particular, second homeowners are becoming a more important market for Uptown, as are residents of Ulster County (see Table 13). Apparently, however, merchants were more forthcoming with reasons for declining customer groups, listing reasons such as loss of IBM (see Table 14). They seem less sure of why certain groups are increasing.

Not surprisingly, given the strong customer base for Uptown, almost half of merchants surveyed do not plan to make any changes to their business, and about one quarter are considering expanding (see Figure 39)

2.5.3 Tourist Attraction Survey

A survey of Kingston's many and varied tourism and cultural attractions was undertaken in order to develop a profile of tourism in the city. Nine tourist attractions returned the survey questionnaire, ranging from cruise boats to museums (see Table 17). These attractions bring in a total of over 100,000 people every year, two thirds on weekends and a third on weekdays. The approximate distribution of where these tourists come from is presented in Figure 40.

Not surprisingly, the slowest season for these attractions is winter after the holiday season, and the busiest season is summer (see Figure 41). In fact, less than half the attractions are open in the winter, including the holiday season. Most are open during the summer and fall, and all are open in spring (see Figure 42).

Table 17

Tourist and Cultural Attractions that Participated in the Survey

<u>Name</u>	<u>Description</u>	<u>Fees</u>
Hudson River Cruises	Tour Boat/passenger vessel .	Sightseeing; \$12.50 adults, \$11.50 seniors, \$5.50 child 4-11; music cruises \$16.00.
Ulster Performing Arts Center	1,500-seat historic theater - non profit Performing Arts Center presenting professional music, dance, theater events year round.	Box Office ticket prices vary from \$10 to \$30.
Hideway Marina, Inc.	Marina on the Rondout Creek providing seasonal dockage, overnight dockage, winter storage, boat ramp and marine store.	Summer dockage: \$42/foot; Winter storage: \$25/foot; Ramp fee: \$10.
Great Hudson Sailing Center, Inc.	Sailing school, sunset cruises, sailboat sales, dockage.	Sail School: \$325; Sunset cruise: \$35 per person.
Kingston Urban Cultural Park	City of Kingston Visitor Centers and exhibition space.	Open to public, no admission charge. Food booths at tow-day Independent Davy Event: \$300; craft booths: \$200.
Hudson River Maritime Museum	The museum has been established as a regional organization whose goals are to research, collect, preserve, exhibit and interpret historical artifacts related to the heritage of the Hudson River Valley. Museum, boathouse, museum store, trips to lighthouse.	\$2 admission for museum; \$6 admission for museum and boat trip to lighthouse.
Volunteer Fireman's Hall and Museum of Kingston	1857 fire house. Two-story, meeting room, library on second floor with antique furniture. Antique equipment, articles, pictures, etc. on first floor.	N/A
Friends of Historic Kingston-The Johnston House	House museum of American decorative arts, historic preservation and local history.	\$3 per person.
Trolley Museum of New York	Trolley museum offering rides, exhibits, interpretive programs and museum store.	\$3/adult, \$1/child for trolley ride; visitors center fee.

SOURCE: Abeles Phillips Preiss & Shapiro, Inc. Survey of Kingston Tourist and Cultural Attractions, 1997

Figure 40
Origin of Visitors to Kingston Tourist and Cultural Attractions

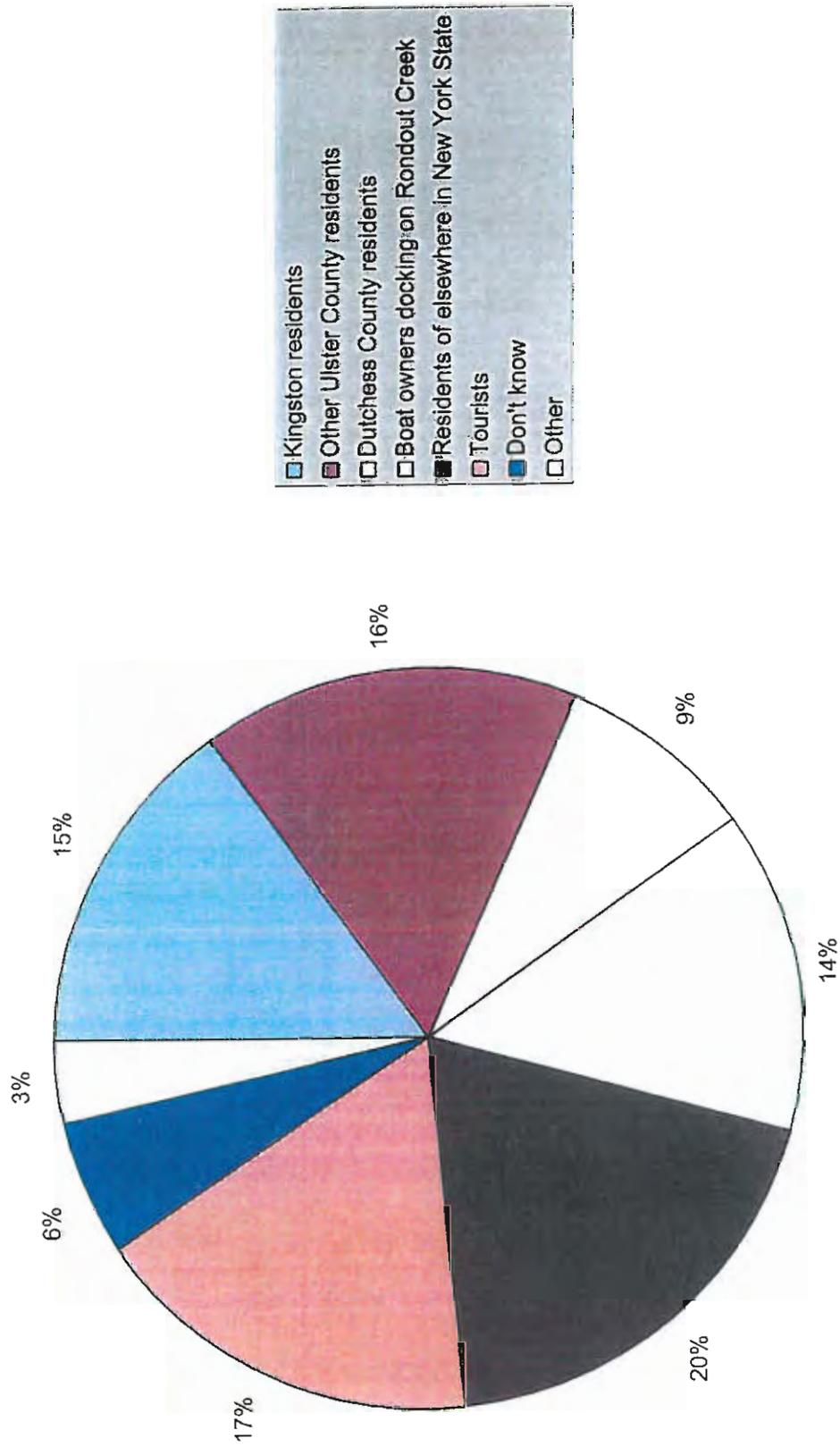
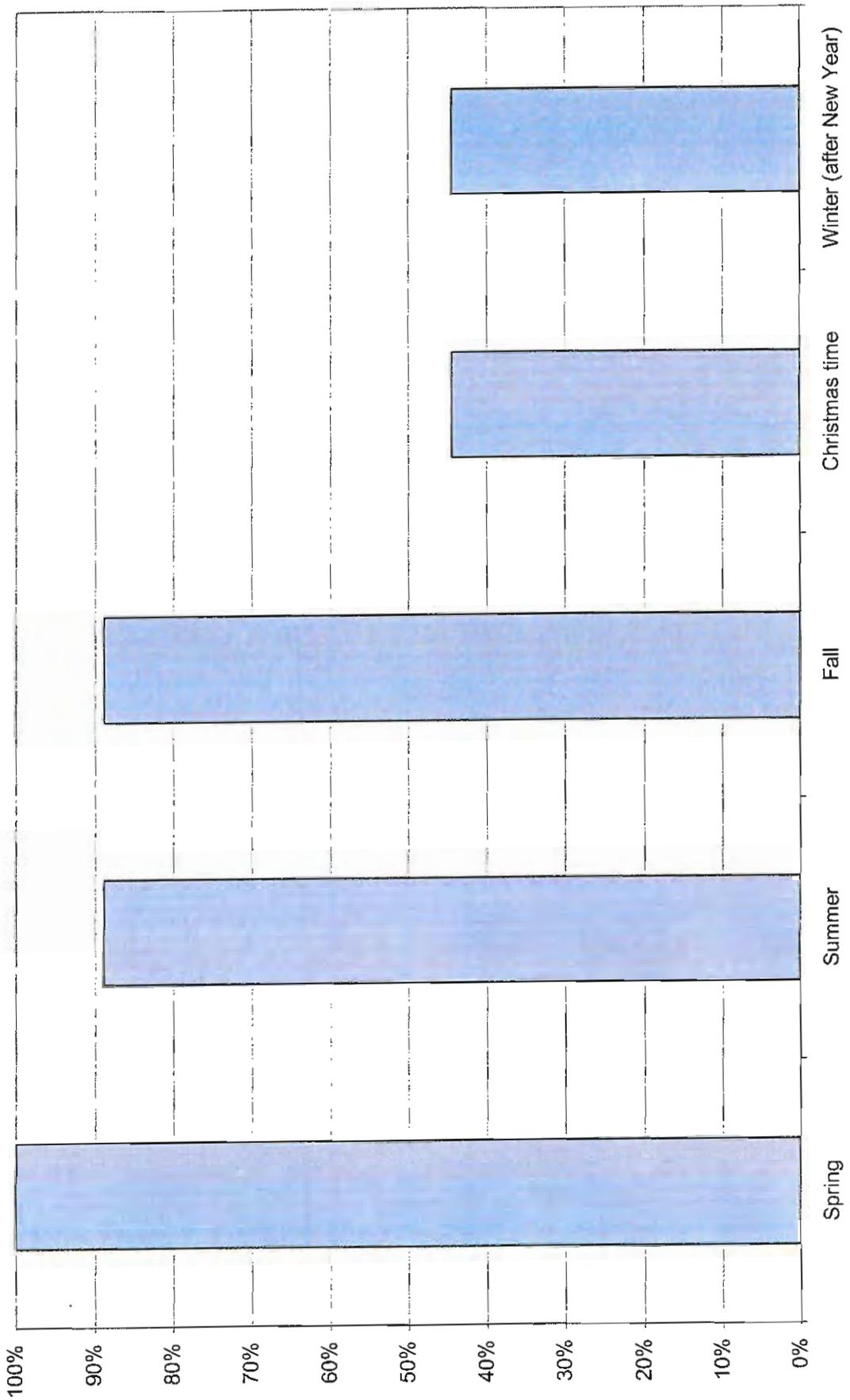


Figure 41
Seasonal Variation for Kingston Tourist and Cultural Attractions



Figure 42
Percent of Kingston's Tourist and Cultural Attractions Open Each Season



Clearly, a challenge for the Kingston's tourism industry is to extend their busy season into the colder months.

Many of the attractions have cross-promotions with other area attractions or sponsor special events themselves (see Table 18). These events attest to a spirit of cooperation and of entrepreneurship that bodes well for future efforts to attract tourists to the area.

2.5.4 Focus Groups

In order to hone in on some of the major concerns of businesses and tourism/cultural attractions in the city, four focus groups were convened. Between five and fifteen people participated in each group, addressing the following topics and regions:

- The Rondout business district;
- The Midtown business district;
- The Uptown business district; and
- Tourist and cultural attractions.

Participants in each group were asked to identify the important assets of the city and their area in particular, to list the major challenges and problems, and then to brainstorm possible solutions. The results of each of the focus groups are presented below.

2.5.4.1 The Rondout Business District

■ **Assets**

The following are assets of the Rondout Business District:

- ▶ The natural beauty of the Rondout Creek – the best harbor from New York City to Albany;
- ▶ Historic buildings, particularly the Strand;
- ▶ Small scale attractions such as the Maritime Museum, the Trolley Museum and the Lighthouse;
- ▶ Access and visibility from 9W;
- ▶ The Rondout is one of only four places in the region where boat rides are available (the other three are Troy, Poughkeepsie and Newburgh);
- ▶ Tourists brought to the area on cruise ships that arrive in summer and fall (i.e., The Nantucket Clipper, Caribbean Cruise Lines);
- ▶ A great variety of restaurants;
- ▶ The sculptures and galleries;
- ▶ Parks and open space in and around the Rondout area;
- ▶ Kingston Point Park – the best big park in the area;
- ▶ Hasbrouck Park;
- ▶ Block Park;

Table 18

Cross-Promotions and Special Events Sponsored by Kingston Tourist and Cultural Attractions

<u>Name</u>	<u>Cross-Promotions</u>	<u>Other Special Events</u>
Hudson River Cruises	Package with Holiday Inn and other businesses	N/A
Ulster Performing Arts Center	UPAC is part of the City-County and NY State "I Love New York" Marketing Plan	N/A
Hideway Marina, Inc.	N/A	N/A
Great Hudson Sailing Center Inc.	Sailing school students stay at motels or B&Bs, charterers go for sunset cruise and dinner	N/A
Kingston Urban Cultural Park	Joint brochures; Calendar events; School trips; Bus trips; Seminars; Tree lighting parade; holiday events	West Point Jazz Band Concert (yearly-August); exhibits during tourist season; receptions
Hudson River Maritime Museum	N/A	Shad festival; Harvest Moon Festival; Tugboat Day; Haunted Lighthouse; Lectures; Children's workshops
Volunteer Fireman's Hall and Museum of Kingston	N/A	N/A
Friends of Historic Kingston-The Johnston House	Not to date, but programming is planned-hope to coordinate with Senate House and DAR Museum	N/A
Trolley Museum of New York	N/A	N/A

SOURCE: Abeles Phillips Preiss & Shapiro, Inc. Survey of Kingston Tourist and Cultural Attractions, 1997.

- ▶ Diversity of places to worship; and
- ▶ The new industrial park, which is close to the Rondout, might bring new customers.

■ Issues and Challenges

- ▶ A very high rate of turn-over of stores from year to year (although not restaurants);
- ▶ Signage from highways is inadequate;
- ▶ Cruise ships are too programmed—passengers do not have enough free time in port to shop and eat in the Rondout area;
- ▶ Many of the assets are “best kept secrets”—no one knows about them (e.g., Hasbrouk Park, Block Park, Kingston Point Park, Caves under Hasbrouk, Island Dock);
- ▶ Other than boating, visitors do not know about the recreational offerings in and around the Rondout;
- ▶ The Rondout does not have services that transient boaters need, such as an ATM, a liquor store, a Laundromat, showers;
- ▶ Many people who come to the Rondout are transient, one-time customers (e.g., tourists, boaters passing through). The area has very little repeat business;
- ▶ Residential ownership rate is very low; many residential units in the area are rentals;
- ▶ The Rondout area does not have enough shops, especially gift shops;
- ▶ Residents and merchants take up parking spaces, so parking becomes a problem for shoppers;
- ▶ The hill is a deterrent to pedestrians;
- ▶ No one comes to the Rondout before May 1st or after November 5th; early spring and all of winter are very slow;
- ▶ Some summer events attract a rowdy crowd that does not spend money in the local shops;
- ▶ The winter ice skating rink is too small and is not well advertised; and
- ▶ Streets are not well maintained.

■ Solutions and Ideas

- ▶ Recruit destination businesses that would bring customers to the Rondout in the winter, when business is slow;
- ▶ Promote offices and industry in and around the Rondout to increase the daytime market;
- ▶ Make the two large parking lots attended lots on the weekends to discourage resident and employees from taking up the spaces;
- ▶ Implement angle parking on Broadway to provide more parking spaces;
- ▶ Improve the ice skating rink and advertise it better;
- ▶ Promote a three-season ferry from the Rondout to the Amtrak station in Rhinecliff to bring regional tourists to the west side of the Hudson;
- ▶ Promote shoulder season events in early spring and early winter in order to bring people to the Rondout on the off seasons;
- ▶ Fine-tune summer events to be more family-oriented; tone down booths to focus on unique merchandise rather than a carnival atmosphere;
- ▶ Implement a master lease to a not-for-profit organization that would then sublet individual units to artists;
- ▶ Explore the possibility of a Rondout Business Improvement District;
- ▶ Promote street entertainment to foster a festive atmosphere;
- ▶ Develop promotional campaigns that target specific populations (e.g., boat-owners – advertise in Waterways magazine; second homeowners – direct mail);

- ▶ Consider alternate side of the street parking or no parking on Friday mornings to allow for street cleaning for the weekend;
- ▶ Investigate possible uses for the Island Dock such as a floating hotel or a conference center; and
- ▶ Improve signage throughout the city and on highways.

2.5.4.2 Midtown Business District

■ **Assets**

The following are assets of the Midtown Business District:

- ▶ Extremely high visibility due to the amount of traffic passes through Broadway each day, including tourists going to and from the Rondout area is an asset.
- ▶ Broadway serves as the main connector for the whole city.
- ▶ The hospital, schools, old City Hall, television station, YMCA and library are all assets to the Midtown area.
- ▶ UPAC brings in 25,000 patrons a year.
- ▶ Midtown businesses offer a wide range of daily needs and services, and include many neighborhood businesses and restaurants.
- ▶ Midtown building types are varied and are affordable.
- ▶ Midtown is changing for the better.

■ **Issues and Challenges**

- ▶ The business association could be stronger and more effective.
- ▶ Midtown has a reputation as a crime-ridden neighborhood.
- ▶ The neighborhoods surrounding the business district are rift with social issues, poverty, and vacant buildings, and there is no community/neighborhood pride.
- ▶ Drug dealing is a real problem at several intersections.
- ▶ Grocery store owners do not try to discourage loiterers outside their businesses. In fact, some cater to them.
- ▶ There is a lack of continuity along Broadway – several key buildings are vacant.
- ▶ The sidewalks are in poor condition.
- ▶ Landmarks, such as the old city hall, are in poor condition.
- ▶ The section of Broadway from the Rondout to the railroad overpass has no defining character.

■ **Solutions and Ideas**

- ▶ Promote a stronger, more unified business association in Midtown.
- ▶ Promote greater media involvement in defusing the perception that Midtown is not safe.
- ▶ Open a police sub-station in Midtown
- ▶ Work on a job training/welfare to workfare program, a job placement service, and a mentoring program to improve the surrounding neighborhoods.
- ▶ Look into a series of Midtown celebrations using the theater as an anchor.
- ▶ Promote more spin-off from the hospital (i.e., medical offices, related businesses).
- ▶ Look into methods of promoting arts and crafts industries through zoning and incentives.
- ▶ Encourage artists and artisans with studios in Midtown to hold open houses regularly and use exterior signage to mark their studio.

- ▶ Find ways to improve the appearance of Midtown such as a new façade program.
- ▶ Improve sidewalk lighting.
- ▶ Improve signage in Midtown.
- ▶ Work on the gateways to Midtown; improve the landscaping.

2.5.4.3 Uptown Business District

■ **Assets**

The following are assets of the Uptown Business District:

- ▶ The historic ambiance and intimate, pedestrian scale;
- ▶ Unique architecture and historic buildings;
- ▶ The Pike Plan, which provides pedestrian protection from the elements as well as a unique character;
- ▶ Lots of specialty retail with an arts and crafts base;
- ▶ A good mix of markets,
 - A captive daytime audience of 3,000 workers, including many professionals, and employees of Wellcare, County offices, and other area businesses,
 - Second homeowners and residents shop and eat Uptown on Friday evening and weekends (second homeowners are “discovering” Uptown),
 - Residents and workers head uptown after work on weekday evenings,
 - Boaters that come Uptown from the Rondout on the trolley,
 - Tourists brought by the Holiday Inn bus tours,
- ▶ A strong Uptown Business Association with 120 members;
- ▶ Kingston is “real,” not overly boutique-y or cutesy;
- ▶ Woodstock and Rhinebeck are tapped out and Uptown is well positioned to accept the overflow;
- ▶ Good rental values (\$10/foot as opposed to \$20+ a foot in Woodstock);
- ▶ UPAC and the Rondout are strong regional attractions; and
- ▶ Sunday antique fairs are easier to run than food fairs and bring in a great crowd

■ **Issues and Challenges**

- ▶ Uptown does not have a single, articulated strategy for improvements.
- ▶ Uptown businesses compete with the Rondout, Kingston malls, Midtown, Woodstock, Rhinebeck, etc. for money within the region.
- ▶ Kingston’s three business districts compete for municipal support (i.e., funding).
- ▶ There are not enough shoppers and visitors on evenings and weekends.
- ▶ Navigation in Uptown is difficult because signs are not legible, there are a lot of one-way streets, and there are no lines of sight to parking.
- ▶ Parking is in short supply.
- ▶ The parking garage is not used to its full potential and is falling apart.
- ▶ Parking regulations are not posted so no one knows that parking lots are free after 4:15 pm on weekends and 3:00 pm on weekdays.
- ▶ Vans park on the street at night and block the view of storefronts from passing cars.
- ▶ Maintenance and cleanliness are real problems.
- ▶ Plantings on the street appear tired and poorly maintained.
- ▶ The sidewalks are dangerous because of a lack of maintenance.
- ▶ The Pike Plan is deteriorating; it needs a face-lift.

- ▶ Third floor space cannot be used for offices because it tends not to be handicapped accessible, so offices are taking up ground floor spaces that should be reserved for retail.
- ▶ The antique fairs are running out of money.

■ **Solutions and Ideas**

- ▶ Raise more city money.
- ▶ Restore and open the movie theater behind Anyone Can Whistle as an evening and weekend attraction.
- ▶ Alter store hours to cater to weekend shoppers: close on Wednesdays rather than Sundays.
- ▶ Encourage bed and breakfasts to open in the Uptown area and throughout Kingston in order to increase the weekend customer base.
- ▶ Promote the area outside the region in upscale publications and radio stations.
- ▶ Package Kingston better for tourists (i.e., coordinated brochures, signage, etc.).
- ▶ Make the garage free for merchants to encourage them to park there and leave on-street spaces for shoppers.
- ▶ Work with the State to develop better signage leading to Kingston from the Thruway.
- ▶ Hire a firm such as Project for Public Spaces to develop a better transportation scheme.
- ▶ Implement a tax abatement program for property owners willing to rent to retail only on the ground floor.
- ▶ Develop and implement a good maintenance program.
- ▶ Put hose connections outside to allow merchants to water plants.
- ▶ Raise money to advertise the Antique Sundays better.
- ▶ Look into a free trolley to and from Woodstock to bring people to the Antique fairs.
- ▶ Promote joint marketing opportunities with Woodstock.
- ▶ Look into developing a Business Improvement District.
- ▶ Hire a main street manager to promote Uptown.
- ▶ Zone to disallow ground floor offices.
- ▶ Build catwalks to make the third floor office space handicapped accessible.
- ▶ Rename the Uptown area the Stockade and rebuild a section of the original stockade.

2.5.4.4 Tourist and Cultural Attractions

■ **Assets**

The following are assets of the local tourist and cultural attractions:

- ▶ Historic character of Kingston as the first capital of New York State;
- ▶ Unique architecture, from the Pike Plan to the old stone houses;
- ▶ The waterfront and the finest harbor in the area;
- ▶ Kingston has a plethora of artistic talent;
- ▶ Small-scale attractions such as the Maritime Museum, the Firemen's Museum, the Trolley Museum, the Johnson Museum, the Lighthouse, etc. tied together by the Urban Cultural Park;
- ▶ City parks and open space;
- ▶ A number of wonderful outdoor festivals throughout the city, including music in the park, antique fairs, Fourth of July, etc.;
- ▶ A great variety of specialty stores and restaurants;
- ▶ Easy accessibility by car from anywhere else in the region;
- ▶ Proximity to major metropolitan areas;

- ▶ Kingston attracts a wide variety of tourists and visitors, from weekenders to school groups to boaters to daytrippers;
- ▶ A pro-tourism government and a history of collaboration; and
- ▶ Businesses are concerned about tourism.

■ Issues and Challenges

- ▶ City residents do not participate in tourism.
- ▶ The three business associations should collaborate to a greater degree to promote Kingston.
- ▶ Kingston does not have enough money to spend on public relations.
- ▶ Signage throughout the city is unsatisfactory.
- ▶ The business districts could do more to fulfill potential.
- ▶ The gateways to the city are not well designed; there are too many gateways.
- ▶ Kingston does not have a good public transportation system.
- ▶ There are no upscale accommodations in Kingston, and the city could use more bed and breakfasts.
- ▶ Seasonal demand squelches hospitality market.
- ▶ Many stores are closed on Sundays, and most historic attractions are closed on Monday and Tuesday.
- ▶ Junkyards and the sewage treatment plant mar the creek.

■ Solutions and Ideas

- ▶ Involve kids in tourism and explore the possibility of a magnet regional children's program at the library focusing on Kingston.
- ▶ Make the Tourism Task Force a line item on the city budget.
- ▶ Improve signage throughout the city.
- ▶ Define the major gateways to the city and look into special treatments for each. Improve the Rondout Creek as a gateway to the city.
- ▶ Develop a foldout map with the city on one side and the county on the other.
- ▶ Put a traffic circle at the intersection of Albany Avenue, Colonel Chandler Drive and Broadway to improve traffic flow in the city.
- ▶ Improve the appearance of Broadway by putting in historic street lights and lighting landmarks.
- ▶ Replace the caboose with a new County visitor's center.
- ▶ Work with other regional tourist attractions on joint marketing and packaging.
- ▶ Promote a Museum without Walls encompassing all the city attractions with a trolley bus that connects them.

2.5.5 Regional Tourist Attraction Inventory

In order to place Kingston in a regional context, an inventory of tourist attractions in the surrounding region was compiled. Because the city is located in two major tourist regions, the Catskills and the Hudson Valley, the number and variety of attractions is enormous. This presents Kingston with both the challenge of distinguishing itself among the large number of places competing for tourist visits and dollars, and the opportunity to capitalize on the huge number of tourists that are attracted to the area because of the diversity of options offered.

In general, the area attractions fall into six categories: cultural, historical, outdoor recreation, wildlife, wineries, and miscellaneous. The inventory in Table 19 is broken down into those six categories, and includes all major attractions in Ulster County as well as many of those in Dutchess, Orange, Greene and Sullivan counties.

Table 19

Regional Tourist Attractions

Category	Name	Town	County	Description	Season
Cultural	Town of Woodstock	Woodstock	Ulster	Community famous for the Woodstock music festival (which actually took place elsewhere).	
Cultural	Opus 40/quarryman's Museum	Saugerties	Ulster	A 6-acre environmental work created by sculpture Harvey Fite. Contains fountains, pools, paths, and thousands of bluestone pieces. The museum houses a collection of quarryman's tools and artifacts.	May through October
Cultural	Museum of the Hudson Highlands	Cornwall-on-Hudson	Orange	Museum of natural history. Hosts environmental programs and has nature trails on the grounds.	Year round
Cultural	Storm King Art Center	Mountainville	Orange	400-acre park and museum with one of the world's largest displays of outdoor contemporary sculpture. Includes works by Calder, Noguchi and diSuvero.	April through November
Cultural	Sugar Loaf Crafts Village	Sugar Loaf	Orange	Arts colony. Many special events throughout the year.	Year round
Cultural	Craft Village at Webatuck	Wingdale	Dutchess	Arts colony with many special events throughout the year.	Year round
Cultural	Wing's Castle	Millbrook	Dutchess	A castle made entirely from salvaged materials, still under construction by Peter Wing. Mr. Wing offers tours of the castle and sponsors special events throughout the summer.	June through October.
Cultural	Maverick Concerts	Woodstock	Ulster	The oldest chamber music series in the country.	July and August
Cultural	River Arts Repertory at Byrdcliffe Theatre	Woodstock	Ulster	Home to the River Arts Repertory, which performs experimental and original plays with professional casts, including some big names. Also hosts other performances.	Summer
Historic	Historic Stone Houses	Hurley	Ulster	The largest group of stone houses still in use in the country, some dating back to the seventeenth century. The houses are only open to the public one day a year (second Sat. in July), but all are marked with historic markers.	
Historic	Delaware and Hudson Canal Museum	High Falls	Ulster	A museum dedicated to the history of the Delaware and Hudson Canal.	May through October

Table 19

Regional Tourist Attractions (Continued)

Category	Name	Town	County	Description	Season
Historic	Shellbark Farm	Accord	Ulster	"Living museum" portraying life on a turn-of-the-century farm. Hosts special events throughout the year (Spring Plow, Cider Pressing, Holiday Open House...)	April through October
Historic	A.J. Snyder Estate Museum	Rosendale	Ulster	Private home open for tours by appointment with a collection of antique sleighs, carriages and wagons.	June through September
Historic	Bevier House		Ulster	1680s stone house that serves as the headquarters of the Ulster County Historical Society. Collection of antique furniture, paintings, kitchen implements and accessories.	June through September
Historic	Huguenot Street Stone Houses	New Paltz	Ulster	A collection of stone houses built in the late 1600s and early 1700s, many with original furnishings.	Street open year round, tours offered May through Labor Day.
Historic	Hurley Patentee Manor	Hurley	Ulster	National Historic Landmark, combination of a 1696 Dutch cottage, and a 1745 Georgian manor house. Privately owned and restored to its original condition.	Summer
Historic	Locust Lawn	Route 32	Ulster	1841 Federal-style mansion built by a veteran of the Revolutionary War. Collection of antique furniture and decorative arts.	Memorial Day through September
Historic	Tervilliger House	Gardiner	Ulster	1738 stone house furnished in period style, and a small family graveyard.	Memorial Day through September
Historic	Hall of Fame of the Trotter/Historic Track	Goshen	Orange	Museum dedicated to the history and culture of the sport of trotters and pacers. The Historic Track is a National Historic Landmark that has been hosting races since 1830. Now used as a training facility.	Year round
Historic	Museum Village of Orange County	Monroe	Orange	Living museum consisting of over 35 buildings portraying the life of pre-industrial America. Special events include square dancing, kite flying, and the largest Civil War encampment in the northeast.	May through December

Table 19

Regional Tourist Attractions (Continued)

Category	Name	Town	County	Description	Season
Historic	Brick House	Montgomery	Orange	Considered one of the finest private homes built in the area in the 18th Century, decorated in period style. The site of a large autumn antique show.	May through October
Historic	David Crawford House Museum	Newburgh	Orange	Historic house built in 1830 with a gallery of changing exhibits. Includes a collection of model boats.	
Historic	Hill-Hold	Campbell Hall	Orange	A Georgian mansion built by the son of an English stonemason in the 18th Century. There is a working farm on the grounds as well as a one-room schoolhouse.	
Historic	Constitution Island and the Warner House	West Point	Orange	A Hudson River island with a Victorian house museum and the remains of Fort Constitution, a Revolutionary War-era fort.	June through September
Historic	Knox Headquarters	Vails Gate	Orange	A stone house that served as headquarters to Colonial officials in the area during the Revolution.	Memorial Day through Labor Day
Historic	New Windsor Cantonment	Vails Gate	Orange	Living Museum portraying the life of Revolutionary soldiers.	April through October
Historic	United States Military Academy	West Point	Orange	Bus tours of the historic military academy; museum containing vast collections, both permanent and revolving; football games and concerts.	Year round except major holidays
Historic	Washington's Headquarters	Newburgh	Orange	Historic stone house on whose grounds the end of the American Revolution was announced. Exhibits portray the lives of the Revolutionary armies and the life of George and Martha Washington during the war.	Year round
Historic	Bronck Museum	Coxsackie	Greene	House museum that was home to nine generations of the Bronck family, beginning in the late 1600s.	July through September
Historic	Zadock Pratt Museum	Prattsville	Greene	Former home of prominent businessman who ran the largest tanning facilities in the state. Portrays life in the 1850s, and has a gallery of local artists.	Memorial Day through Labor Day

Table 19

Regional Tourist Attractions (Continued)

Category	Name	Town	County	Description	Season
Historic	Fort Delaware Museum of Colonial History	Narrowsburg	Greene	Museum with costumed guides focusing on the lives of wilderness settlers.	Memorial Day through Labor Day
Historic	Minisink Battleground Park	Minisink Ford	Sullivan	Former Revolutionary War battlefield, now a 56-acre park with interpretive trails.	May through October
Historic	Old Rhinebeck Aerodrome	Rhinebeck	Dutchess	Air shows featuring restored antique airplanes. Reenactments of historic flights.	May through October
Historic	Franklin D. Roosevelt Home and Library	Hyde Park	Dutchess	Lifelong home of FDR, museum of permanent and changing exhibits, Eleanor Roosevelt's rose garden.	Year round
Historic	Val-Kill	Hyde Park	Dutchess	The personal retreat of Eleanor Roosevelt. A small museum, a conference center, landscaped grounds.	May through October, weekends through November, and in March and April
Historic	Mills Mansion	Staatsburg	Dutchess	Grand old Hudson River estate.	May through October
Historic	Montgomery Place	Red Hook	Dutchess	Historic mansion museum that hosts special events throughout the year.	April through October
Historic	Wilderstein	Rhinebeck	Dutchess	National Historic Landmark mansion built in the 1850s.	May through October
Historic	Young-Morse Historic Site	Poughkeepsie	Dutchess	Former summer home of Samuel Morse.	Memorial Day through September
Other	Mohonk Mountain House		Ulster	An elegant 1869 Victorian resort with extensive nature trails and gardens.	Year round
Other	Zoom Flume	East Durham	Greene	"Aqua-amusement park" with water slides, a pool, and a small roller coaster as well as nature trails, a restaurant and an observation tower.	June through Labor Day
Other	North Branch Cider Mill	North Branch	Sullivan	Uses a turn-of-the-century cider press to produce both regular and hard cider.	April through Christmas
Other	Apple Pond Farming Center	Callicon Center	Sullivan	Educational center and working organic farm using horse-drawn equipment.	Year round

Table 19

Regional Tourist Attractions (Continued)

Category	Name	Town	County	Description	Season
Other	Monticello Raceway	Monticello	Sullivan	Small but well-known harness track.	Year round
Other	Culinary Institute of America	Hyde Park	Dutchess	Nationally-renowned cooking school in a former Jesuit seminary with views of the Hudson. Several restaurants.	Year round, except July and December
Other	Village of Rhinebeck	Rhinebeck	Dutchess	A popular weekend destination. Charming village downtown with boutiques, antique stores, etc.	
Other	Dutchess County Fairgrounds	Rhinebeck	Dutchess	Special events throughout the season, including the Dutchess County Fair in August, the well-known Rhinebeck Crafts Fair in July, and a multitude of other events.	Spring through Fall
Outdoors	Rock climbing in the Schwangunks		Ulster	The Schwangunks are known throughout the country as a premier location for rock climbing. Classes, guides, and equipment rentals are available at several locations in the county. New Paltz is the most common starting-off point.	Spring through Fall
Outdoors	Fishing		Ulster	Esopus Creek, Rondout Creek, Plattenkill Creek, the Sawkill, and Ashokan Reservoir are well-known locations for fishing.	Spring through Fall
Outdoors	Catskill Fly Fishing Center	Livingston Manor	Sullivan	Fly-fishing museum	Year round
Outdoors	Canoeing and rafting on the Delaware River		Sullivan	The Delaware River is well-known for canoeing and rafting.	Spring through Fall
Outdoors	Belleayre Mountain	Highmount	Ulster	A moderate sized downhill ski mountain with snow-making and trail grooming.	Thanksgiving through March (plus some special events in the summer).
Outdoors	Hunter Mountain	Hunter	Greene	Large and popular downhill ski mountain.	November through May (plus some special summer events).

Table 19

Regional Tourist Attractions (Continued)

Category	Name	Town	County	Description	Season
Outdoors	Ski Windham	Windham	Greene	Medium-sized ski mountain that also opens in the fall for mountain biking on its ski trails.	Fall through Spring
Outdoors	Cortina Valley	Haines Falls	Greene	Small ski resort with 11 trails and 90% snowmaking.	Winter
Outdoors	Fishing in Sullivan County		Sullivan	The Willowemoc, Beaverkill and Delaware are all legendary among fly-fishers.	Spring through Fall
Outdoors	Cross-country skiing			The area has some excellent cross-country skiing, and there are trails throughout Ulster and the surrounding counties.	
Wildlife	Windmark Honey Farm	Gardiner	Ulster	A honey farm with apiary tours, honey tastings and a trained bear show.	
Wildlife	Little Wings Wildlife Sanctuary	Gardiner	Ulster	Nature trails, more than 30 species of birds, and a wildflower garden.	
Wildlife	Catskill Game Farm	Catskill	Greene	One of the oldest game farms in the country, has over 2000 animals including lions bears and deer. A small train transports visitors around the farm and to picnic areas.	May through October
Wildlife	Clyde Peeling's Reptileland	Catskill	Greene	60 varieties of snakes and other reptiles in habitats that duplicate the animals' natural environment. Tours and reptile shows.	Daily Memorial Day through Labor Day, weekends through Columbus Day
Winery	Adair Vineyards	New Paltz	Ulster	Wine tastings, tours and picnics.	May through December
Winery	Baldwin Vineyards	Pine Bush	Ulster	Wine tastings, cafe.	June through December
Winery	Benmarl Winery	Marlboro	Ulster	Tours, tastings, gallery, restaurant.	Year round
Winery	Brimstone Hill Vineyard	Pine Bush	Ulster	Tours and tastings	Year round

Table 19

Regional Tourist Attractions (Continued)

Winery	Regent Champagne Cellars	Highland	Ulster	Tastings, special events (Oktoberfest, Christmas festivals, concerts)	Daily March through September, weekends year round
Category	Name	Town	County	Description	Season
Winery	Rivendell Winery	New Paltz	Ulster	Tours, tastings, special events.	Year round
Winery	Royal Kedem Winery	Milton	Ulster	Kosher winery, tours, tastings.	May through December
Winery	Windsor Vineyards	Marlboro	Ulster	Tastings	Year round
Winery	El Paso Winery	Ulster Park	Ulster		
Winery	Magnanini Farm Winery	Wallkill	Ulster		
Winery	Walker Valley Vineyards	West Park	Ulster		
Winery	West Park Vineyards	West Park	Ulster		
Winery	Brotherhood Winery	Washingtonville	Orange	Tours, tastings, special events.	
Winery	Baldwin Winery	Pine Bush	Orange	Tours, tastings, cafe.	
Winery	Brimstone Hill Vineyard	Pine Bush	Orange	Tours	Summer
Winery	Cascade Mountain Winery	Amenia	Dutchess	Tours, tastings, picnics, cafe.	Year round
Winery	Clinton Vineyards	Clinton Corners	Dutchess	Tastings, tours.	Year round
Winery	Millbrook Vineyards	Millbrook	Dutchess	Tastings, tours and picnics.	Year round
Winery	Amberleaf Winery	Wappingers Falls	Dutchess	Tours and tastings.	Year round

3.0 INTERVIEW FINDINGS

3.0 INTERVIEW FINDINGS

Between April and September 1997, a series of interviews were conducted with business and professional leaders concerning economic development in the Kingston and Ulster County area. The questions focused on the area's advantages and disadvantages, including topics such as labor availability, training and educational facilities, locations of suppliers and markets, plant expansion issues, telecommunications facilities, and economic development activities.

A total of 18 interviews were conducted concerning economic development issues (other interviews were conducted regarding issues such as entrepreneurial activity, technology resources, education and training, and tourism. These have already been summarized in Sections 2.3, 2.4, and 2.5). More than three quarters of the economic development interviews were conducted with individuals from the private sector. Business people interviewed included representatives of most major basic industry categories in Ulster County, including manufacturing, information processing, and back-office clerical operations. Government and other officials involved in economic development activities were also interviewed.

The following discussion summarizes the key findings of the economic development interviews. The discussion reflects the views of interviewees, and does not always conform to the conclusions of the present report.

3.1 Labor Availability

Three quarters of the business people interviewed felt that there is a shortage of *skilled workers* in the Kingston and Ulster County area, and that the shortage is growing worse with time. One interviewee noted that this problem was "just beginning to get serious" after several years of relative labor surplus following the IBM downsizing. Another interviewee stated that the labor shortage was becoming a problem "at all levels." One respondent felt the problem was severe enough that it "will cause companies to go elsewhere." Although interviewees expressed general satisfaction with the supply of *unskilled workers* in the area, toward the end of the interview period shortages in this class of workers were becoming a concern. Some business people felt that skilled workers could be recruited easily from outside the area, while others felt it was difficult because of the small size of the job market here. Part-time labor is similarly becoming difficult to find locally in quantity because of the small size of the labor force and the low unemployment rate.

Several interviewees mentioned that a low wage structure in the local labor force is an advantage. However, one respondent suggested that while low skill levels may lead to reduced wages, they are not necessarily advantageous for businesses. This interviewee thought that the knowledge and experience level of the local labor force is deficient.

3.2 Educational and Training Facilities

Attitudes toward the adequacy of local educational and training facilities were mixed. While about half of the private-sector interviewees felt that training was inadequate, most expressed general satisfaction with local educational facilities. The major complaint with respect to training was that the specific needs of businesses are not being met. One interviewee said that Kingston and Ulster County's training facilities "compare unfavorably with competing areas." Many businesses do their training in-house, which is expensive. However, no interviewees expressed dissatisfaction with any specific training institution, and most gave these institutions moderate or high grades. The institutions of higher learning were praised.

The training issue is tied directly to the labor availability issue, particularly with respect to skilled workers. One interviewee noted that vocational-technical training is not helpful because business “operations are so specialized.” The needs of interviewed manufacturers for skilled labor were quite specific. While closer coordination of training facilities with the needs of businesses may help in more generalized fields such as data entry where many workers are required, it may not resolve the problem of filling highly specialized positions.

3.3 Location of Suppliers and Markets

The vast majority of private-sector interviewees said that their business operations do not depend upon the Kingston or Hudson Valley region for either suppliers or markets. Only one mentioned that the transportation network here provides good access to markets, but in this case the markets are spread over a much larger area. Most of the businesses surveyed said their markets are national or international in scope. A few interviewees noted that being near the New York metropolitan area is a plus.

3.4 Plant Expansion

Most of the private-sector interviewees said that their businesses are expanding, and all except one of these said that their current physical facilities will not meet their future needs. Many expressed uneasiness regarding the poor attitude of local people toward business expansion. Several interviewees were quite concerned about this aspect of local life, and one said this area compares poorly to the Southeast, where local residents “welcome new manufacturing.” One interviewee suggested that his company might move to a different area of the country if this problem could not be dealt with.

The IBM property was discussed by several interviewees, but it was felt that these facilities are too specialized and too costly to meet their needs. Two interviewees suggested that the government could be more helpful in arranging for financing of local industry expansions. One complained about unavailability of local financing for capital expansion.

3.5 Telecommunications Facilities

Early in this study, it was suggested locally that inadequate access to Internet services (specifically, bandwidth) could be an impediment to future growth of businesses. However, aside from a delay in obtaining Internet access reported by one interviewee, all were satisfied with the current level of telecommunications services. No interviewees were dependent upon Internet access for doing business. A few maintain World Wide Web sites, and one has an on-line mail-order catalogue, but these attributes were not considered vital. One interviewee said they had tried an on-line catalogue operation but had given it up because it was not profitable. However, all interviewees acknowledged that the Internet will probably become more significant to business in the future.

Telecommunications officials asserted that Kingston is currently served adequately by high-speed devices such as ISDN lines and T1 or T3 connections, and that other innovations, such as cable modems, should expand Internet capacity in coming years. Rural areas nearby, however, will probably not have access to high levels of service, and may have to avail themselves of Internet services in Kingston.

- **Improve Local Attitudes Toward Business.** Several respondents suggested that a public education initiative needs to be undertaken to inform the public about the value of business and manufacturing to the local community. While some interviewees regard the local governments as supportive of business, they feel the public is often hostile.

- **Improve Economic Development Services.** Respondents pointed out the multiplicity of economic development programs and organizations, and suggested that the services offered should be “bundled” to create “one-stop shopping.” Some respondents felt that more should be done to help businesses finance expansion, such as offering low-interest loans or grants for capital projects, and lines of credit for equipment purchases. One interviewee suggested that many businesses are unaware of the number and extent of development programs that are available from New York State, and that better administration of State services is required. Another interviewee praised the Kingston-Ulster Economic Development Zone, and suggested that it be expanded. One suggestion concerned the types of businesses to be pursued: since the countryside in Ulster County is similar to that of Germany and Austria, perhaps businesses from those locations, which suffer high-costs, could be attracted here.

3.6 Other Issues

Several other issues were mentioned during the course of interviews. The most significant of these included:

- **Tax Rates.** More than half of the respondents indicated that the high rates of New York State taxes is a problem for business people in Kingston and Ulster County. Several included local tax rates in their problem definition as well.
- **Utility Rates and Service.** Although Central Hudson Gas and Electric Company rates are among the lowest in New York State, several interviewees complained that they are too high. They are basing their criticism on electric rates in other areas of the country, which are generally significantly lower than New York State's (see Section 2.2.4). One respondent said that power outages are a problem for his business. Another interviewee, on the other hand, praised the local utility company and expressed satisfaction with the rate structure.
- **Transportation Facilities.** Several respondents made comments concerning the transportation infrastructure of the Kingston and Ulster County area. One noted that unskilled workers have difficulty getting to jobs because of the lack of public transportation. Another noted that motor carrier service to domestic markets is deficient, and that a business must go to New York City to obtain export services. A third interviewee said that the distance to a major airport was a problem for visiting executives. Despite relatively good access to the highway network, only one respondent mentioned that transportation facilities are an advantage of doing business here.
- **Quality of Life.** The majority of respondents were neutral about the quality of life in Kingston and Ulster County. Several respondents made favorable comments about the quality of life, but there were also some negative observations. Interviewees generally praised the rural quality of life, and the importance of this in doing business here and in attracting skilled workers from outside the area. However, there was also mention of the limited number of job opportunities for family members and skilled employees who might want at some point to find other jobs. One interviewee suggested that Kingston's shopping facilities were regarded as poor compared with competing areas. Another interviewee stated that while the quality of life is pleasant here, it is not a significant advantage in attracting skilled labor.

3.7 Economic Development Policies

Interviewees were asked for their suggestions concerning how economic development efforts can be improved in Kingston and Ulster County. These suggestions fell into several categories:

- **Improvement of Training.** Some respondents were interested in training for specific skills. Most who commented on this issue suggested that there has to be better coordination between the needs of local businesses and the training offered. One respondent suggested that New York State undertake a grant program for training at local business sites.
- **Labor Market Improvements.** Several interviewees suggested that better links need to be established between available workers and the job market. This could be accomplished through improved posting of opportunities at training locations and educational institutions, and coordination of trainers with local businesses. One suggestion dealt with the need to coordinate the use of part-time employees to give them more job opportunities year-round, as well as access to benefits. In general, most respondents agreed that the best way to improve the labor market is to foster economic development.

**4.0 IDENTIFICATION AND ANALYSIS OF EXISTING
INDUSTRY CLUSTERS**

4.0 IDENTIFICATION AND ANALYSIS OF EXISTING INDUSTRY CLUSTERS

This section builds upon the evaluation of the assets of the Kingston area and analyzes specific industry clusters which make up the local economy. The identification process was relatively complex, and the final results are outlined in Section 4.1.2 to 4.1.10 below. Besides refining the audit of the local economy, the exercise was intended to identify existing dominant industries in the regional economy and growth industries in the area, and analyze their procurement requirements and supplying relationships. As such the analysis is a major component feeding into recommendations for targeting industries for industry attraction programs.

4.1 Identification and Analysis of Industry Clusters

A “cluster” is defined as *a group of related industries located in the same region*. This definition was used in developing the analysis presented in the New York State Department of Economic Development (DED) study *A Competitive Analysis of the Mid-Hudson Economy: The Role of Industry Clusters*. More specifically, industries within clusters can be related on the basis of suppliers, subcontractors, or vendors (vertically integrated clusters), or they can be related through such assets as a common transportation infrastructure or a subset of the work force (horizontally integrated clusters).

The DED study, using statistical analysis of economic data, identified five industry clusters in the Mid-Hudson Region, two of which were associated with Ulster County:

- **Information Technologies:** Computing, electronics, instruments, communications equipment, and software.
- **Tourism:** Lodging, amusement and recreational services, museums, and related institutions. Tourism will be the subject of analysis later in the Plan preparation.

4.1.1 Data Sources and Methodology

For the Kingston Economic Diversification Master Plan, the Kingston and Ulster County area was studied more specifically to determine the applicability of the DED clusters as well as to identify other potential clusters in the area. The methodology pursued was as follows:

1. Manufacturing industries in the Middle Atlantic region were analyzed to identify those with a primary concentration in the region, using 1992 Economic Census data at the 4-digit standard industrial classification (SIC) code level for 458 industries. The ranking was based on shipments as reported in the Economic Census. A total of 84 dominant industries were identified. These were evaluated using an input-output table to identify industries of all types (not limited to manufacturing) which were linked in their purchasing/supplying relationships to the 84 industries by commodity inputs. The most substantial linkages were selected.
2. The 25 fastest growing industries in the US in terms of output were identified using forecasts from the US Department of Labor. These industries, which were not limited to manufacturing SIC codes, were then studied in the same manner as step 1 to identify industries substantially linked to the 25 industries by inputs.

3. Using a confidential data base of individual employers provided by the New York State Department of Labor (DOL), which showed employment by 4-digit SIC codes from 1975 through 1996, the fastest-growing industries in Ulster County were identified.

Industry clusters in the Kingston area were identified from among the industries identified in steps 1-3. The analysis method described here is somewhat constrained by the SIC code definitions themselves. In general, the SIC codes have not kept up with developments in certain segments of services, with the New Media industry is a good example of this. New Media activities are typically spread over several categories of business services, and a precise evaluation of the magnitude of New Media activities in Ulster, for example, is difficult. In part due to this inadequacy of the SIC code definitions, a different approach was used in Section 2.5 (Main Street Businesses and Tourism), Section 7.0 (Micro-Enterprises), Section 9.0 (New Media) and Section 10.0 (Arts and Crafts-which also is analyzed in this section). The alternative approach used in these sections is based heavily on interviews, workshops and on-site observations to permit a more detailed qualitative appraisal of these sectors.

4.1.2 Results of Growth Analysis

A particularly important component of steps 1-3 is the analysis of industrial growth trends. Looking at employment growth (in this case, between 1985 and 1996) hints at where Ulster County's comparative advantage *could be*¹⁷. Table 20 below shows broad industry categories that experienced growth in the last eleven years, and their relative share of total employment in growth industries¹⁸. For comparison, the same calculation was carried out for a larger group of counties, identified as Mid-Hudson counties, which included Dutchess and Orange counties as well as Ulster County.

Figures above show a close similarity between Ulster County and the larger Mid-Hudson counties region, with some notable exceptions: business services, transportation services¹⁹ and health services have been a greater component of growth industries than is the case in Ulster County, while Ulster County legal, educational and social services which grew in employment are a greater proportion of growing industries than is the case with the Mid-Hudson counties.

This analysis confirms conclusions of Section 2.1.6 regarding manufacturing. According to the figures above, manufacturing industries that grew between 1985 and 1996 in Ulster County account for 12.3% of total employment in all growth industries. Since this share is higher than the share of total manufacturing employment relative to total Ulster County employment, this illustrates again the dynamism of significant portions of the County's manufacturing²⁰.

¹⁷ Of course this analysis will not reveal industries in which Ulster County has a potential comparative advantage, but no existing activity. Steps 1-2 in the analysis included an examination of growth industries at the national level which, though not present in Ulster County, could benefit from the location. Several industries singled out for attraction were selected on the basis of this approach.

¹⁸ This involves taking the actual employment in each of the sectors that grew and calculating the share that this represents of actual employment in all growth sectors.

¹⁹ Differentials in transportation services employment growth reflects activity related to Stewart Airport.

²⁰ As a general rule, attraction strategies should focus on the basic industries that can be expected to generate revenues from sales outside the region. While the standard definitions of basic industries are not often satisfactory (for example, retail can be basic, as can numerous service industries), in the present analysis we do not consider such industries as educational services or utilities to be basic.

**TABLE 20
RESULTS OF GROWTH ANALYSIS**

Industry Group:	Ulster County Employment, 1996	Industries' Share of Total Employment in Growth Industries:	
		Ulster	Mid-Hudson
Agriculture, Mining and Construction	754	1.8%	3.9%/
Textile, Apparel, Lumber, Furniture	765	1.9%	1.7%
Printing & Publishing	869	2.1%	2.0%
Chemicals, Rubber, Primary & Fabricated Metals	1399	3.4%	1.9%
Industrial Machinery, Electronics, Misc. Manufacturing	1892	4.6%	3.2%
Transportation, Utilities	2120	5.2%	9.7%
Wholesale Trade	1290	3.2%	4.8%
Retail Trade	8564	21.0%	21.4%
FIRE	2024	5.0%	5.5%
Hotels & Personal Services	661	1.6%	0.6%
Business Services	1674	4.1%	11.9%
Amusements & Miscellaneous	461	1.1%	2.9%
Health Services	3566	8.8%	17.4%
Legal, Educational, Social and Membership Services	8980	22.0%	9.7%
Engineering & Management	625	1.5%	2.3%

With respect to service industries that could be expected to earn revenue outside the County, usually defined as producer or health services, the data reveal that Ulster County has not yet developed a significant presence in such industries. Using a standard technique to measure the presence of basic activity²¹, only Insurance Carriers, certain Business Services and various Health Services appear to export their services (or attract customers from outside the County). Further analysis reveals that what is basic activity in Ulster County services is often particular *functions*, specifically back-office functions such as information management, credit reporting, and various data processing functions.

These findings are not surprising, as numerous studies of business location confirm that, while back-office functions, and to a lesser extent headquarter functions, have been increasingly moved out of central city locations to reduce costs, other producer service functions have not²². For example, putting together the necessary “inputs” to produce a complex financial product involves the interaction of several finance, accounting, and legal entities, with a considerable amount of resources expended to coordinating relatively complex activities. Simply put, “specialized services require other specialized services to be close-by” (Sassen, 1994, p. 20); areas such as Ulster County do not possess the extensive number of highly trained experts in finance, law, economics or management to create the necessary conditions for such highly specialized activities. Further, these functions have *tended* to remain close to the front-office functions, which have themselves remained largely in densely populated central business districts.

While the prospects for attracting the more specialized functions in producer services may be limited, there still may be room to attract individuals, or small firms, less reliant on face-to-face interaction with other producer services firms. This interesting notion is addressed in much greater detail in Section 7.0. In terms of the existing industry clusters described below, those involved in producer service activities tend to be heavily oriented towards back-office or data management functions.

4.1.3 Crafts Cluster

The Kingston-Woodstock-Saugerties area is part of a region of the Mid-Hudson Valley, centered on Rhinebeck, which is nationally renowned for its artisans. Several manufacturing businesses related to this cluster have been increasing employment in Ulster County. This industry cluster could build on its success and provide a distinctive economic flavor to the area, based not only on individual artisans but on manufacturing, wholesale, and marketing firms capable of routinizing, commercializing or merchandizing select craft products. Candidate industries associated with this cluster are:

- SIC 2396, Printing or Stamping on Fabric Articles
- SIC 3161, Luggage
- SIC 3949, Sporting and Athletic Goods
- SIC 3961, Costume Jewelry

The total 1996 employment in the cluster was 460.

²¹ The technique is based on a simple ratio of relative employment known as a “location quotient.”

²² An extensive analysis of these issues is contained in a 1991 report by New York City’s Office of Strategic Policy and Marketing. The study concluded, “(Producer services) industries benefit from a central location. The infrastructure already in place in New York City to serve them will continue to spur the development of new firms and help to maintain their presence in the City. However, even producer services industries feel cost pressures and have exhibited a tendency to relocate functions, ranging from data processing to lower-level administration, and even some white collar functions, to lower-cost areas” (Office of Strategic Policy and Marketing, p.54).

4.1.4 Measuring and Analysis Equipment Cluster

These industries are well-suited to the Kingston area because of the large market for their products in the New York metropolitan area, their relationship to the region's strong health care and biotechnology sectors, their importance as a growing segment of the nation's manufacturing base, and evidence of rapid growth among specific firms in Ulster County. This cluster is related to some degree to the DED's Information Technologies Industry Cluster. Candidate industries associated with this cluster are:

- *SIC 3821, Laboratory Apparatus*
- *SIC 3827, Optical Instruments and Lenses*
- *SIC 3842, Surgical Appliances and Supplies*

The total 1996 employment in the cluster was 280.

4.1.5 Electronics and Machinery Cluster

This cluster is related to the Information Technologies Industry Cluster identified by the DED primarily because its constituent industries are in the same SIC code categories. Otherwise, most of the candidate industries in this cluster are similar only in that they deal with electrical equipment or machinery, and require some common labor skill categories, such as machinists and electrical and mechanical engineers. Because of this, they can be regarded as a loosely-related industrial cluster. These types of industries are typically strong in the Northeastern market, and small plants can be quite profitable. Firms in this cluster have been increasing employment in Ulster County. Candidate industries associated with this cluster are:

- *SIC 3625, Relays and Industrial Controls*
- *SIC 3645, Residential Electric Lighting Fixtures*
- *SIC 3663, Radio and Television Broadcasting and Communications Equipment*

The total 1996 employment in the cluster was 1,040.

4.1.6 Fabricated Metal Products Cluster

Several firms in this cluster have increased employment in Ulster County in recent years. In general, some common skills, such as metal working and mechanical engineering, are required in this cluster's constituent industries. This cluster is related by skill requirements to the Electronics and Machinery Cluster. The output of these industries serves a diverse market, and investment in machinery and equipment tends to be moderate. Production workers can be easily trained, and smaller plants are almost as profitable as larger installations. Candidate industries associated with this cluster are:

- *SIC 3421, Cutlery*
- *SIC 3441, Fabricated Structural Metal*
- *SIC 3443, Heating Equipment*
- *SIC 3444, Sheet Metal Work*
- *SIC 3451, Screw Machine Products*

The total 1996 employment in the cluster was 720.

4.1.7 Printing and Publishing Cluster

Printing and publishing is integral to the other industry clusters, particularly those that involve information management and business services, such as firms that use large amounts of forms, data bases, and records. Several printing and small publishing firms have enjoyed rapid growth in the Kingston area during the past ten years. Printers/publishers who are to be successful in the future will have to maintain expertise in computerized techniques which are the industry standard. This will tie in well with the New Media enterprises which are developing in the Kingston area (described in subsequent Plan sections). Candidate industries associated with this cluster are:

- *SIC 2741*, Miscellaneous Publishing (e.g., forms, manuals, newsletters, music, etc)
- *SIC 2752*, Commercial Printing, Lithographic
- *SIC 2759*, Other Commercial Printing

The total 1996 employment in the cluster was 820.

4.1.8 Information Storage, Retrieval, and Management Cluster

This cluster is comprised entirely of data-management or business services industries. There is a requirement for clerical labor as well as data-entry and data-processing skills. Typically, industries in this cluster have tended to do well in rural areas where there is a stable, hard-working (high-school level labor force). The cluster is closely related to the DED's Information Technologies Cluster. Ulster County has several major employers in this cluster. Candidate industries associated with this cluster are:

- *SIC 4226*, Record Warehousing and Storage
- *SIC 632*, Health Insurance and Medical Service Plans
- *SIC 7323*, Consumer Credit Reporting Agencies
- *SIC 7363*, Help Supply Services
- *SIC 737*, Computer Programming, Data Processing, and Other Computer-Related Services

The total 1996 employment in the cluster was 1,000.

4.1.9 Management Services and Research Cluster

The Kingston area has many very small but rapidly-growing firms involved in this cluster. Employment in the cluster grew more than two-fold between 1985 and 1996, and by over 40 percent between 1990 and 1996, while overall employment in Ulster County was static. The cluster is well-suited for small entrepreneurs who may wish to relocate to the Kingston area from more congested parts of the New York metropolitan area. However, to continue its momentum, this cluster will require a growing supply of college-educated specialist labor within driving distance. Candidate industries associated with this cluster are:

- *SIC 874*, Management Consulting and Management Services

The total 1996 employment in the cluster was 440.

4.1.10 Health and Social Services Cluster

The health care sector of the economy is expected to continue to grow because of the needs of an aging population, in spite of likely industry-wide cost-saving measures. It can be expected that this will be particularly true for those health care services that cater to the elderly. Ulster County is particularly well-suited as a location for specialized, long-term-care facilities whose market is generally within an hour or two driving time. Often, families looking for assisted care facilities for their elderly members will search for a less expensive, attractive, but not-too-distant location. While nursing home facilities are under pressure because of Medicaid spending limits, residential assisted care facilities, perhaps associated with retirement communities, are under fewer constraints. Candidate industries associated with this cluster are:

- *SIC 8051, Skilled Nursing Care Facilities*
- *SIC 8071, Medical Laboratories*
- *SIC 8322, Individual and Family Services*
- *SIC 8361, Residential Care*

The total 1996 employment in the cluster was 3,950.

4.1.11 Other Industries

Some local industries not in any of the local industrial clusters have been increasing in employment. Also, other industries appear to be well-suited for the Kingston area based on the evaluations conducted to identify candidate industries. Each of the candidate industries in this group are discussed separately.

- ***SIC 2452, Wood Buildings and Mobile Homes:*** Employment has been increasing in Ulster County in this industry. It serves a regional market, and small firms can be profitable, although there is competition in Pennsylvania.
- ***SIC 2653, Corrugated and Solid Fiber Boxes:*** The Cornell Study of Ulster County businesses indicated a demand for corrugated paper products. This packaging material is used by all types of shippers, and producers cannot serve markets beyond a limited radius. Competition is keen and profits low except in quite small plants. This industry provides good employment opportunities for unskilled labor.
- ***SIC 2835, Diagnostic Substances:*** The production of diagnostic substances represents an opportunity in the expanding regional drug/pharmaceutical industry cluster. The industry is related to the DED Biomedical Cluster. A small plant can be quite profitable, and the industry depends upon innovative entrepreneurs.
- ***SIC 2891, Adhesives and Sealants:*** This product line offers low barriers to entry, and profitability is acceptable to small plants. The industry provides good employment opportunities for unskilled labor.
- ***SIC 3965, Fasteners, Buttons, Pins:*** The demand for this product is quite strong in the New York City fashion garment industry.
- ***SIC 5961, Catalog and Mail-Order Houses:*** This industry could potentially tie in well to the Crafts Cluster as well as New Media enterprises (specifically, Internet sales). Highly skilled labor is not required except in computer-related operations. This industry is dependent upon good postal services and telecommunications facilities.

5.0 INDUSTRY ATTRACTION

5.0 INDUSTRY ATTRACTION

5.1 Economic Development Objectives

The industry attraction recommendations for the City of Kingston are the end-product of the analysis in Sections 2, 3 and 4. In these sections, we outlined the process by which Kingston adjusted to the economic shock of the IBM cutbacks through out-migration.²³ However, while the unemployment rate in Ulster County is at, or below, historic trend levels, there has been a large reduction in the proportion of higher-wage, higher-skill employment, and the area's economic infrastructure has a considerable degree of excess capacity.

While the recommendations for the focus of industry²⁴ attraction strategies are explicitly concentrating on industries that do (or could do) well in the region given its assets, they are also concentrating on industries whose presence in Kingston fulfills some fundamental economic development objectives. These objectives are the following:

- *Increasing the diversity of the economic base of Kingston and its surrounding region;*
- *Providing opportunities for higher-skilled, higher-wage employment;*
- *Providing employment opportunities to lower-skilled residents;*
- *Offering a potential for growth given Kingston locational characteristics; and*
- *Offering a potential for growth given evolving technologies.*

Clearly, these objectives will not all be met by a single cluster or industry. The logic of targeting several industries with varied characteristics is that each of the targets could be hoped to fulfill some of the development objectives. The objective of *diversity* is paramount and in fact motivated the current study. In general, most of the target industries selected fulfill this objective by being involved in activities outside of computer manufacturing. Also, the industries selected are diverse as a group, spanning a fairly wide spectrum of manufacturing, producer services and health services. The objective of providing *employment opportunities for higher-skilled residents* addresses the fundamental issue of the region's longer-term economic prosperity. Industries using a high level of "human capital" also tend to be those which are exploiting the comparative advantage of countries such as the United States, namely high labor productivity. These industries generally have better long-term growth prospects²⁵, in areas such as Ulster County, than industries which are employing relatively low levels of skills if these low-skilled industries are prey to foreign competition.

²³ It is interesting to note how quickly Kingston and Ulster County's unemployment rate returned to historical levels. In a large study of regional adjustments to economic shocks, Blanchard and Katz (1991) find that the typical adjustment to an economic shock of such significant magnitude is usually six to ten years. This is probably due to the mobility of the highly-skilled displaced IBM workers as well as the resiliency of the Ulster County economy.

²⁴ Implicit in the terms industry is usually a more aggregated grouping akin to the clusters defined in Section 4.

²⁵ This is not always the case, as residents of Kingston are painfully aware following the loss of thousands of high-skill, high-wage IBM jobs.

The objective of providing employment opportunities to lower-skilled residents is an imperative despite the area's low unemployment rate. An unemployment rate does not measure those who have dropped out of the labor force, and while the area does not seem to suffer from a unusual number of uncounted jobless, it is clear from the findings on educational attainment that a non-trivial portion of the population is, by definition, lower-skilled. Finally, the objectives of providing a good "fit" to the local area is clearly important²⁶, as is the objective that an industry embody newer technologies rather than out-dated ones.

The selection of target industries also had to take into account another factor, which was a recurrent finding from the business interviews carried out to date: *local manufacturers have great difficulty in filling positions for skilled workers*. While this did not lead to ruling out certain industries as target industries, the lack of skilled manufacturing workers is a constraint, reinforcing the conclusions and recommendations contained in Section 2.3 and Section 11 below concerning labor training.

5.2 Selection Results

The final selection of target industries (grouped by their appropriate cluster) was based on the ability of the industries to fulfill the objectives described above (see Table 21). Further, the input of members of the stakeholder committee overseeing the Economic Base Diversification Master Plan was also used in defining the target industries. Details on the evaluation of each of the target industries are contained in Appendix A2.

Note that one of the industries outlined below, Relays and Controls, does not presently exist in the Kingston area. Nevertheless, the industry has been identified as one that would benefit from a Kingston location.

5.3 Inventory of Facilities and Sites for Development and Redevelopment

Having outlined the industries selected for industry attraction efforts, we now discuss the available real estate resources of the area are adequate as they now stand.

²⁶ A major aspect of meeting this objective included a requirement that the industry be relatively non-polluting, as this would negatively impact one of the area's key locational advantages, namely the high quality of life offered to its residents. Another key factor for an industry being able to derive a benefit from a Kingston and Ulster County location was also its affinity or interrelationship with the remainder of the area's industrial base. A final factor to be noted here was also whether the location provides satisfactory access to markets and vendors.

Table 21: Selected Target Industries

<u>Cluster</u>	<u>Industries</u>	<u>SIC</u>
Crafts	Sporting Goods	3949
	Costume Jewelry	3961
	Textile Bags & Luggage	2393 & 3161
Measuring & Analysis	Surgical Appliances	3842
	Optical Instruments	3827
	Laboratory Apparatus & Furniture	3821
Electronics & Machinery	Relays and Controls*	3625
	Power Hand Tools	3546
	Radio & TV Equipment	3663
	Residential Lighting	3645
Information Storage, Retrieval & Management	Credit Reporting	7323
	Data Processing	7374
	Retrieval and Storage	4226
Other Industries	Catalogue and Mail Order Houses	5961

5.3.1 Evaluation of the Department of Economic and Community Development's Inventory of Available Land and Space²⁷

The aim of this investigation is to determine the potential of existing vacant facilities as physical support for the selected target industries. In order to meet the site requirements of each model, we have reviewed the City of Kingston's available space inventory. The 229 property records have been assigned as follows:

No.	Type	Total Size
148	Private or non-municipally owned Sites	569.00 acres
17	City of Kingston owned Sites	116.94 acres
2	Town of Ulster owned Sites	14.12 acres
9	County of Ulster owned Sites	1.71 acres
5	State of New York owned Sites	0.95 acre
15	Available Facilities of Potential Size	1,054,553 sf
33	Available Facilities of Inappropriate Size	131,477 sf

Of the potential buildings, it should be noted that none are publicly held. Criteria for size consideration for this investigation was placed at a minimum of 5,000 square feet, with buildings of non-manufacturing capability excluded from the study. (Refer to accompanying tables, maps, and site photographs in the Appendix).

²⁷ The inventory contains sites in the City of Kingston and the Town of Ulster.

■ **The Flex-Plex Concept**

Kingston-Ulster affords interesting opportunities for establishing "flex-plex" buildings to meet the physical requirements of the target industry clusters. The "flex" facility commonly features a good quality office space connected to a warehouse or light assembly space with rear loading and truck staging areas. The flex-plex concept offers a unique opportunity to house a broad spectrum of office, research, and manufacturing uses in a shared facility of sizeable scale. This business "mall" encourages the attraction of large users as well as the growth of small companies with expansion potentials. Through selective demolition and reconstruction, both the TechCity complex and some portions of the former Edgewater properties can meet these needs.

■ **TechCity (the Former Ulster Business Complex)**

Now under new ownership, the 2.5 million square foot former IBM facility offers the flexibility for conversion to new smaller occupancies at rents that are fully competitive with the market. Through selective demolition, the construction of a new truck dock and warehousing areas within this large complex could sustain a number of companies whose "headquarter" space would be situated in a ring of offices on the outside window walls of the buildings. Current tenants include Fleet Services, an IBM warehouse, and SunWize Technologies. For the Master Plan program, TechCity provides the best fit for two high technology clusters: Information Storage, Retrieval, and Management and the Catalog and Mail Order operations, but other recommended target industries may find interest in the facility (see Table 22 below).

■ **The Former Edgewater Complex**

Formerly known as the Edgewater Office and Research Center, these three buildings comprise 740,000 square feet and offer excellent access to the New York State Thruway via Route 209/199. Each building is provided with high-grade electrical power from a unitary power substation and offers floor-loading capabilities suitable for office and light-assembly manufacturing. Building One is managed by R.B. Management Co., with no specific plans for immediate occupancy. New York Life owns Building Two, and may utilize the structure for information disaster recovery purposes. The two structures are in close proximity and are presently connected by a second floor pedestrian bridge.

Currently under contract by the Hudson River Valley Care Center, Building Three is stand-alone structure, with direct access to the retail business strip on Rte. 9W, and closer to residential areas of Lake Katrine than the other properties. HRVCC is purchasing the building for use as a head trauma treatment center. Plans call for selective demolition of the building interior core to provide amenities for patient rooms through the construction of a new atrium. The building's cafeteria, high-grade electric power and quiet site location may provide for a superb opportunity for health care adaptive reuse.

Following Building Three's example, other potential uses for Buildings One and Two may require building alteration to meet market demands. Continued marketing efforts for large single users for each building should be encouraged; however, use by smaller entrepreneurial companies is hampered by the unusually large floor plates of over 100,000 square feet and the unitary power distribution system. The introduction of new corridor atriums through the buildings and the re-metering of power could enhance marketing efforts for all potential office users. If demand is

strong enough to sustain the TechCity "flex-plex" absorption, similar alterations to Building One or Two could be achieved by the addition of truck dock and warehouse components. Additionally, the as-of-right opportunity to construct an additional 500,000 square feet on Edgewater's 58 developable acres makes the complex a viable for a number of mixed-use strategies.

■ **Other Candidates**

Twelve additional vacant facilities are currently listed on the city's database which were also investigated for their suitability for various uses. Ten of the twelve properties are located within the downtown portion of the city, and only one building is outside of the Economic Development Zone. (Refer to appendices for mapping of facilities and sites). The following matrix summarizes our findings (note that the remark codes for each study are keyed by numerical character).

The most acceptable fit for the downtown properties appears to be the Crafts cluster, with the Measuring and Analysis Equipment group a possible fit but affected by slow truck access along Broadway. Introducing semi-trailers into the recovering commercial sector of the city is not the most attractive option for urban revitalization, whereas craft companies may be well served by small panel trucks that are more efficient for traffic flow. Since many of the buildings investigated are older and provide some architectural character, it is reasonable to assume that arts/crafts-oriented businesses could flourish in this area. Space costs should be attractive enough to entice recruitment of out-of-area craft companies. Municipal cooperation should be sought for any necessary zoning changes to accommodate artists loft residences and workshops.

The common keys to successfully integrating the needs of these remaining four clusters are (1) adequate road access for motor carriers, and (2) physical configuration of buildings to meet the needs of efficient manufacturing, warehousing, and automated office operations. The City of Kingston's new business park on Delaware Avenue offers reasonable access from Route 9W (as well as adequate utility connections) and the hilltop site can yield 45+ developable acres suitable for a variety of business applications. Accordingly, the site should be considered as the primary investment target for the program.

**TABLE 22
CONVERSION SUITABILITY OF SELECTED INDUSTRY
CLUSTERS**

Suitability for Use	Crafts	Measur. & Analysis Equipment	Electron. & Machinery	Info. Storage Ret. & Mgt.	Catalog & Mail Order
Inbound-Truckload		Yes	Yes		
Inbound-Less Than Truckload	Yes	Yes			Yes
Outbound-Truck		Yes	Yes		
Outbound-Express		Yes	Yes		Yes
Bay Size-Standard	Yes		Yes		
Configuration-1 story		Yes			
Configuration-Multi-story	Yes		Yes		
Warehouse-High Cube		Yes		Yes	Yes
Warehouse-Mid. Height	Yes		Yes		
Special-Raised Computer Floor				Yes	
Heavy Floor Loading					Yes

TABLE 22 (Continued)

Suitability for Use	Crafts	Measur. & Analysis. Eq.	Electron. & Machinery	Inf. Stor., Ret. & Mgt.	Catalog & Mail
Fac. # 1022	Yes	2,3,5	5	1,2,3,5	2,3
Fac. # 1043	Yes	1,3,5	5	1,3,5	1,3
Fac. # 1000	Yes	1,3,5	5	1,3,5	1,3
Fac. # 1044	Yes	1,2,3	1,5	1,2,3,5	1,3
Fac. # 1032	Yes	1,3,5	1,5	1,3,5	1,3
Fac. # 1042	Yes	1,3,5	1,5	1,3,5	1,3
Fac. # 1023	Yes	1,2,3,5	1,5	1,2,3,5	1,2,3
Fac. # 1040	1	1,2,3,5	1,5	1,3,5	1,3
Fac. # 1020	1	1,2,3,5	1,5	1,3,5	1,3
Fac. # 3003	1	1,2,3	1	1,3	1,3
Fac. # 1031	1	1,2,3,5	1,5	1,3,5	1,3
Fac. # 1057	1,4	1,2,3,4,5	1,4,5	1,3,4,5	1,4

Remark Codes

1. Building size does not meet model requirements.
2. Building configuration does not meet model requirements.
3. Warehouse height does not meet model requirements.
4. Suspected environmental problems.
5. Limited access by large trucks, if required.

As a recommendation, the Department may consider the construction of a shell building on "spec" to attract users, depending on the level of private sector interest. The structure should provide approximately 50,000 square feet and have the capability of subdivision into smaller tenancies, as well as future expansion.

■ **Waterfront Development**

A number of vacant properties appear along the East shore of the Hudson both north and south of the Rondout. (Refer to maps in Appendices). Traditionally oriented to waterborne transportation, these sites are now largely abandoned.

As a precursor to further industrial development along the river, the Department should be aware of the continuing efforts of the State government to curtail such efforts. A considerable amount of research has been turned out by the Regional Plan Association and the National Academy of Sciences, regarding shore cleanup and long term environmental downstream impact. Recently, the Environmental Protection Agency has certified the river in New York harbor as suitable for swimming, an astounding achievement for environmentalists from both New York and New Jersey. This summer, New York City has begun consideration of the first public beach on the West Side of Manhattan, possibly to be built in 1999.

For further cleanup efforts to be successful, tougher regulatory statutes on upstream industrial development will inevitably be imposed. Although the target industries are non-polluters, some wastes may require licensed disposition. Truck access to the waterfront is difficult due to the narrow and winding nature of the roadways and the gradient from the waterfront to the highway network.

Given the tourist nature of the Rondout and the recreational boating nature of Dock and Abeel streets, industrial business locations in the Rondout area cannot be recommended. North of the Rondout along East Strand Street should be considered as potential for future residential and commercial development, since views toward the upper river are exceptional, and large acreage tracts are available. Townhouse development such as that overlooking the Rondout from Port Ewen should be considered.

As mentioned, the Crafts cluster can be accommodated in downtown buildings. Retail outlets for these companies should be located in the Rondout area, already a tourist destination and capable of increased tourism and retail activity. The Department may be interested in the establishment of an artist's cooperative that would give special incentives to craft companies to locate their retail facilities at the Rondout with the proviso that these companies also occupy space in the downtown buildings. In this manner, a crafts festival and village marketplace becomes feasible.

■ Remaining Sites

The remainder of the database properties are scattered throughout the city and unfortunately do not offer a cohesive method for assemblage or reconfiguration. Located mostly in the downtown sector, there may be certain instances where a vacant building may benefit from adjacency to an empty site.

The Department must evaluate this need on a case-by-case basis. Local businesses should be polled as to their future needs, and a transfer or other method of site assemblage be implemented where growth is to be expected. The City must be ready to gain control of vacant or underutilized residential or commercial properties that can stimulate economic growth for target industries. As mentioned, the Crafts cluster represents the best future for the downtown buildings and sites. The Electronics and Machinery cluster also shows promise in areas where trucking has easy access. A vest-pocket industrial park may be implemented for these industries in the area bounded by Cornell and Grand Streets, from Smith to Foxhall Avenues. The few number of residences and the smaller street network in this area could be raised to permit the development of a manufacturing zone complete with parking, rail spurs and a dedicated truck road from Foxhall Avenue.

6.0 MAIN STREET BUSINESSES

6.0 MAIN STREET BUSINESSES

While 5.0 is concerned with industry attraction and the short-term objective of industry attraction, Sections 6.0 to 11.0 address more long-term issues of economic development. The recommendations combined in these sections are also appropriate for an economic development strategy seeking to increase economic diversity, high-skill employment and employment opportunities for lower-skilled residents. The big difference is that, rather than seeking to promote economic growth by bringing in firms from outside the region, these recommendations focus on existing resources in the area: Main Street businesses, local labor, entrepreneurship, and locally-generated activity in New Media and Crafts.

6.1 Overall Economic Development Objectives

An economic development strategy for Kingston's three business districts—the Rondout, Midtown, and Uptown—should link the districts while emphasizing their unique and varied characteristics. Each of the three districts has a particular niche. The Rondout offers tourist-oriented businesses and events with a strong focus on the water. Uptown is characterized by professional offices, a large daytime population, and a selection of sophisticated specialty stores. Midtown is the backbone of the city—it connects the two other districts, offers a range of necessary services and products, and is the location of one of the region's emerging cultural facilities—the Ulster Performing Arts Center (UPAC).

An overall strategy to unify the three districts together is vital if Kingston is to compete successfully in the regional marketplace. Kingston cannot offer the quaint small-town experience that Woodstock or Rhinecliff can, but it can offer a range of services and merchandise and a varied, sophisticated, small city atmosphere. The successful physical and visual linkage of the three districts is vital to creating an overall image for the city as a whole, allowing the three business districts to build upon the each other's strengths rather than compete for customers. Objectives and recommendations to build on the assets of each of the business areas are presented below.

■ Recommendations

Link the three business districts while maintaining the unique character of each district. As noted above, each of the three districts fills a distinct niche. Together, the districts offer a broader range of services and merchandise than are available in a typical regional mall. However, the lack of linkages between the districts encourages them to compete for customers and perhaps become redundant. Stronger physical and visual connections are needed.

- ▶ Develop a coordinated signage program for all three districts, with unique logos for each district. Signs should be used to indicate the beginning and end of each district, give directions from one to the other, and indicate important destinations within each district.
- ▶ Post city-wide maps throughout the three districts, perhaps on kiosks on which announcements for events and promotions throughout the three districts can be posted.
- ▶ Light the facades of historic and important structures throughout the three districts at night, creating a unified nighttime appearance. (See also tourism recommendations contained in Section 8).

- ▶ Continue to run a trolley between the three districts, and explore increasing the frequency of the trolleys. Do not extend the route to Kingston Point Park as this could make the trolley too infrequent; develop a second route from the Rondout to the park if necessary.
- ▶ Develop a “Museum Without Walls” that includes attractions in all three districts (see Tourism recommendations).
- ▶ Promote citywide special events. For example:
 - 1) A winter carnival featuring a Christmas Tree Lighting and ice skating in the Rondout, Holiday theme window decorations Uptown, a Christmas pageant at UPAC, and holiday open houses at the museums;
 - 2) A three-stage music festival called “Kingston Trio” featuring live entertainment at UPAC, the movie theater behind Anyone Can Whistle, and a location in the Rondout;
 - 3) A parade traversing the entire length of Broadway; and
 - 4) A bicycle race starting at the Rondout and ending at Uptown.

6.2 The Rondout

6.2.1 Economic Development Objectives

The Rondout’s direct water access is unique among the Hudson Valley’s business districts. Its market position is assured in the summer and the fall, when people from all over the region flock to the waterfront for special events such as the Fourth of July festivities, as well as for the everyday offerings of sailing lessons, gift shops, and eateries. However, visitorship drops off during winter and spring, when the waterfront location ceases to serve as a draw. The lack of year-round clientele explains the number of vacant storefronts and the high turnover of businesses. A store that does a high volume of business during the peak tourist season is still hard-pressed to make it through a long and slow winter and spring.

Therefore, recommendations for the Rondout focus on attracting customers during the “shoulder seasons” —in early spring and in early winter. The summer and fall are already busy (Rondout merchants who participated in the survey indicated overwhelmingly that summer and fall are their busiest seasons), and increasing volume during the “high” seasons could backfire—creating levels of crowding that ultimately discourage customers. Second home-owners should be a prime target for marketing spring and early winter events, as this is a wealthy and growing population that is likely to look for activities during the shoulder seasons.

The success of any strategy to improve the economic well being of the Rondout depends to a certain extent on improving the appearance of the area. In addition to some urban design strategies intended to upgrade the general appearance of the area, the recommendations below address the high vacancy rate that detracts from the overall appearance of the area. While many of the buildings are attractive and historic, quite a few are vacant and poorly maintained. In fact, the Rondout has more vacancies than either Midtown or Uptown. However, retail recruitment for the

Rondout might rob Midtown and Uptown of their customer base, and, moreover, the Rondout market is too inconsistent to support a large number of new retail establishments. Therefore, retail should remain small in the Rondout, and, ideally, artist live/work space, gallery space and other uses that improve the appearance of the vacant buildings without usurping the other districts should fill vacancies instead.

6.2.2 Recommendations

6.2.1.1 Attract Attention to the Rondout Area in Early Spring, Before the Summer Crowds Descend, and in the Early Winter, When Visitorship Has Dropped off

The extreme seasonal swings in the Rondout district make it very difficult for businesses to survive through the winter and early spring. While it is tempting to promote the Rondout during the summer months, when there seem to be an endless list of possible water-oriented activities and events, bringing more customers in the summer, when the businesses are already doing well, will simply accentuate the seasonal fluctuation problem. Existing businesses may not be able to handle an increase in summer traffic, encouraging new stores to open and making the off-season competition for the few customers fiercer. On the other hand, focusing on the shoulder seasons (early spring and early winter), would even out the visitor levels, increasing visitorship during the slower seasons rather than the busiest season.

- **Develop a full roster of early spring events, including:**
 - ▶ A “back in the water” regatta, complete with a boat decoration competition, boat rides, children’s model boat contests;
 - ▶ Early-bird kayak, canoe and rowing races;
 - ▶ A street sale for nurseries at the very start of planting season; and
 - ▶ A family-oriented Easter festival featuring an Easter Egg hunt.
- **Develop a number of early winter events to attract holiday shoppers to the area, including:**
 - ▶ Children’s ice skating lessons on the ice skating rink, culminating in a junior “Ice Capades” performance;
 - ▶ An end-of-the-season “Frostbite” sailing race;
 - ▶ A Christmas Tree Lighting Festival, moved from Uptown in exchange for the farmers’ market, which would be moved to Uptown. (This swap would benefit both areas: the comparison stores in the Rondout would benefit more from a holiday event during their slowest season, while Uptown would benefit from an event that brings people downtown on the weekends.) A Christmas tree set up on the traffic island at the foot of Broadway for the festival would serve, along with the ice-skating rink, as a focal point for the Rondout throughout the holiday season;

- ▶ Improve the ice skating rink as a seasonal attraction. The rink should be well-lit and well-maintained throughout the season and should be moved to the parking lot under Route 9W, where it would be more visible and where there is more space for spectators. Benches for spectators could be provided and a hot chocolate stand could operate on weekends; and
- ▶ Produce an attractive annual calendar featuring events throughout the City, going from spring to spring. The calendar should be distributed by mail to second-home owners in the region. (See also Tourism recommendations).

6.2.1.2 Upgrade the Appearance of the Rondout

Merchants who responded to the survey said that people are attracted to the Rondout by the overall appearance, but participants in the focus group clearly felt that there is room for improvement.

- In the short term, improve the appearance of vacant buildings with a coat of paint and temporary window displays (perhaps the work of local artists, children's art, or large displays about upcoming community events).
- Replace the chain link fence around the Hudson River Museum with a decorative wrought iron fence.
- Replace the temporary signs in the traffic island at the end of Broadway with similarly sized but more attractive signs that fit with the overall historic theme of the area.
- Erect solid fences along the water to mask junkyards and other eyesores that compromise the appearance of the Rondout from the water. Recruit local artists or school children to decorate the fences with appropriate murals.
- Develop a maintenance program that focuses on cleaning the streets and sidewalks immediately before and immediately after the weekend rush of visitors.

6.2.1.3 Fill Vacancies Without Duplicating Retail Uses That Already Exist in Midtown or Uptown

Focusing on retail tenant recruitment for the Rondout might threaten the customer base of the two other business districts. However, the vacant buildings in the Rondout area compromise its appearance. These vacancies should be occupied by uses that attract people to the area and improve the appearance of the Rondout. The following are recommendations:

- Look into reusing the large and nearly vacant school building overlooking Broadway as an artists' live-work loft building, using the vacant yard on Broadway as a storage/display area for large sculpture.
- Where possible, encourage artist live/work space in other vacant buildings, requiring that studios be open to the public on a regular basis (See also Tourism recommendations).

- Consider a small-scale tenant recruitment strategy to bring in some convenience retail and services near the waterfront to provide needed services to transient boat owners.

6.2.1.4 Address the Emerging Parking Conflicts Between Employees, Residents and Shoppers/Visitors on Weekends

Although the Rondout does not have a serious parking shortage, business owners who participated in the survey and in the focus group brought up concerns about parking conflicts on weekends. The following are recommendations:

- Encourage employees and residents to park elsewhere on weekends, place an attendant in the two large parking lots on weekends, and charge by the hour. Perhaps local merchants could validate parking stubs for a free hour of parking.
- Look into alternative side of the street parking or other methods of preventing long-term parking in street spaces. Alternative side parking would also make street-cleaning simple.

6.3 Uptown

6.3.1 Economic Development Objectives

The County Courthouse and the preponderance of law offices, other professional offices, and banks located Uptown assure the area's market position on weekdays, when the worker population is present. However, the area suffers on weekday evenings and weekends. Accordingly, there is limited support for restaurants and cafes, which need a dinner trade all week long, as well as shopping in general. The primary challenge, therefore, is to diversify the market. In addition to keeping workers in the area after working hours, the focus should be on bringing in other Kingston residents, second-home owners and regional residents by offering a recreational shopping experience (unique stores, entertainment, social activities). A stronger, more diversified customer base will not only assure the continued success of existing specialty stores, but will build upon the base of unique comparison retail that exists today (e.g., The Joyous Kitchen, Anyone Can Whistle, The Mohican Market, etc.) with new stores and restaurants.

A second challenge is to address access to the Uptown district. A combination of one-way streets, difficult turns and confusing road signs makes the area extremely hard to get to, and hard to navigate. Therefore, several of the recommendations focus on improving both access to and circulation within the Stockade.

Finally, the identity of the Uptown district should be strengthened to emphasize the unique nature of the businesses and the historic significance of the district.

6.3.1.1 Attract Customers Uptown on Weekends and Evenings by Emphasizing Opportunities for a "Recreational Shopping Experience"

Nationally, people are returning downtown for entertainment as well as shopping and dining, and are seeking out this type of shopping during their free time - on weekends and evenings. Uptown already has the unique stores that appeal to recreational shoppers, so is well-positioned to take advantage of this trend. The following are recommendations for attracting customers:

- Re-open the old movie theater located behind Anyone Can Whistle as a weekend and evening draw. The space has potential as a four or five-screen art theater along the lines of the successful Uptown Theatre in Rhinebeck. As Uptown lacks a strong evening attraction, this should be a high priority and should be the focus of aggressive public action.
- Continue the Sunday antique fairs, which should be marketed more aggressively region-wide.
- Move the Saturday farmers' market from the Rondout to Uptown (see Rondout recommendations, above).
- Adjust store hours to better serve weekend and evening customers, in addition to the current customer base of local workers. Stores should consider staying open later on weekdays and opening on both Saturday and Sunday. In order not to unduly tax the small business owners, many of whom must work whenever their business is open, it is recommended that they consider closing on a weekday rather than a weekend day, and that they stay closed later on weekday mornings (opening in time for the worker lunch trade.)
- Spruce up the "Pike Plan," which is beginning to age and appear tired looking. A fresh coat of paint would upgrade the appearance of the Stockade area, and would create stronger appeal for second-home owners, tourists, and regional residents seeking a high-end specialty shopping experience.

6.3.1.2 Market and Build on Uptown's Specialty Retail Niche

The Uptown district includes some outstanding specialty stores with regional appeal, such as Anyone Can Whistle, the Joyous Kitchen, and others. However, not all of these stores are doing as well as they could, and some are even considering relocating. Aggressive marketing is needed to increase the visibility of the Uptown district to a regional clientele. The following are recommendations for marketing Uptown:

- Develop a series of theme marketing efforts. For example, joint advertising of youth-oriented businesses such as Anyone Can Whistle, The Parent-Teacher Store, the Party Store and Jane's Ice Cream targeting families in the region.
- Use theme marketing to recruit similar stores. The antique fairs, for example, might be used as a catalyst to attract new antique stores to the area.
- Consider some selective tenant recruitment to attract more specialty stores. While recruitment is generally advisable only in areas with a large number of vacancies, a small-scale recruitment strategy to attract carefully selected businesses that would enhance Uptown's store mix might be profitable. Existing stores from the surrounding region that might be looking for a second location would be good candidates, as would Kingston businesses that might want to relocate within the city. For example, the candy maker currently operating in Midtown would be an ideal Uptown tenant, and could relocate to the proposed movie theater, taking advantage of the storage area and loading dock under and beside the theater.

- Emphasize the exceptional nature of the Uptown district by renaming it “The Stockade” and developing a marketing campaign around the new name. The name Uptown is quite ordinary and does little to evoke an image of a unique and interesting shopping district.

6.3.1.3 Improve Access to and Circulation in the Uptown District

In the automotive age, ease of access by car is vitally important to the success of any retail district. Uptown is not easy to get to. Signage is poor and the traffic pattern is confusing. This is probably the most important issue to address as even the best marketing strategy will fail if people cannot get there. The following are recommendations for improving access to the Uptown district:

- Revisit the circulation pattern for automobiles, with an eye to simplifying the traffic pattern and providing more two-way streets in particular.
- Consider a slip-off ramp from Colonel Chandler Drive through the shopping center to Uptown. The Uptown district would not only be more accessible, but would become a gateway to Kingston, from which visitors could be led through Midtown and to the Rondout. The slip-off would benefit the shopping center and strengthen its linkage to Uptown.

6.3.1.4 Address the Parking Concerns, Including Conflicts Between Workers and Shoppers and Confusion about Where to Park

Uptown has plenty of parking, ranging from on-street to private parking lots to the municipal garage. However, area workers take prime spots so visitors perceive a parking problem when they cannot find a convenient parking spot. Furthermore, the supply of parking is not well marked. The following are recommendations for addressing parking concerns:

- Study the parking supply and access to parking in the district, especially in light of the imminent need to make substantial improvements to the parking garage.
- Consider dedicating part of the parking garage to free employee parking in order to divert area workers from prime on-street spaces.
- Clearly post parking regulations throughout the area.

6.3.1.5 Encourage Offices and Retail to Co-Exist in the Uptown Area

Uptown has an excellent mix of office and retail uses that should be maintained. However, new offices are threatening the balance by taking over ground floor space rather than moving into upper floor space. While ideally the first floors of buildings in the central part of the Uptown district should be reserved for retail uses, offices are having trouble using upper floor space because much of it is not handicapped accessible. The following are recommendations for encouraging the partnership of office and retail business in the Uptown area:

- Either change the zoning to require retail or residential uses on the ground floor of buildings on Wall Street between John Street and North Front and on North Front from Wall Street to Crown Street; or provide tax incentives to landlords who restrict ground floor space to retail/restaurant uses.

- Look into retrofitting older buildings along Wall Street and North Front with an exterior catwalk on the rear of the buildings providing handicapped access to third floor office space.
- Renovate the existing garage, provide direct access to the garage from Clinton Avenue, and provide signage that informs shoppers of free parking in the garage on weekends.

6.4 Midtown

6.4.1 Economic Development Objectives

Due to the proximity of dense residential neighborhoods and the high volume of traffic, Midtown actually has few vacancies. It serves its current market very well, as is evidenced by the long tenure of businesses participating in the survey and minimal proportion of businesses considering closing or moving. However, it may not be serving the emerging market brought to the area by one of its major anchors, the UPAC. While Midtown has lost some of its old customer base to strip shopping centers, it has the opportunity to bring in a new customer base theater-goers. In order to do so, however, the entire stretch, from the Rondout to the Stockade, is in need of upgrading.

Physical upgrades will not only increase the appeal of the area to theater-goers, but to its current customer base as well. According to focus group participants, some members of the hospital staff choose not to eat lunch or shop on Broadway because they feel that the area is unsafe. Streetscape improvements tend to combat such perceptions of danger. Vigilant neighborhood policing also can play a role.

Furthermore, Midtown serves the vital role of connecting the Rondout and the Stockade. The appearance of Midtown is thus important both for the continued success of its own businesses, and for the success of Kingston's two other business districts.

6.4.2 Recommendations

6.4.2.1 Upgrade the Appearance of Midtown as a Connector of the Stockade and the Rondout, and as the Main Commercial Street in the City

Broadway should have the feel of a grand boulevard, both to pedestrians and to those driving through the area. The following are recommendations for upgrading the appearance of Midtown:

- Implement a new facade improvement program for the entire stretch of Broadway. The program should involve small but noticeable improvements from one end of the district to the other. Money should be invested in paint and awnings so as to create a neat, uniform appearance with the minimal investment per property.
- Purchase and install distinctive historic lighting standards that are big and bold enough to have an impact on people driving.

- Preserve the street-wall with zoning that requires new construction to be built to the front lot-line. Alternatively, fencing and landscaping (such as a hedgerow) can be used to maintain the streetwall. Minimize curb-cuts through zoning.

6.4.2.2 Improve the Context of UPAC in Order to Increase its Ability to Serve as an Anchor

UPAC was recognized as one of the most important Midtown anchors by Midtown business owners who participated in the survey. Therefore, the theater block should be treated as one of the most important blocks on Broadway. Theater-goers will develop an impression of Midtown based on what they see outside the theater, so top priority should be given to upgrades in the immediate vicinity. The following are recommendations for improving the context of UPAC:

- Focus facade improvements on the UPAC block first.
- Use UPAC and its surroundings as the Midtown location of city-wide events such as those listed in Section 2.1.2. For example, bleachers and a judges' platform for viewing a parade should be located under the UPAC marquee.
- Ensure that the new lighting standards light the sidewalks as well as the streets in order to improve the perception of safety among theater-goers. Look into fixtures with two bulbs, one that lights the street, and another one halfway up the light pole that sheds light on the sidewalk.

6.4.2.3 Encourage Hospital Employees and Other Workers to Utilize Broadway Businesses

The perception that Midtown is not safe discourages hospital employees to shop and eat downtown. In order to regain the business of hospital and medical office workers, Midtown must become more comfortable for pedestrians.

- Increase visible police presence in order to combat the perception that Broadway is not safe to shop, eat and walk on.
- Set a benchmark and monitor crime activity levels including minor offenses with an objective toward continuous improvement in the area's perceived safety.

7.0 MICRO-ENTERPRISES

7.0 MICRO-ENTERPRISES

7.1 Economic Development Objectives

Despite the many amenities that make the Kingston/Ulster area such an attractive place to live, the region is not an equally attractive place to work due to the lack of quality job opportunities. There are limited opportunities for careers that offer full-time, year-round employment. Given the lack of external opportunities, home-based work, self-employment in general, and small business development can provide residents with an alternative to the more traditional workplace environment. The following factors make micro-enterprises an attractive economic development target for Kingston:

Given the seasonality of the local economy, supplementing family income through home-based work makes particular sense in Kingston. Local residents often earn a large percentage of their annual income during the tourism season, during the busy production seasons at manufacturers, or at Fleet Bank. They then depend on very low-wage jobs and unemployment assistance for the rest of the year. Developing activities to generate income during the off-season could help increase the economic health of many Kingston households.

With new technologies, micro-businesses can now reach out and market their services and products outside of the region and individuals can serve clients internationally without leaving Ulster County. For a relatively low cost, any household can now be tied into innovative marketing activities through the Internet. Moreover, as a growing number of telecommuters have found, you can live in Ulster County and work for clients in New York City or Hong Kong.

Kingston's high quality of life will continue to attract people who want to live and work in a small town environment with proximity to excellent recreational and urban amenities. Entrepreneurs and individuals interested in self-employment make location decisions based on where they want to live, and not based on traditional business factors such as wage rates or transport accessibility. Quality of life factors favor communities like Kingston that can be viewed as an oasis for urban refugees.

Several forces have combined to spur the exodus from the traditional workplace setting. Powerful and affordable technology has given micro-enterprises the tools to perform tasks that formerly were performed only in big business; corporate downsizing has created a large supply of workers interested in starting their own business; corporate downsizing not only created a supply of workers to form home-based businesses, but stimulated demand for their services by outsourcing an increasing amount of tasks formerly performed in-house; and interest in telecommuting has also been affected by the federal Clean Air Act, which pushed major employers to devise plans that would reduce the commuting required by employees.

7.2 Recommendations

Ensure that Kingston residents interested in starting a business have access to the information and support services they need through the designation of one library as a center of business information. As with any business, entrepreneurial success will depend on sound, strategic decisions based on accurate and timely information. For microbusinesses to make informed decisions, they need to be able to obtain information on a variety of subjects: data on competitors; information on narrow, highly targeted markets; specifics government regulations at the local, regional, state, and national levels; opportunities for government procurement; and how to expand into overseas markets. Ensuring that home-based and microbusinesses have access to information needed for strategic business decisions is critical to their stability and potential growth. Much of the information that microbusinesses need is

publicly available, on a fee for time basis, through on-line information databases. The problem is that these sources take a long time to learn how to use, and since fees are based on minutes of use the costs of inefficient use of the databases can be quite high for a new user.

Kingston can follow the model of Littleton, Colorado which recognized that an appropriate economic development strategy that would support the growth of its entrepreneurial sector was to enhance the availability of information through its public library. While the Business Resource Center does have a library and information available for those interested in starting their own businesses, when they are first considering starting their own business, residents are more comfortable accessing information at a public library. The City of Kingston should work with the SBDC to develop a resource base that complements the services and materials that are available at the Business Resource Center. The following are a number of specific steps the region can take to develop an information base useful to home-based businesses:

- *Set up a special fund that can be used to pay for the acquisition of library resources useful to micro-businesses.*
- *Develop a special section of the library where entrepreneurs can find information resources targeted to their needs.*

An “Entrepreneur’s Corner” in the library can create an efficient and visible means for business owners to do one-stop shopping for information. It is a very tangible sign for businesses and residents alike of the community’s recognition of and support for the valuable role that microbusinesses play in the local economy.

- *Involve the SBDC in undertaking a specialized training course for the city’s references librarians that will develop their expertise in conducting industry, market, or business research.*
- *Ensure that local businesses have a public point of access to on-line business information services at the local library.*

Public Internet access is a critical first step. In addition, free or subsidized access to fee-based business information services would be valuable for local businesses.

- *Provide space for conferences and client hosting for home-based and small businesses at the Business Resource Center.*

Many small entrepreneurs who work out of their home do not have appropriate space to host their potential clients. The city could designate a space for such a purpose, for example using existing facilities in the Business Resource Center. These have already served such a purpose on occasion.

- *Develop a curriculum specifically aimed at students interested in entrepreneurship.*

Kingston can cultivate a culture of entrepreneurship in the region by incorporating entrepreneurial education into the high school curriculum. That way, as students begin to consider their post-secondary education or career plans, self-employment is at least part of that decision. Junior Achievement is one such organization that has traditionally helped students develop business skills. There are other training programs that could be developed either in addition to or instead of Junior Achievement. There are a number of national nonprofit institutions that have developed curriculum and training specifically to address this need. Rather than reinvent the wheel, Kingston may want work with one of these foundations. Some highly regarded programs are describe below:

The National Foundation for Teaching Entrepreneurship (NFTE): NFTE is a national nonprofit organization headquartered in New York City. It was established in 1987 and currently has programs in more than 64 locations around the country and in other parts of the world. There are also nine NFTE divisions and licensees, principally in major urban areas. The focus of the programs and services of NFTE tends to be urban and directed to low-income communities. The original intent of NFTE was to provide business opportunities for young people in distressed neighborhoods as a means of enhancing their self-esteem and to offer them a range of life skills to better cope with the demands of their neighborhoods.

NFTE programs vary in depth and length. The more extensive programs help students develop a range of skills including: drafting contracts, learning how to register a business, developing a business plan, opening a bank account, and computing a return on investment. Students also learn key concepts: time management, business ethics, budgeting, financing, negotiating, and franchising. The programs are given in school, after school or through a two-week summer “BizCamp.”²⁹

One-to-One Partnership, Inc.: One-to-One is a private, nonprofit organization established in 1989 by a group of philanthropists, business leaders, educators, social activists, and entrepreneurs. The organization promotes economic empowerment for youth through an intensive mentoring program, a youth enterprise project, and an earn-while-you-learn initiative. One-to-One is headquartered in Washington, D.C., but has created programs and local chapters of the organization across the country. Most of the work of the organization is focused in low-income urban areas. The organization has developed a number of innovative programs, including “One-to-One Mentoring” which pairs adults with young people in a learning/teaching setting. The goal is to give youth an opportunity to learn about the world of work, entrepreneurship, and financial responsibility. One-to-One enlists key business leaders, teachers, and staff from social and human service organizations in a community to provide the mentoring.

The organization will also partner with other institutions in a community that have a youth focus, including the United Way, the Big Brother/Sister program, Junior Achievement, and local Boys Clubs and Girls Clubs. This kind of network provides a solid foundation for sustaining the program over time. The costs associated with developing a mentoring program are generally leveraged by One-to-One through local contributions, assistance from volunteers, in-kind contributions, and national foundations.³⁰

Institutes for Youth Entrepreneurship: This program is a relatively new initiative that is currently being piloted in New York City and Philadelphia. The Institutes include mentoring as well as a comprehensive set of classroom and work-related activities. The classroom instruction covers information on the stock market, investment clubs, the basics of finance, and money management. Students also are given hands-on training to create, develop, and operate a “living business.” The living businesses are formed on the basis of community needs assessments, and a portion of the profits are donated to a community-based charity. In New York, students in the Institute developed a greeting card business called New York Colors. The intent of the program is to give young people the tools they need to successfully act upon their entrepreneurial interests.

²⁹NFTE also offers a broad range of services to school systems, teachers, students, communities, and local businesses. They include teaching entrepreneurship directly to students, teacher certification for teachers who want to teach the NFTE program, exclusive and non-exclusive organizational licenses to teach the NFTE program, consulting services, and a speakers bureau. NFTE has a number of books, guides, and toolkits, including *How to Start and Operate a Small Business: A Guide for the Young Entrepreneur*. For more information, contact: NFTE, Development Office, 1 Country Road, P.O. Box 595, Mattapoisett, MA 02739, 508-758-6411

³⁰ One-to-One has a rich resource of books, pamphlets, and videos that are instructional and inspirational. The organization can be reached at 2801 M Street, Washington, D.C., 20007, 202-338-3844.

PATHWAYS: This is also a new initiative. The program sets aside up to \$10,000 for each economically disadvantaged child who takes part in mentoring and economic self-sufficiency programs. Young people can earn the \$10,000 by maintaining a relationship with an adult mentor, by doing community service, by earning good grades in school, and by participating in job and life skills training programs. Once a young person has graduated from high school the money can be invested in a startup business or used to finance a college education.

■ ***Strategically attract entrepreneurs to move or start a business in Kingston.***

An economic development strategy that is based on attracting people rather than businesses is still a relatively new concept. Relatively few municipalities have developed a plan for attracting individuals who are technologically sophisticated and interested in leaving urban areas. Kerrville, a suburb of Austin, Texas, has explicitly developed a program to attract entrepreneurs, producing marketing materials specifically to market the community to high tech entrepreneurs. Telluride, Colorado has also sought to attract high net worth individuals who will freelance, telecommute, or start a business locally. These “Lone Eagles,” using the Center for the New West’s terminology, are freelance professionals who are abandoning life in large cities and their positions at 9 to 5 jobs in the corporate world and are moving back to small town America or adjacent rural areas. Lone Eagles are “writers, analysts, brokers, consultants, manufacturing reps, and others who live by their wits and connect with the outside world using faxes, modems, and airplane tickets.” The Center has delineated some characteristics of communities that are most attractive to Lone Eagles including:

- ▶ proximity (within 15 minutes) of an interstate highway;
- ▶ proximity (within 60 to 90 minutes) to an airport;
- ▶ resident physician and good health facilities;
- ▶ access to express mail;
- ▶ access to science and technology talent most typically present through a college, university, community college, or think tank, or technologically intensive business or industry; and
- ▶ access to advanced telecommunications.

On all characteristics, Kingston performs relatively well. While access to technology talent does not compare favorably to New York City, it does in comparison to the remainder of the Hudson Valley region, for example. Entrepreneurs frequently pick a community with which they have some connection. The Center for the New West wrote, “When they move, they often return to their hometowns or to some fishing hole where they have vacationed or to some other place they have learned about. The point is, typical Lone Eagles choose where they want to live—and they generally have already picked their nesting places by the time they commit to a new lifestyle and work style.”

■ ***Develop a City Marketing Strategy***

A first task of the City should be to clearly identify its potential market and the characteristics of this market. We would suggest the following: non-resident taxpayers in Ulster County and other Hudson Valley communities; tourists who regularly visit the Hudson Valley; individuals who grew up in Kingston; entrepreneurs and small business people in the New York Metropolitan Area. Once the targets are clearly

identified, the City should identify both the qualities of Kingston that would be attractive to these targets as well as the perceived barriers to starting a full-time business in the region.

In developing marketing materials, a first priority of the City should be to develop a flexible marketing brochure on Kingston that emphasizes the quality of life in the community, as well as the resources available to entrepreneurs. Materials should be developed that are oriented towards the quality of life and include individual profiles of business people who have made the choice to locate in the City. The brochure should include statements from entrepreneurs who have decided to start a business or move their business to Kingston. The community's recreational and environmental attributes should be highlighted.

The City should try to involve local graphic artists, writers, and printers in the endeavor. Other communities have been able to design and produce similar materials on primarily volunteer labor and local contributions. In addition to in-kind contributions from local residents and businesses, the City should seek funding from local banks and real estate agencies.

In developing marketing methods, the City should pursue a variety of methods to reach its target audience. These potentially include direct mail to second homeowners in the region; a summer expo and other outreach sessions over the summer; advertisements in Hudson Valley magazines and business travel magazines; information on the Kingston site on the World Wide Web; displays and exhibits at summer festivals and theater performances that highlight the City's extraordinary quality of life; displays and exhibits in local real estate offices; and using the mailing lists for Kingston High School reunions to send information and marketing materials on the City to people who grew up in the City.

8.0 TOURISM

8.0 TOURISM

8.1 Economic Development Objectives

Kingston has everything it takes to be a tourism attraction. Although it lacks a single anchor tourist attraction, such as Orange County's West Point, Hyde Park's historic mansions, or Cooperstown's Baseball Hall of Fame, it does straddle two popular tourist destinations – the Hudson Valley Region and the Catskills (Kingston is sometimes referred to as the Gateway to the Catskills). Moreover, it offers a multi-faceted tourism experience. Kingston, as New York State's first capital, is rich in history. The city also boasts a waterfront location with direct water access, unusual in the Hudson Valley region. Boating, beach-going, and other water-related activities are uniquely possible in Kingston. It also contains a host of interesting and unique specialty shops. Finally, the City has a burgeoning arts community, and a successful arts/crafts complex—UPAC. The only thing missing is a reputation for tourism.

Kingston is poised to take advantage of several trends that could increase tourism traffic into the city. Nationally, one of the major trends in tourism today is the favoring of shorter, more frequent trips over extended vacations far from home. Located within a two-hour drive of both the densely populated New York Metropolitan area and the Albany Capital District, Kingston is a logical destination for a huge population. Another emerging trend is that work-hours are becoming more flexible, and people are more able to work from home one or more days a week. Regionally, this is likely to mean that second home owners, of which there are a great deal in both the Catskills and Dutchess County, are able to spend more time at their second homes and therefore more time traveling within the region.

With the loss of IBM, tourism is becoming an increasingly valued economic force in the Hudson Valley/Catskills region. Kingston is well sited to be a centerpiece for tourism in the region. However, if Kingston is to become more of a tourist destination, its existing attractions must be packaged cohesively and it must increase its visibility and identity as a tourist attraction to both Dutchess County/Catskills second-home owners and to regional residents.

8.2 Recommendations

- **Raise the profile of Kingston as a regional tourist destination.** Kingston has a lot to offer as a weekend destination, but the competition is vast. A strong marketing campaign is vital if Kingston is to compete with other regional destinations for its share of the tourist market. The following are recommendations:
 - ▶ *Market Kingston as “The Hudson River’s Best Kept Secret.”* Place ads in major regional publications (the Gannet family of papers, the New York Times, the New Yorker, etc.) and radio stations.
 - ▶ *Promote weekend theme trips in conjunction with Amtrak.* For example, a gourmet food and wine weekend, a “Weekend on the Water” featuring canoeing and kayak lessons on the Rondout Creek, sailing on the Hudson, dinner at the seafood restaurant on the Rondout, etc.
 - ▶ Explore using water taxi service to bring Amtrak passengers from the Rhinecliff Station to Kingston, or at least to increase Kingston's profile with Dutchess County second homeowners.

- ▶ Explore renaming the Rhinecliff Station the Rhinecliff/Kingston Station.
 - ▶ Look into joint marketing with other tourist destinations in the region. For example, with the Ulster County wineries, offer a wine tour with overnight accommodations in Kingston.
 - ▶ Work with the State to improve directional signage to Kingston from all major gateways in order to raise the visibility of the City particularly the New York State Thruway, Route 9W, and the Kingston-Rhinecliff Bridge.
 - ▶ Promote Kingston as a holiday shopping center in conjunction with the winter carnival. (See also recommendations in 6.1.2).
- **Package all of Kingston’s historic attractions, from the Rondout to the Stockade, as a “Museum Without Walls,” perhaps coordinated by the Urban Cultural Park.** Kingston has a wealth of historic and cultural attractions, from the Trolley Museum to the Senate House to the Urban Cultural Park visitor centers. Individually, however, these attractions are not sufficient to bring tourists to Kingston from out of the immediate vicinity. Packaged as a single museum, on the other hand, they become a major attraction with the capacity to market to a much wider audience.
- ▶ Use uniform signage at each attraction, including a description of the location, a logo signifying that it is part of the Museum Without Walls, and a map showing all of the museum locations with a “You Are Here” icon at the appropriate place.
 - ▶ Explore the possibility of a single day-pass that could be used for entrance to all or most of the institutions. The pass would be available for purchase at any of the participating attractions, and possibly at hotels, motels and bed and breakfasts.
 - ▶ Develop a weekend trolley route that stops at each location included in the Museum Without Walls, and look into hiring a guide to ride the trolley who will indicate points of interest in a colorful manner and answer questions.
- **Build on existing strengths to increase the city’s ability to attract tourists, both from the immediate vicinity and from the larger region.** Kingston has much to offer a weekend tourist, some of which are more obvious than others. Enhancement of some of the less evident features (e.g., the historic old City Hall, the artists and artisans living and working in and around the city) would increase the appeal of Kingston to tourists.
- ▶ Use night lighting of historic facades and landmarks as a connecting theme for the three business districts. High priority should be given to the old City Hall and library in Midtown, the Old Dutch Reformed Church in the Stockade, and the bridge on Wurt’s Street, the steel mill, and the Freeman Building in the Rondout.
 - ▶ Look at every new development as an opportunity for a special event. For example, turn on all of the facade and landmark lighting at once, holding a citywide festival at the same time.
 - ▶ Encourage resident artists and artisans to hold regular “open houses” at their studios or in storefronts. Look into the possibility of creating a master lease for a number of properties to be rented to artists and artisans, making regular open houses (perhaps the first weekend of every month, or every other Saturday) and distinctive signage a requirement of the lease.

- **Market to second-home owners from the Catskills and Dutchess County.** The traditional concept of a tourist is a person who travels from far away and spends several days or even weeks traveling. However, tourists, in the broadest sense, are comprised of regional residents on a shorter trip, who are distinguished not so much by where they hail from but their reasons for visiting a place. Kingston is surrounded by such potential tourists in the form of people who own second homes in the region. There are tens or hundreds more second home residents and houseguests than people staying at hotels and motels. Second home residents are essentially on vacation in the area every weekend, and marketing to them should be a high priority.
 - ▶ Develop a spring-to-spring calendar, mailed to all second homes in the region, featuring special events and activities including the antiques markets, the farmers markets, the UPAC schedule of shows, etc. The calendar could also be available in local stores and restaurants, and could be a newspaper insert.
 - ▶ Promote Kingston as an artists/artisans center, with an eye to getting second homeowners to come explore on “open house” days.
 - ▶ Market Kingston as a “rainy day” destination in local free papers geared to weekenders (i.e., *Home and Style*) and on radio stations. The Pike Plan makes shopping in the historic Uptown particularly appealing during inclement weather.

- **Increase and diversify overnight accommodations.** Marketing a city as a tourist attraction will only go so far if the city does not have adequate accommodations for potential visitors. Neither Kingston nor the surrounding region has a great deal of hotels, motels or bed and breakfasts.
 - ▶ Work on locating a high-class hotel with ease of access from the highway exit.
 - ▶ Encourage bed and breakfasts throughout the city. In particular, remove any impediments to bed and breakfasts from the city zoning ordinance. For example, excessive parking requirements make bed and breakfasts impossible in many locations.
 - ▶ Look into a central referral or even booking service for all overnight accommodations.
 - ▶ Explore the possibility of a floating bed and breakfast on the Rondout Creek, ideally involving the adaptive reuse of an historic vessel.

9.0 THE NEW MEDIA INDUSTRY

9.0 THE NEW MEDIA INDUSTRY

9.1 Economic Development Objectives

- **The New Media industry is a rapidly growing industry.** With the exponential growth of the Internet, the new media industry is becoming one of the fastest growing in the world. This growth is dramatic in the New York region where in 1995, the New Media industry generated gross revenues of \$1.8 billion in New York City and \$3.8 billion in total for the New York area. By 1999, industry analysts expect New Media (including consumer online/Internet access services, packaged PC/multimedia software and video game console software) to surpass both cable and broadcast television networks in revenues.
- **The Hudson Valley has a combination of technological expertise and an artist community important to providing content in the industry.** The early phase of the evolution of new media was focused on developing the technology and infrastructure necessary to create products. Now that the physical capability is in place, the focus is shifting to developing content. With the level of technological talent found through ex-IBM employees, combined with the region being a mecca for writers, graphic artists, musicians, writers and filmmakers, Ulster County has the potential to become a “satellite center” for the emerging new media industry.
- **Close proximity to New York City provides access to a huge market.** New York City is one of the international centers of the new media industry. In addition, other major industries in New York—most notably publishing, broadcast media, and advertising have become major players as producers or markets for content. With such close proximity to this market, businesses could be located in Kingston and maintain close contact with the New York City market.
- **Strengthening the existing new media industry could create jobs and economic activity in Kingston.** While we were unable to quantify with any precision the number of companies in the new media industry, our estimate is that while there are a relatively large number of companies involved in the industry, it is not a significant employer in the region. Moreover, few of the companies can be expected to expand significantly. The initial belief that there were many ex-IBMers who would start the next Microsoft in Kingston has been significantly tempered. What there is, however, is a growing recognition within the region that the Internet is changing the way people live and the way businesses operate and that it is important that Kingston be a “player” in this transition. Thus, while it is unlikely that the new media industry will generate thousands of jobs, it will be a source of new business start-ups; it could help to strengthen the other key sectors in the region; and it could provide a very positive image of the region that will be helpful in its efforts to attract other technology-intensive and information-intensive companies to Kingston.
- **Through the further development of the media industry, the City might be able to attract growing companies, looking for a site that is outside of New York City, but within close proximity.** In a recent survey of new media companies in New York, one interviewee noted: “For new corporate New Media ventures, the model may be to incubate them in New York in the headquarters environment, then move them outside

(e.g., college towns in the Midwest) once they are up and running. The benefits of that would be mostly economic, with the downside being the relative lack of talent pool.” If this trend develops, Kingston, as well as the Ulster County region would be a natural environment for companies expanding out of New York City.

- **The New Media industry could provide other businesses in the region with access to new markets and innovative promotional activities.** Those involved in the new media industry in Kingston could help other businesses and self-employed individuals to access the new technologies and new marketing avenues that will be necessary to succeed in the next decade. As one local actor noted “local new media companies should convince other business people that the Internet can help them to be profitable. And show them how.” The new media industry could help local artisans tap new markets. It could increase tourism within the region. And, it could help attract new talent to the community.

9.2 Overview of the Industry in the Region

The new media field represents the convergence of computers with video, audio, graphics and text. New Media is an emerging market whose products blur the lines between several formerly distinct products and industries: computers, software, consumer electronics, communications, publishing and entertainment. A recent study on the industry in New York, completed by Coopers and Lybrand, defined the industry as follows:

The New Media industry combines elements of computing technology, telecommunications, and content—information, entertainment, personal/group communications and transactions—to create products and services that can be used “interactively” by consumers and business users.

More specifically, this report defines the following components of the industry:

New Media includes, but is not limited to, established industry segments such as: Consumer online/Internet access services; Packaged PC/multimedia software; Videogame console software. The New Media industry also includes less well-documented segments... including Web site development, interactive training programs, multimedia business information services, etc...

The industry is one that is very difficult to quantify. There is no SIC code for the industry. Businesses can be included in everything from printers (many companies involved in new media were involved in the printing industry); software development; business services; graphic arts; computer programming; to advertising. It is also an industry that is changing so quickly, that reports that are six months old are outdated.

With the explosion of the World Wide Web, an entire new industry has been created and new media has evolved from the arena of only the highly skilled software engineers and developers located in a handful of technology centers, i.e., Silicon Valley, Boston, New York City, San Francisco, Seattle—to the more mainstream. Every community in the country now has web page designers, internet service providers, and companies that are using the Web as an integral component of their business strategy. It is within this environment that one must view the industry in the Ulster County region.

In many ways, the Kingston area got into the new media industry early. With the closing of IBM and the beginnings of the development of some businesses in Kingston that were involved in multimedia, a number of individuals recognized that the area had the potential to develop a “cluster” of activities related to new media. In 1993, a group of interested individuals in the city created the “Entrepreneurial Catalyst Forum” for the purpose of working with ex-IBMers to develop new businesses. Eventually this activity evolved into an interest that was more focused on multimedia. The group created the Multimedia Access and Study Center (MASC) and applied for a \$35,000 grant through the New York State REDS program to develop a plan to promote the industry. While the group continued to meet through 1994, most of the state money was never able to be accessed due to cutbacks at the state level. This group did, however, put a computer in the library as the beginning of an effort to promote access.

A turning point in the industry locally was the holding of the “On the map” Expo that prompted many in the industry to switch “en masse” to the Web. Eventually, a chapter of MASC was started in Dutchess County through the InfoMall Project. The locus of activity for the organization has thus moved. This organization remains very active and is involved in the creation of the Info River Valley concept (see Section 2.3 for a more complete discussion of technology resources in the area). During this period, another group of individuals involved in the new media industry began to meet in order to organize a new media group in Ulster County. This group became known as the Hudson Valley New Media Association (HVNMA). They received staff support through the Ulster County Development Corporation. When staffing for this position was eliminated, the organization became largely dormant.

Currently, there is another group that has been meeting, known informally as the “breakfast group.” This group of sales and marketing people are interested in transferring their skills to the new media industry. They have developed some preliminary strategies including: sponsoring a two or three day Internet trade fair and expo; developing a multi-county traveling computer communications show; undertaking a series of Internet marketing seminars; and developing a more congenial on-line environment for the Valley’s browsers.

While Kingston got a relatively early start in entering the new media market, its current profile of new media firms does not look very different from what is currently found in communities throughout the country. Most of the activity involves individuals or very small businesses who are primarily involved in web design and hosting web sites. In addition, there are a lot of business people who are beginning to explore how to use the Internet to their advantage. There is very little evidence of advanced technological skills—the vision of the ex-IBMers starting new media companies has not really materialized in Kingston. While there are a few national sites, much of the market is local.

To better understand the current environment for new media in the Kingston area, we undertook a survey of approximately 15 new media companies in the Ulster County and Dutchess County region. Our findings from this survey are:

- Many individuals got into the new media industry through their work in graphic design, printing, advertising, and communications. Few of those involved were ex-IBMers or computer specialists. As one actor in the industry noted,

“New media in the Hudson Valley is distinguished by a wealth of professionals in traditional creative skills, who given the change, easily migrate to the new

media. To our surprise, however, we did not find a wealth of programmers from IBM wanting to join us.”

- Many were attracted to the region for its quality of life, having moved from New York or having second homes in the region.
- Most have been involved in MASC and have found that the organization has been useful in increasing the visibility of region’s talent. Some noted that they had gotten work directly as a result of MASC meetings.
- Few of those interviewed intend to grow significantly. Almost all expect to remain very small businesses with few, if any, employees. In fact, many work out of their home and plan to stay at home.
- Web site design and hosting is the primary business segment of most of the new media companies in the area. While some of them primarily serve local clients, there are a few that are national in scope, and a large number have clients in New York City.
- There is a fair amount of “virtual company” activity—small firms working together on larger projects.
- Respondents were mixed on the adequacy of the telecommunications infrastructure. While most noted it was sufficient, a few identified problems.

Based upon our review of national trends, as well as our discussions with those locally, we found:

- **The new media industry in Ulster County is not of sufficient scale to justify a number of separate, formal organizations.** When one considers that there is one major industry organization in New York City representing the New Media industry, the problems of a fragmented industry in the Hudson Valley became clear. To achieve any sense of scale in building the industry, it makes sense to work on a regional basis and build on the Info River Valley concept. While some satellite activities could and should be developed in Kingston, there are not sufficient resources to maintain and support the overhead of numerous organizations.
- **Direct access to high-speed telecommunications facilities does not seem to be a major barrier to growth, but could become more of an issue as the industry develops.** Interestingly, most of those interviewed said that while infrastructure was not an issue for them, they thought it was a big issue for others. Those involved in the InfoMall effort also noted that when a T-1 line was offered, they had few takers. Thus, while there is a lot of talk about the infrastructure, we did not find much evidence that it is currently a significant constraint to the development of the industry, which is not to say that bandwidth could not be an issue in the future as demand grows.
- **The development of the industry requires a pool of highly skilled employees—which are in relatively short supply.** Opportunities in new media are primarily in entertainment, computer animation, media production, education, music and publishing. It is difficult to put an actual job title on most of the positions involved, but they include

interface designers, programmers, video and audio producers, graphic designers, and scriptwriters on the content development side. Positions are also available for new media directors, special sales directors, managers and producers to manage the team and create a strategic plan for the product.

As new media is such a new field, it is difficult to design and evaluate educational requirements and opportunities. However, it is clear that new media is a very education-intensive field, with over 90 percent of employees having post-secondary education. Having a relatively large pool of labor available with these skills will be important as the industry develops.

- **The local financial community has not been receptive to the financing needs of startups in this industry.** Based on comments in interviews with new media firms, the financial community is hesitant to invest in new media startups, in part because they are unfamiliar with the industry and are less likely to take the risks involved in financing the small startups.

Besides this risk-aversion on the part of the financial community, there is also a fundamental issue with respect to the collateral value of any machinery and equipment investments made by new media start-ups. Typically, software being purchased is extremely specialized, and combined with the notoriously rapid depreciation of all computer hardware equipment, there is an inherent difficulty in securing loans. While administrators of the Kingston Revolving Loan Fund have expressed a willingness to be flexible with respect to the collateral issue in such cases, the fund is restricted to lending for only up to 25 percent of the project's total cost.

9.3 Recommendations

- **Material or workshops should be sponsored to educate the local financial community about new media.** To encourage greater willingness to finance companies in the industry, the city could sponsor a set of seminars for loan officers at local banks. Officials of the Kingston Local Development Corporation administering the Revolving Loan Funds could be appropriate for organizing such a seminar, being familiar with lending issues. The seminars could provide general education about the structure of the existing new media industry as well as market information about expected growth.
- **An attraction strategy should be developed that is aimed at independent multimedia contractors or consultants working in New York who are interested in the quality-of-life offered in the Kingston area.** Given the existing technology, telecommuting is appealing for those interested in relocating. The proximity of Kingston to hubs of multimedia activity in New York City make it an attractive spot for those looking to leave the city. The Hudson Valley has already been a destination point for those leaving New York and this would allow the region to reap economic benefits by attracting certain types of new residents. The city could promote its enterprise zone as a "new media" zone in select marketing documents. While the incentives would not necessarily be different, it would provide a "marketing" focus for the area. Information on the zone should be made available on local Web sites.

- **The City and County should not directly support small organizations that do not have the scale needed to succeed.** To support cooperative activities, a minimum scale is required. It does not make a lot of sense for the public sector to be supporting different organizations, serving the same cluster, with similar missions. A study of the new media industry in Canada found that:

..., both the concerns from the point of view of the individual entrepreneurs as well as the policy ones, reflect the need to create "critical mass"... critical mass here refers to the need to bring together a certain minimum number of talented individuals with the right capabilities and supporting infrastructure to really make things happen.

While an argument could be made that the entire Hudson Valley region does have the critical mass needed, it is more difficult to make that argument on any sub-regional basis. In addition to the well known efforts in New York City, a number of other regions in the US and Canada are developing new institutions to support the development of the New Media Industry. For example, in the Ottawa area, a consortium between government, industry, and local universities has been formed called New Media North. New Jersey has formed the Center for Multimedia Research as a partnership of Princeton University, the New Jersey Institute of Technology and Rutgers, Newark. In the San Fernando Valley of California, an effort to establish a new media market base considerably larger than the Hudson Valley. While a precise measure of "scale" is not available, it is clear that Ulster County alone cannot achieve "scale."

- **The region should look at developing certain "niche" markets, such as audio.** Ulster County is known for its musical talent as well as its artisans and visual artists. With nationally known sound studios, and recording artists, the region could build upon this expertise and promote the region for activities related to digital audio production. There are a growing number of examples of firms in the area that fit this "niche." For example, GPI interMEDIA, Inc. is a boutique digital multimedia agency that incorporates interactive video, animation, and audio into media and web products. The company is also launching a Web Radio Network. With the current interest in "push" applications, the region's expertise in this area could provide it with increased recognition on the national new media stage. Efforts to promote this development, or attract firms in the digital audio and video markets should be supported. *The City, UCDC, and the SBDC should initiate and promote linkages between new media companies and other businesses in the region.*

With the growing use of the Internet for commercial applications, having a presence on the Web has become increasingly important to a company's competitiveness. The City could help both the new media industry, as well as other local industry, by facilitating business association and relationships. We would recommend that the City (in conjunction with UCDC and the SBDC) host Industry Roundtables that introduce key businesses in targeted sectors with new media representatives. The two industries to start with are arts/artisans and tourism. Companies in these industries have the most to gain from a more coordinated and aggressive Web strategy. There are already models in the community of companies who are successfully using the Web to market their products. Woodstock Percussion, Inc., producers of "Woodstock Chimes" and owner of the Anyone Can Whistle store in Kingston, has developed a web site featuring high quality, unusual musical instruments. One of the local art galleries that is on-line has successfully sold a

piece through the Web. These kind of examples could be multiplied through increased linkages with local web designers and new media experts.

- **Develop linkages between new media companies and the Kingston Public Schools.** New Media could provide young people with a career path. Exposure to the industry from a very young age may be able to inspire Kingston students to enter the field. The school could invite new media talent to offer classes, support an internship program, or sponsor a career day that includes visiting New Media companies.

10.0 CRAFTS

10.0 CRAFTS

10.1 Economic Development Objectives

The Kingston region has a historic connection with the arts and this relationship to the arts community has been growing in recent years. The area is the home to artists of many different forms: potters, fiber artists, sculptors, painters, jewelry makers and photographers. In addition, there are a number of performing artists in the area. From the perspective of uncovering opportunities for economic development of the area, it is useful to understand the various categories of arts/crafts activities relevant to Kingston:

Limited Edition Contemporary Art. The dominant art forms in this sector are painting, printmaking, sculpture and photography. Some of the “crafts” activities—the higher end work—would also be included in this category. The artists in this category have usually migrated to the Hudson Valley from New York or have second homes in the area. Not all contemporary artists are able to support themselves in their work, many have to take other part-time or seasonal jobs or have alternative sources of family income.

Performing Artists. This category includes individual actors, musicians, and dancers who live in the Kingston area and perform both locally and nationally. Again, many are or were residents of New York City.

Production Studios. Within the Hudson Valley are both audio and video studios that are involved in the production of music, film and video. Bearsville Studio is perhaps one of the biggest and best known and is owned by Warner Brothers.

Commercial Art. There are a large number of graphic artists and other commercial artists who work on contract for new media companies, advertising companies, etc.

Functional Arts and Crafts. This category is made up of crafts people involved in weaving, pottery, jewelry making, furniture, wood carving, fabric decorations, etc. Most of these individuals work out of their homes and sell their goods at fairs and galleries. Again, while many make a living from these activities, others use their crafts to supplement family income.

Small-Scale Mass Production. This small but growing industry segment is made up of artists and crafts people who have moved into mass production. For example, an artisan who created individually designed wind chimes expands to develop a production facility and hire employees to mass produce a similar product. This category of arts/crafts activity offers the greatest job creation potential.

Galleries. The region has a number of art galleries that show the work of local and national artists. Kingston itself has a number of such galleries. The galleries are intergral to the retail and tourism environment in the city and thus enhance the overall economic environment. Given its size, the City of Kingston has a relatively large number of organizations and resources that support and build the art and crafts industry:

- *The Ulster Performing Arts Center (UPAC)* provides the Hudson Valley with quality, professional entertainment and culture. UPAC is a rather remarkable facility. It's a 1500-seat theater in the central downtown area and was built in the 1920s. It flourished in the early days and attracted famous performers from New York City. It experienced a dramatic decline in the 1980s and was almost torn down. People from the community hired a new arts/crafts director in 1994 who has begun to turn the place around, with lots of energy, arts savvy and creative fundraising. The facade has been renovated, as have

two storefronts on either side of the theater. The storefronts are related to the theater. Some work has been done in the theater also, notably the lobby, the concession area and some of the walls and ceiling. Much more needs to be done in order to restore the facility to its original splendor. Shows are brought in from New York City and the theater is also rented to other groups and organizations in the greater Kingston area—the latter do their own productions, perhaps with some guidance and artistic suggestions from UPAC's director.

- *The Artists Society of Kingston (ASK)* is the principal arts organization—it has approximately 170 members and prides itself on being able to survive on volunteer help, rather than paid staff and a big budget. ASK offers studio tours, arranges a sculpture show, helps people set up galleries, publishes a newsletter that acts as a strong network for the community; sponsors and organizes the annual artist open studio tour; and encourages the creation of alternative exhibition space in Kingston. ASK has been researching the possibility of creating a cooperative gallery in Kingston.
- *Galleries*—There are a number of galleries in Kingston including: Artist in Residence Studio Gallery in Kingston, a creative arts/crafts cooperative dedicated to health, healing and growth through the arts; R & F Encaustics Gallery is an arts/crafts center, gallery, school and visual arts/crafts facility; and Marcuse, a gallery and gift shop located in Uptown.
- *The Pauline Oliversons Foundation* is a foundation located in Kingston, and committed to the support of all aspects of the creative process for a worldwide community of artists. The foundation supports, presents and sponsors innovative artists in all medium. It also puts out the Deep Listening Catalogue—a unique catalogue of music and related materials.

In addition to these general resources, the City of Kingston has supported the development of the arts through zoning changes that support artist work/living spaces. The result is the growth of artists living and working in the city. Building upon this asset should be a fundamental component of the city's economic development agenda for a number of reasons:

- **Arts-related activities could provide a source of employment growth and income enhancement for community residents.** While difficult to quantify, it is clear that art-related activities are a growing source of income for many Kingston residents. Moreover, job creation potential exists for expanding small-scale activities into more “production” level businesses. There are examples within the region of small artisans who now employ a number of workers to develop their products. While most crafts people are self-employed artisans, there are a number who would be interested in expanding their product line and developing a more traditional business venture associated with their craft.
- **The development of arts and crafts related activities within Kingston is an important component of tourism development.** On the one hand, the arts are important for the tourism industry—artists open their studios for tours, the galleries are open, there are sculpture shows and demonstrations, and arts/crafts festivals. Combined, this arts/crafts activity helps the tourism industry develop a critical mass of attractions, and it makes the Kingston area something of a designation. On the other hand, several of the artists interviewed indicated that tourists don't generally buy much or buy at the low end. In effect, tourism benefits from the arts more than the other way around.

- **There is a strong potential connection between the arts and the New Media industry.** New media involves both technological expertise and creative talent. The arts community is a potential player in the industry—providing the content—whether through graphic arts or music. Artists in the area are aware that a New Media industry is emerging and they know some of the principals involved. But, outside of someone from New Media designing a Web Page (which is infrequent) for an artist, there are no strong institutional linkages. With respect to Web Page design, the owner of the Coffey Gallery had one developed. It includes the work of 10 artists and one painting recently was sold to an out-of-state customer.
- **A strong cultural environment is an important component of a city's quality of life. Promoting the arts and culture within the city will make the city a more attractive location for entrepreneurs and other private sector investors.** The quality of life in a community is an increasingly important factor in the business site locational decisions. Whether it is an entrepreneur looking for a place to live and start a business, or corporate decision makers, looking for a new expansion site, the overall quality of life is an increasingly important consideration. And, the arts and cultural environment is considered an important component of that quality of life.
- **The Hudson Valley is known as a center of the arts and has a strong reputation in the area of crafts.** The region as a whole has had a very long and strong arts/crafts tradition with the Byrdcliffe Colony, the Catskills, the Hudson River School, etc. For example, the Woodstock arts community dates back to the early 1900s with the founding of the Byrdcliffe Arts colony, a 300-acre and 28-building site on the outskirts of town. Aspiring artists were invited to attend the various summer workshops and classes that were offered by rather well-know New York City artists. Over time, artists bought summer homes, others opened studios and shops, creating a vibrant arts/crafts community that was (and remains) very high-end. The principal focus of the artists community, especially the Woodstock Arts Guild, is to preserve the arts/crafts tradition. Across the river from Kingston, Rhinebeck was the home for a number of years of one of the finest crafts festivals in the nation. The name Rhinebeck is still associated with fine crafts.
- **The City of Kingston has been attracting more and more artists and crafts people during the past decade.** Kingston was described by several people as a somewhat younger and growing arts/crafts community. Unlike Woodstock, Kingston is growing and is doing it somewhat organically—there is no infrastructure of staff and financial support that characterizes Woodstock. One of the major reasons why Kingston is growing so fast is the cheap gallery and studio space. The zoning law that allows live-work space, as well as efforts by landlords to encourage artists because they are seen as stable and mature compared to younger, area residents have resulted in a growing number of artists and artisans living and working in the city. Most of the artists community in Kingston is made up of painters, sculptors and gallery owners.
- **Proximity to New York City is very important, providing a source of new artist/artisan residents.** Many of the newly arriving artists and artisans are from New York, where the cost of live-work space is too expensive. Kingston offers an arts/crafts community very cheap space, so it's an attractive area. Also, some artists work with galleries in New York City, live in Kingston and go down to the city on a weekly basis. The customer base, however, for many Kingston artists is not in New York City, but rather second home owners, local residents, corporations, collectors and tourists.

- **The music industry is becoming an increasingly important part of the arts scene in the region.** Music has been produced in the region for a long time. Moreover, the name “Woodstock” has an international recognition in terms of the music industry. There are a number of studios producing music in the region.

10.2 Recommendations

- **Develop a building in the downtown that can serve as the focal point for the arts and artisans of Kingston.** The building would offer exhibits, displays, classes and workshops and include studios and possibly an incubator for small business development related to the arts. The community needs this to give the arts a visible and central presence in the city.

There are a number of models around the country of smaller cities that have developed very viable art\artisan centers. There are a number of different potential models:

- ▶ *Arlington, Virginia is a leader in this area winning a national innovation in government award for its activities. According to The Innovations in American Government Program: “Through its Arts Incubator program, the county is building a strong arts/crafts presence that is responsive to diverse community interests. Taking the notion of an arts incubator to a new level, Arlington County has transformed itself into an arts/crafts enterprise zone. The shift from traditional funding of a handful of established arts/crafts organizations began in 1986. Parks Department staff, working with various citizens advisory committees, developed new programs to encourage the development of local artists and new arts/crafts organization. Through the Arts Incubator program, the county provides financial support; free or low-cost facilities such as theaters, galleries and studios; and technical and administrative assistance in such areas as lighting design, costumes, and marketing. Incubator resources are also used to entice artists and arts groups to relocate to Arlington.”*
- ▶ The Arts Council of New Orleans has created the “Energy Arts Business Center” to promote art-related businesses in that city. The Center runs workshops of relevance to the arts community.
- ▶ The McGuffey Art Center in Charlottesville, Virginia is a cooperative organization located downtown. The Center “provides studio space for artist members, holds classes in various forms of crafts, provides tours, gallery talks, and exhibits; maintains a gift shop, and opens the studios to the public.” The Center also houses a gallery that brings regional and national shows to the Center throughout the year.
- ▶ Shelburn Falls in Massachusetts has successfully promoted the artisan community as part of its downtown and tourism strategy. They sponsor a lot of cooperative marketing activity. In addition, there is a site downtown that shows the work of local artists and cooperative retail space.

In order to move forward on this recommendation, we recommend the following:

- **Organize a Task Force of local artists, artisans, art organizations, representatives of the SBDC and representatives of the city to oversee the planning for the project. Given its interests, ASK should be a key organization involved in this effort;**

- **Identify potential sites for the project; and**
- **Apply for funding to undertake a more formal feasibility study of the potential project.**
- **Locate an arts school and training academy in Kingston. This would help create and infrastructure for the next generation of artists. It would also give the arts more prominence and serious attention.**
- **Develop a regional “magnet” high school for the arts/crafts.**
- **Seek to attract a college or university satellite campus for the city.**
- **Increase the capacity of local art organizations.**

As much as the arts community wants to stay loose and organic, people recognize that they need more staff capacity. They would like help in pursuing more grants, helping new artists find studio space, develop a broader customer base for existing artists (people could easily produce more product if there were more markets), publish the newsletter, etc.

- **Work with the artisan community on the development of new markets and explore the development of a cooperative arts/crafts marketing organization.**

It is not possible or efficient for each artist and crafts person to become a business and marketing expert. The City of Kingston could provide some support to expand markets and facilitate the building of new relationships.

A first step in an effort to expand local markets would be to develop stronger links between the arts community and the New Media community. Schedule an exploratory meeting with a few representatives from the arts and New Media communities. If the artists fully understood New Media, some deeper connections could emerge. Also, the New Media community might see some benefits from a more institutional relationship with artists.

On a more ambitious scale, the city could help to create a cooperative marketing organization that identifies national markets of local crafts; represents the region artists at crafts fairs, catalogues, and retail outlets; consult with crafts people on design, materials and pricing based upon market information; and investigate the potential for developing a catalog of Hudson Valley or Ulster County products.

- **Create a supportive environment in Kingston for artisans interested in mass production.** To move from a crafts person working alone, with a limited product line, to a businessperson involved in the production of a more “mass produced” product, is very difficult. The artisan often needs support around marketing and basic business skills. Moreover, artisans often have a very difficult time in accessing conventional financing for their business. Most are unaware of the state and local economic development programs that could assist them in their efforts.

The local SBDC could be encouraged to develop specialized expertise and resources relevant to the artisan community. The SBDC could provide local artisans with information on developing new markets through catalogue sales, on-line marketing, etc.

- **Create and support an apprenticeship program in the arts.** The arts and crafts-related activities could provide Kingston youth with a viable career option. While most school-to-career programs work with large companies, Kingston could explore the possibility of establishing a youth

apprenticeship program with local artisans. This effort would expose non-college bound youth with new skills and provide support for local artisans. Apprenticeships would also facilitate the transfer of skills and constitute a first step for some artist through which to test the possibility of mass production and job creation.

11.0 EDUCATION AND TRAINING

11.0 EDUCATION AND TRAINING

11.1 Economic Development Objectives

The analysis of the education and training resources raises a number of workforce development issues. Creating a competitive workforce will be a critical issue in the future economic viability of the region. Fortunately, there is already positive movement in the region toward a workforce development strategy that recognizes the importance of a highly skilled and productive workforce. The Ulster County Development Corporation's "Available Workforce" working group, the County's welfare to work initiatives, and NYSDOL's proposed framework for a comprehensive and integrated workforce development system all begin to move the region in a strong and proactive direction. Three goals should be benchmarks of any successful workforce development strategy for Kingston and the region. They are:

- *Create a workforce with skills that match the needs of employers.*

One method in which to secure well paying and stable jobs for Kingston and Ulster County residents is to create a workforce that remains relevant to the business community. Today's global economy demands industry changes in occupational structures, career fields, and entry-level requirements. A system that can adapt quickly and meet the changing needs of business not only creates better employment opportunities for residents, it also creates a level of productivity among the workforce that is an asset to today's competitive business environment.

- *Expand the labor force by increasing the number of "work ready" individuals in the region.*

One of the hallmarks of any successful education and training system is its ability to link under-skilled and economically disadvantaged residents to jobs. For a variety of reasons, many of these individuals have ceased to be a productive part of the labor force. A workforce development system that prepares these residents to become job-ready expands economic opportunity to a wider-breadth of individuals in the city and region. And, equally as important, in an environment with limited availability of labor, the expansion of the labor force meets the needs of new and existing businesses for workers.

- *Create an education and training environment that is attractive to business and supplements attraction and retention strategies for the region.*

A fine-tuned, user friendly, and relevant workforce development system can be a valuable tool to attract and retain business in the region. The system not only becomes a positive factor in the decision making process of companies positioning to stay or expand in the area, it also becomes a vital attraction to companies looking to locate new or existing businesses in Kingston and Ulster County. Within this context, the following short-term and long-term recommendations are set out for the City, the UCDC, and its business, education and training, and government colleagues to consider as they work to build a productive workforce and vibrant regional economy for the 21st century.

11.2 Recommendations

There are two directions that the city and region should pursue in terms of workforce development: a short-term direction to meet the needs of employers and increase the labor pool through targeted strategies directed at under-employed workers, and a long-term direction that shifts the region's stand-alone education and training system to an integrated, seamless system that includes the two most important systems that prepare individuals for work and careers -- the K-12 public education system and the

education and training system (including institutions of higher education). The short-term direction fills a void until the integrated, seamless system is in place.

- ***Continue to support employer-economic development input through the Ulster County Development Corporation's "Available Workforce" group meetings.***

One of the most encouraging movements in the region around workforce development has been UCDC's initiative in bringing together employers and economic development professionals. This "Available Workforce" group aims to begin addressing the workforce development needs in the region as defined by involvement from representatives from both the private and public sectors. Through this orientation, the "Available Workforce" group is able to operate as a demand-responsive entity that explores solutions to needs in the system as well as builds bridges across distinct institutions. Many of the issues and needs that have arisen out of the meetings have been defined by the private sector participants -- a crucial element to this initiative.

- ***Add welfare to work, systems integration, and targeted skills training in the areas of English as a Second Language and computer literacy to the group's list of "critical issues" to be addressed.***

The "Available Workforce" group has already identified seven "critical issues" to workforce development in the region. These are: lack of entry-level workers to meet the demands of the manufacturing sector, transportation barriers to bring workers to jobs, child care access and affordability, upgrading of work readiness skills among the labor force, better utilization of the Department of Labor's job matching services, conducting an inventory of the state, regional, and enterprise community's customized training programs, and developing strategies to retain and engage youth. The group should also add three issues to its list: welfare to work, systems integration, and targeted skills training in the areas of English as a Second Language and computer literacy. All three are explained in further detail below.

- ***Develop a more effective and comprehensive response to welfare reform in the region.***

UCDC's private-public partnership, begun through its "Available Workforce" meetings, is the demand-side perspective that is missing from the region's current welfare to work collaborative initiatives. The UCDC should add welfare to work to its list of "critical issues" and provide representation from its "Available Workforce" group to the regional Ulster County Jobs Consortium and other targeted welfare to work efforts.

The region's Private Industry Council will be playing a key role in welfare to work and should be "at the table" for discussions. The new Balanced Budget Act of 1997 authorizes the U.S. Department of Labor to release over \$3 billion nationwide to create additional job opportunities for the hardest-to-employ recipients of welfare. The grant money, of which New York State is eligible for \$96.7 million in fiscal year 1998, aims to supplement current welfare reform efforts through job placement services, transitional job opportunities, and other support services. Although largely successful overall, welfare to work efforts now have to deal with those recipients left after the more qualified have been found work. The new federal funding is an opportunity for the Kingston region to act proactively and use the money to increase its labor pool by moving hard-to-serve recipients back into the labor market. Below are two recommendations as to how the funding should be best utilized.

- ***Focus on job retention efforts across the system.***

Meaningful employment moves beyond just "attachment" to the labor force. It involves securing stable employment over a sustained period of time. Many welfare programs in the region focus on education,

training, and job placement (all necessary and vital parts to a successful welfare to work matrix). Job retention efforts, however, are often neglected and are critical to a successful long-term movement from welfare to work. Welfare recipients with little or no job experience rely on job retention efforts more than others. One method to change the system's orientation is to restructure the current performance based formula and give increasing financial rewards to education and training providers that succeed with long-term placement—not just initial attachment to the labor force. Another method is to develop support networks and a set of financial incentives to give to recipients long after they have secured a job. The Ulster County Jobs Consortium (which includes the Department of Social Services), the UCDC's "Available Workforce" group, the Ulster County Job Training Administration, and the Private Industry Council, should be the key organizations involved in designing a job retention program for the Kingston region.

■ ***Create opportunities for career enhancement and credentialing.***

Opportunities for most welfare recipients to enter the labor market center around entry-level jobs with low pay and minimal benefits. Most recipients/trainees are expected to upgrade their skills on their own as opposed to a continuation of their programming. Therefore, they tend to remain in these entry-level jobs with low wages. A parallel strategy that not only boosts an entry-level job to higher earnings and professional responsibility but also provides incentive and motivation for retention is a system of career ladders, further education, and credentialing for on-the-job work. The same organizations identified in the previous strategy should (1) work with industry to define career tracks for welfare recipients, (2) develop a system of credentialing for these tracks, and (3) collaborate with Ulster County Community College to provide scholarship money to all recipients for pursuit of further education at "off-hour" times for working students. Again, the new federal welfare to work grant could provide the necessary funding to make these programs work.

■ ***Add a "systems integration" task force to begin laying a foundation to adopt the region's broader "One Stop" and state-level integration initiatives.***

As the region moves forward on these issues, key institutions and leaders will need to be engaged in a re-education effort to explain the benefit and workings of true systems integration. The "systems integration" task force should be the initial body to push the concept of systems integration, a role that eventually will be undertaken by the statewide NYSDOL effort discussed below. The City of Kingston should share the results of this report with the group and then raise the issue of how to proceed in the interim with laying the foundation for an integrated education and training system. The discussion should not be viewed as a "hard sell" of the idea on an integrated system, rather it should be seen as an effort to talk about the logic and benefits of proceeding immediately with the reeducation efforts.

The task force will take short-term responsibility for education efforts as the statewide effort is viewed as a long-term 12 to 18 month process. The task force will fill the void between the present situation and the intended completion of the statewide initiative. Two items that this task force can implement immediately are:

■ ***Prepare a white paper on system integration that provides a framework for discussion throughout the region.***

Once a series of meetings has occurred within the working group and once additional relevant information has been collected, a white paper should be developed that provides an outline of how systems integration can work and how it will benefit the region. A document of this kind is important to provide visibility and credibility to systems integration. It also gives the issue a sense of permanence.

- ***Convene a one-day conference on an integrated education and training system in the spring of 1998.***

This activity would offer individuals from all constituencies an opportunity to be better informed about the issue of integration and it would give them the chance to participate in shaping the form that systems will take over time. Key issues and problems that emerge from the conference then become a major part of the workplan for the statewide effort.

- ***Add targeted skills training in the areas of English as a Second Language and computer literacy.***

Although the skills training within the county encompasses a broad range of occupational categories, two areas of particular and immediate importance to Kingston are ESL and computer literacy. A concerted effort to meet the needs of both the employers and residents will be served through the two recommendations outlined below.

- ***Expand English-as-a-Second-Language (ESL) courses to meet the needs of the growing immigrant workforce in the region, and promote the importance of English speaking skills within various ethnic groups.***

It was very clear from employer comments that immigrant workers are already an important part of the region's workforce, and that language problems are an issue. The City of Kingston and UCDC should examine the range of ESL offerings in the region and take steps to see that the supply meets the demand, in terms of both quantity and quality. In addition, efforts should be made to educate residents about the importance of English speaking skills in the workplace. Community-based groups that represent various ethnic groups should be contacted and involved in the promotion of ESL programs.

- ***Establish a cooperative and concentrated effort among the schools, business community, and training providers to reach as close to 100 percent computer literacy as possible among Kingston school students.***

Discussions with employers as well as educators and training providers indicate that computer training is occurring in the County, but not on the scale that it should. Because virtually every job and workplace in the coming years will involve computer use in some fashion (from simple word processing to complex financial and manufacturing-related applications), all high school students should have a high degree of computer literacy upon graduation. The County is small enough that a concerted effort by business leaders and educators should make it possible to accomplish the goal.

- ***In addition to a focus on manufacturing, the "Available Workforce" group should develop sector specific task forces focusing on financial services/information processing and health care.***

As noted in previous sections, two sectors that hold particular promise in terms of employment potential are financial services and health care. There is an existing consortium in the region, the Northern Metropolitan Hospital Association Consortium, that is seeking to develop new training programs in health care. The UCDC Workforce Group should ensure that training providers, employers, and other local actors are involved in this activity. Similarly, the "Available Workforce" Group should organize employees involved in financial services and information processing to be responsive to their workforce needs. Training providers and the Ulster County Community College should be encouraged to develop new curriculum that is designed in cooperation with a consortium of employers in the industry.

Building a truly integrated education and training system is a very formidable and long-term undertaking. The current system has been evolving and defining itself for decades. It has its own operating strategies and principles, its own incentives, power bases, and sources of funding. It is important to stress, however, that an integrated system does not require a new bureaucratic organization that will complicate an already crowded education and training landscape. The new system can build upon the initiatives and structures in place, but it needs to do that in a more coordinated and deliberate fashion.

The WIRE program in Richmond, Virginia, offers a good case in point. Employers and business organizations in the city decided to review and analyze the existing education and training system before creating a new one. What they found was a system that had sound educational programs and moderately successful employment and training programs. What was missing was the coordination, cooperation, and integration needed to produce highly-skilled and progressively trained individuals. Richmond felt strongly it was much more appropriate to improve and strengthen what existed and make the system more integrated. Fundamentally, the Richmond program was centered on process first and then substance. The region has the additional impetus of the NYSDOL's initiative to develop a region-wide approach to workforce development. Below are recommendations that can help the city and region "break out of the box" and begin developing an integrated system that builds a world-class workforce and environment to pursue business.

- ***The region needs to capitalize upon the opportunities presented through the integrated workforce development system proposed by statewide policy.***

The statewide effort initiated by the NYSDOL and the benchmark document a "Policy Framework for New York's Workforce Development System" hold particular promise for the region's workforce development effort. The effort's distinction is its employer/customer driven focus and mandated integration of education, economic development, and employment/job training stakeholders. Meetings have begun in the County to begin the process. The relevant stakeholders are at the table. However, the process to implement system-wide changes and realignment is viewed as a long-term process taking anywhere from 12 to 18 months. The short-term directions aim to bridge the gap between the present and the end product of the NYSDOL countywide effort. The region should continue to move forward with the effort and use the following recommendations as a guide.³¹ With expediency and effort, the region may have an opportunity to win additional financial incentives and grants to further the system.

- ***View the two most important systems that prepare individuals for work and careers, the K-12 public education system and the employment and training system (including institutions of higher education), as the linchpin for an integrated system.***

In simple terms, the K-12 system is intended to provide individuals with the fundamentals of a good education and a mastery of "basic" skills, while the employment and training system is designed to give people the opportunity to strengthen and build upon the "basic" skills. The employment and training system also offers people the chance to gain new and advanced skills. The higher education system is designed to offer higher level skills, and is increasingly an important part of the overall training system. The process should be one in which individuals move progressively up the ladder from lower to higher skills and abilities. While there is some coordination within the systems, there is little substantive connection.

³¹ Attempts to build an integrated system of education and training are occurring throughout the country. Several initiatives were reviewed to guide our research: Guilford Technical Community College's Workforce Investment Council in North Carolina, Oregon's Workforce Quality Council, Tulsa's Workforce Development Compact, and Richmond's Workforce Readiness Initiative (WIRE). Additionally, some of the literature on education and training system reform was used.

The systems currently operate independently from each other (although the one recent exception is the school-to-work initiative that is beginning to bridge some of this divide). They have different teaching philosophies, different timeframes, different assumptions about the workplace and the labor market, and different performance standards. And, rather than creating a clearly-defined and sequenced path in which individuals can progress from a set of basic and fundamental skills to increasingly higher levels, the two systems act in isolation. The consequence is fragmentation and often confusion among individuals and employers. In order for the systems to produce a high-quality product (i.e., an individual with high performance skills), there needs to be more coordination and integration.

In addition to New York, other states and regional economies are adopting this principle of integration. They are trying to build a system that has an internal logic and a sequencing of knowledge and skills. Also, the literature on education and training is underscoring this notion. To collaborate, educators and training providers “must view themselves as parts of a system (non-competing parts) and view their mission as preparing individuals both for employment at certain levels and for continuation in the education and training system later. The trick to creating an overall education and job training system from the two currently disjointed systems is to fashion these links systematically, in ‘ladders’ of education and training opportunities that can move individuals from their existing levels of accomplishment to higher levels at which they prepare for jobs of increasing skill, earnings, and stability.”

- ***The behaviors that individuals need for good jobs and a viable career should drive the new integrated system.***

Profound changes in the corporate and industrial workplace have occurred over the last ten years. Fierce domestic and global competition has forced companies to adopt a number of changes in the way they do business. The result is a dramatically different work environment, one that requires “high performance” from employees: team work, problem-solving, critical thinking, understanding systems, and effective written and oral communication. Employers feel, however, that many employees lack the skills and training needed to perform at higher levels.

- ***Develop a common, articulated, and agreed upon vision for the new integrated system, one that focuses intensively on the skills outlined above.***

The vision is critical in outlining what the system is intended to do. It allows for all individuals who work within the system to understand, and presumably buy into, a bold and creative approach to higher skills and performance. Market the concept to parents and educators that higher education is not the only valid path for career development and advancement. Many parents and guidance counselors continue to advise young people that college is the only path to developing a career. In fact, not all students should necessarily go on to college. Quality vocational and technical education is a valid career path offering long-term opportunity for many youth.

- ***Use existing vehicles and organizations to create the integrated system rather than create another organization.***

The NYSDOL’s working group will most likely be the standing body to implement much of the overall direction and initiatives. But the region has many existing alliances that can be logical vehicles to carry forth elements of an integrated system. The Ulster County Jobs Consortium, Ulster County School-to-Work Partnership, UCDC’s “Available Workforce” group, and the existing JTPA consortium all have areas of collaboration and expertise that can be coordinated into an overall system.

The new integrated system should have a coherent, articulated, and sequenced program of education and training in which individuals climb a “ladder” of instruction and skills acquisition. Each component of

the system should be designed to move individuals from lower to higher levels of skills. Each step of the ladder is required to specify the programs that precede it and those that follow. The relationship between the community college system and four-year higher education institutions, in effect, contains the key elements of this approach. Students are well informed of the requirements needed to enter the community college system and the requirements needed to transition to a four-year college or university. This approach can and should be used as a model for creating the new integrated system.

- ***Involve CEOs from local businesses and key nonprofit organizations, as well as CEOs from the major education and training institutions in the conceptualization of the integrated system.***

This kind of executive-level involvement is essential to creating the vision and successfully designing the new system.

- ***Develop the financial and support resources that will be needed to help public school teachers adapt to the new system.***

Each model that was examined and virtually all of the literature that was reviewed on this subject underscored the importance of teacher training and development. Teachers will need help in understanding the changes that have occurred in the workplace as well as the marketplace. They will need support in developing new curricula and new methods of teaching that are consistent with higher level skills and thinking. Providing the resources for teacher supports systems is crucial.

- ***Create a mechanism that tracks individuals as they move through the system, so that they do not become lost or confused.***

Many employment and training programs have a case management system that makes sure clients are progressing. Such a program could be used in the new integrated system.

- ***Create incentives for vertical coordination and integration and abolish programs that are inconsistent with the system's vision or that operate independently from the system.***

In effect, this approach provides a vehicle for holding programs, organizations, and individuals accountable. Community colleges should be used for their strengths: offering higher level education, advanced training, certificates, and credentialing in specific occupational areas and degree programs. Finally, the UCCC's Business Resource Center is a logical focal point for many of the customized and satellite programs.

- ***Integrate support services (e.g., remedial programs, job readiness, literacy), with other elements of education and training rather than treat them in isolation.***

Support services should also be experienced-based, continuous, and developmental.

- ***Maintain and share employer-related and current labor market information among all educational and training institutions.***

Similar to the vision outlined above, the labor market information will give all components within the system a common framework to work within. The NYSDOL's policy already states that all government programs will share this information. It is critical that this information is shared across the entire system. Such sharing of information will keep specific career and occupational programs on track and up-to-date. It will also provide some assurance for individuals moving through the education and training system that they are being prepared for jobs and careers that are based in reality.

12.0 REFERENCES

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