

Talk CNY- Transcript for S1E13

Andrew Fish 0:06

Welcome to CenterState CEO's semi monthly podcast, Talk CNY presented by NBT Bank.

Kate Hammer 0:12

On Talk CNY you get an inside look at the people, projects and planning moving Central New York forward.

Andrew Fish 0:18

I'm Andrew Fish, Senior Vice President of Member and Business Experience at CenterState CEO, Central New York's leading business leadership and economic development organization.

Kate Hammer 0:27

I'm Kate Hammer, business coach and member at CenterState CEO, and we are your hosts for Talk CNY. Take a moment right now to subscribe in your listening app for new episode reminders every other Wednesday,

Rob Simpson 0:40

We need to think about our future in a different way. We need to challenge ourselves to think differently about what growth looks like, we need to challenge ourselves to make sure that people aren't left behind in this period of economic expansion that we know is coming to Central New York.

Andrew Fish 0:55

Welcome to our third quarter check in with special guest, CenterState CEO President, Rob Simpson. On this episode, we will get an update on Micron's investment, learn about the substantial economic development projects in our pipeline that we're managing, and get an update on the Tech Garden expansion. Welcome, Rob.

Rob Simpson 1:10

Thanks for having me.

Andrew Fish 1:11

Yeah, excited to have you here.

Kate Hammer 1:12

Yeah, well, we can barely believe that we're already in the third quarter. Just snuck right up on us. But if you, looking back at the previous quarter, if you could take one story from your experience to sum up that second quarter, what would it be?

Rob Simpson 1:30

One story, I think just the constant drum of activity that we've seen. I know there's a lot of discussion and reporting going on around concerns about the national economy. We've been hearing about a recession coming for over a year. The reality is the job market remains strong. The investment climate remains strong. Companies continue to talk about and plan for expansions of their facilities. So I would say, you know, the story really is around pipeline development, what's happening in Central New York continues to be really robust. And I think that while there are clearly some headwinds continue to be with interest rates high right now, I think that we are seeing a moment where the Central New York market is probably outperforming what's happening nationally. And I suspect that that is going to continue, even if and when we were to end up in some sort of slight national recessionary environment. I'm just not seeing the signs of it here in Central New York. And I think that's a really positive indicator for things to come for the rest of the year.

Kate Hammer 2:27

Yeah, absolutely.

Andrew Fish 2:28

You know, it was a year ago, when we were deep in the discussions, the final stages of of the Micron project and the negotiations, there, Chips and Science was being passed. But you know, there's been a lot that's happened, particularly in the tech industry, and what's happened with Micron stock prices and other things. And it's created some concerns. And we've talked about this before about, you know, why this is something that is not about today's market and about the future. But can you share a little bit about what's maybe happened recently, in the last few weeks, I know, we're dealing with things with Micron on a constant basis, but even just within the last month or so that we've been working on with them, some of the milestones or things that they have accomplished that really helps us to drive home, this investment in that it's happening.

Rob Simpson 3:08

Yeah, I just, there's so many different work streams going on with Micron right now, we just would say to the listeners, I have total confidence that this project is happening, it's happening on the pace of the schedule that's been publicly articulated. We know for a fact, micron is in the process of submitting their final Chips Act application, right the the actual application to go in and get access to the Chips and Science money that was passed just about a year ago, they're going to be submitting that project in the end of July, that's going

to be a huge milestone. We know they continue to work really closely with the county and state on issues around DEC air quality permits NEPA review, seeker review, all those are important milestones, it was recently reported that they just recently bought another parcel, another 20 or 30 acres on which they're going to be building a childcare facility an onsite childcare facility for their employees, which is something that's awesome. And something that we really applaud and I think is going to be a really great addition to our community. And so the company continues to focus on all the major milestones necessary to execute on this project and to continue to make investments here in Central New York. And here before the end of the month of July, we are going to have the opportunity to bring key Micron executives back into Central New York, and they're going to have a number of new announcements to share that I think the community can be excited about.

Andrew Fish 4:19

It's exciting to hear those.

Rob Simpson 4:21

You know, one of the other things I would I would share with people I had the privilege just last night literally getting back from San Francisco, where it was with a number of our colleagues from CenterState, certainly our partners in Onondaga County, New York State, a number of other folks throughout the upstate New York economic development ecosystem and Micron. At Semicon West, one of the big industry trade shows for the semiconductor industry. Micron was gracious enough to host a reception with a number of their critical suppliers, companies that they do business with all over the world and companies that they are encouraging to do business here in Upstate New York here in Onondaga County in ways that will support their US based manufacturing goals. And so the fact that we are having a chance to talk face to face with some of these companies that are that are at the leading edge of semiconductor manufacturing that are so critically important to Micron's success, and their enthusiasm for better understanding what's happening in our community, and how they can become a larger part of this revitalization that's happening here in Central New York has is wildly fulfilling. I will just tell you having the Semi Con now for a number of years in a row, it is a lot more fun to be out there at a big trade show when we have Micron on our side of the table as a partner, right helping us to sell helping us to talk about and frankly telling our story about why they chose Central New York for their location. It's a lot more fun when companies are coming up to us than us having to go cold call and every booth, although we're certainly willing and able, and we're doing plenty of that over the course of the last couple of days as well.

Kate Hammer 5:49

Yeah, that sounds like a lot of fun.

Andrew Fish 5:50

Yeah, yeah, absolutely.

Kate Hammer 5:51

So it's happening. It's real. Micron was a partner with you when you got to visit that conference and that changed the dynamics for you in the conversation for you. So what do we need to be doing to prepare? We had David Kavney here from NBT Bank for our last episode recording, and he was talking about the way that banks need to be agile, and we need to be thinking as companies about how we can maybe work beyond our normal scope. So can you talk a little bit more about how should we all be engaging in this process, regardless of the industry.

Rob Simpson 6:23

I think there's a couple of really critical pieces that the community needs to be focused on. The first I think, you know, your segway into David, and the banking system, I think, is really important. We know interest rates are extremely high, we know there's been some pressure, particularly amongst the regional banks, given some of the concerns around places like Signature and Silicon Valley Bank. And what that has created is conditions where there just isn't as much lending activity going on. Customers, because rates are high, they're asking to borrow less, or if and when they are looking to borrow, there were rules and restrictions around those are a little bit tighter than perhaps they were just a couple of months ago. And I think that is certainly creating the conditions where some of the investments that are necessary to be made today, and I'll use housing as a as an example, some of those investments are gonna be harder to make, they're gonna be more expensive to make, they're gonna be riskier to make today than they would have otherwise. So you can't fight the markets. I appreciate the comments from from David Kavney, and others in the financial sector, but we need them to lean in as much as they possibly can. We need to get the message to their executives, whether they're here in Central New York, or, you know, regionally based in the northeast, or the national banks, wherever they are in New York or some other financial center, we need them to understand that the dynamics here in Central New York are different. And we're a good bet. Second, we do really need to continue to focus on housing development. We're just reviewing with our board earlier today, a list of housing projects, 29, housing, housing projects that are in our development pipeline here in central New York right now about 7200 units of housing that are comprising those 29 projects. Now, they're not all permitted, they won't all happen. We've already seen a couple of projects where some towns have pushed back against those projects and said, either we don't want it, or we want you to do something in a smaller scale, that's going to be one of the biggest battlegrounds, I think going forward is ensuring that we have an adequate supply of housing throughout the community. But let's face it, in particular, in both the city and our inner ring suburbs, where you have the highest

population density, we're gonna have to continue to build housing of all kinds, including affordable housing to protect the most housing vulnerable. So I think, you know, certainly, pressure on the capital markets is very important. Housing is critically important. I also think we need to start getting better at telling our story here in Central New York. We are going to have to recruit talent, I will just say that as I continue to engage with our members and hear from them about their hopes and their expectations, and maybe the challenges that they anticipate post Micron, one of the big ones is around, hey, what's gonna happen to my workforce? Are they all gonna get pulled to go to work for this new employer? How am I going to be competing with a global technology company like that? And I think part of my answer to them is also part of the the the answer that our community told Micron when they were coming here, which is to be successful, we are going to need to grow our labor force, we're going to have to do that in in three distinct ways. First, we need to identify as many people from our hidden talent pools right that often are overlooked. People who are un and underemployed will come from traditionally disadvantaged backgrounds who don't have access to jobs and training. We need to we need to move as many of those people into a place where they have access to opportunity. And employers are giving them those opportunities as we possibly can. Two, we need to do a better job of recruiting more people to our community and becoming a place where population growth is something that we can count on on a pretty consistent basis. People are going to come here all over the world for jobs it Micron for jobs and other high tech firms are already coming here for jobs at SUNY Upstate Medical and Syracuse University are eds and meds and we have to leverage that we have to get better and more comfortable telling our story, this is an awesome place to live. And understand that there are people who might be in Silicon Valley today working in a high tech industry who are going to want to be here. Right? It's not like we even need to sell them anymore. They're facing astronomical housing prices in places like the Bay Area, they can't afford to be there, they don't want to be there, they want to be in a place that has an awesome quality of life and a more affordable cost of living. I think that's something we can do also. And the third leg of the talent stool, is I think we have a unique opportunity to really position Central New York as a place for secondary migration for our refugees and our new Americans. Central New York is a place that has always had a history of being welcoming to people from other parts of the world, that welcoming nature, that openness and inclusivity has been a boon for our employers. Companies like sickly, that have 37 plus different nationalities working on their shop floor or Marquart out in Madison County that has a pretty consistent track record of hiring from our refugee and immigrant community as well. We can do a better job, I think of organizing our employers identifying our employment opportunities, and positioning Central New York to not only receive as many refugees as we can from the federal immigration system, but also to let them know, as they're located in other parts of the country that this has open arms. We're going to need to execute on all three of those elements in order to ensure that we've got the talent to accommodate the growth that's coming.

Kate Hammer 11:24

Yeah.

Andrew Fish 11:24

It's awesome. And you know, those things are not just relevant as it relates to the growth for Micron, we're seeing a lot of growth in other areas, particularly, you know, when when we did talk to David, he was he was, you know, touting the opportunities for, you know, collaborations, and maybe, you know, getting involved with people who historically had been considered competitors but now sitting across the table from them. And we're seeing opportunities for that for the region as a whole. And it's coming to fruition in our work that we're doing around tech hubs. And so for the listeners who maybe aren't familiar with that, can you share a little bit about what that is, what's tech hubs and how we, as a community are thinking differently about how we collaborate.

Rob Simpson 12:02

So as part of the Chips and Science Act that was passed in August of last year, the federal government has appropriated the single largest investment in research and development since World War Two. So this is something that we've been an active champion for a long time going back and partnering with Senator Schumer on a bill that was initially called the Endless Frontiers Act become the Chips Act became the Chips and Science Act. Long story short, There are now billions of dollars available to help communities off the coast, right, the traditional technology innovation centers, Boston, New York City, San Francisco, Silicon Valley, and really moving investments and helping places in the middle of the country, places like Syracuse, places like Ohio, places like Michigan and Wisconsin to be more globally competitive. And this program is pretty amazing in its scope and scale. We are, we're really excited to be helping to lead a collaboration between Syracuse, Rochester and Buffalo. In my 20 year career, we have certainly partnered and worked with those communities on a number of different things over the years. But I would say that collaborating around a singular application to ensure designation for Central and Western New York as a federally recognized tech hub is an order of magnitude different in terms of the scale of collaboration that we've had with them before. And I think that's really exciting. It's the direction that we've always believed we needed to move in. I think there's an openness and a receptivity from those communities to partnering in ways that maybe historically there haven't been and, you know, certainly our private sector is helping to drive that. But even our academic institutions, across those three communities are really leaning in to the Vice President of Research at all those colleges and universities are sitting at the table talking to each other thinking about how we can line up our research and innovation assets against this tech hubs moment. And that's incredibly exciting. I think we're gonna have an awesome application. Those applications are due August 15. So yeah,

no, no, just about a little bit more than a month to finish our work and, and get that application in. But, you know, we've talked about this before, you know, things like Chips and Science, tech hubs, you know, Micron investment. And it's just all of these elements are continuing to reinforce the narrative that this is our moment here in Upstate New York, and in Central New York, and we got to capitalize on it.

Andrew Fish 14:15

So obviously, the center of those tech hubs applications is the concept around, you know, specific innovation in technology here in Central New York. The center of that, for us has traditionally been the Tech Garden couple months ago, we had John Liddy on talking about the continued efforts around the expansion that we're gonna be doing Tech Garden super exciting project. Don't want to miss a chance to get an update on that while we have you on so what can you share with us about what's happening with the Tech Garden expansion.

Rob Simpson 14:38

Greenlight go! We are literally in the process of finalizing the contract our construction manager to take that project and more than double the size of the Tech Garden when all said and done, it's going to be nearly a \$30 million expansion project. We've been working on it organizationally now for the better part of six years trying to create the conditions to enable that expansion certainly raise all the capital and I just I want to take a minute and thank our partners, particularly our public sector partners from the state to our Senate and Assembly delegation, the mayor, the county exec. You know, there's been this universal recognition that innovation and entrepreneurship strategy is critical to our success. And I think we've always believed that for the last 20 years has been a core pillar of our growth strategy. But now in a post micron environment, I think it's even more important for us to focus on innovation and entrepreneurship, because we cannot become overly dependent on any singular industry or any single employer. That's the mistake we made in the 50s with GE, that's the mistake we don't want to recreate. And so doubling down on companies like TCG or Impel or Density. Other folks quadruple Biosciences in our market that are starting here, growing here and creating hundreds, if not 1000s of jobs, that's what's going to guarantee our economic diversity going forward and our economic security. And so couldn't be more excited about this project, we'll have a formal announcement of the expansion, maybe a beam raising of some sort, sometime in the month of August. And so just super jazzed for all of our entrepreneurs who've been waiting and wondering when this project is going to start, who want to see our community continue to invest in their success. I've been hearing a lot over the course of the last week or two from folks who are just beyond excited to know that our community is making that big of a bet on this important sector of our economy.

Andrew Fish 16:25

And it's not just the contract, our teams and our tenants are all they're not in the space right now. Right, we moved?

Rob Simpson 16:31

We're ready we did for the first time in 16 years, the Tech Garden is relatively empty, and we moved our tenants out into a temporary space so that we can undertake the project without, you know, dust falling on people or noise disruptions. So we want to want to have the safest construction site we possibly can. And so it's just a really exciting moment right now.

Kate Hammer 16:48

Well, as of July one, there's nearly \$8 billion in projects and our economic development team is tracking them. So that doesn't even include Micron or its suppliers.

Rob Simpson 16:59

Yeah, it is remarkable to see what has happened over the course of the last year, the evolution of that pipeline, you know, certainly Micron's of the headline, right? We all know that. We're all excited about that. There's a huge amount of work that goes in, but our local companies are expanding and growing a huge amount of the pipeline that you just referenced that 8 billion are local companies that want to get out there and do more. They want to add employees, they want to add capacity, many of whom are pulling the trigger on their projects to get ahead of the Micron construction boom that we know is coming starting in spring summer of 2024. But we're also seeing a huge uptick in projects that are from other parts of the country. And in some cases, other parts of the world that are kicking the tires on Central New York, again, there's a couple of factors that are driving that one, you don't have to look too far. In fact, if you open your phone right now, you'll see headlines about temperatures of 130 degrees and Phoenix, right, completely and totally unsustainable. And, you know, from a climate resiliency standpoint, as it relates to temperatures as it relates to water availability. And so I think some of those climate pressures are starting to push companies to really think about the Northeast and the Midwest. Again, we're also seeing a huge amount of reshoring activity industries that had moved offshore in the 80s and 90s and early 2000s, that are starting to think about a domestic location. And again, and some of that's because of US industrial policy, some of it's because of state policy. But the fact remains, companies are thinking about doing manufacturing in the United States. And understanding why it's so important. Again, in places like Upstate New York, that lost a lot of those manufacturing jobs when they went offshore are likely to benefit from the return of those manufacturing jobs. That's just common sense. And we're seeing that reflected in the pipeline. So it's incredibly exciting opportunity, I would say 75% of that pipeline is remains manufacturing related. There's just we're seeing it across the board. We're seeing it in everything from professional services,

we're seeing investments by our eds and meds, we're certainly seeing investments in tech. And it's almost mind boggling to talk about 8 billion dollars of economic activity that isn't Micron. But it's extremely exciting, certainly keeping us busy. And I think that we are going to see the fruits of those investments. We hope to have some more announcements over the course of this year as some of those companies moved from our pipeline and to into our close sales and conversions. I think there's a lot of exciting things we will have to celebrate before the end of 2023.

Andrew Fish 19:28

We're going to need to take a break. But just to put a finer point on that we every time we've done this update with you. For the last three quarters now, that pipeline has grown \$2 billion each time we've heard.

Kate Hammer 19:39

What? Is that true?

Andrew Fish 19:41

That is absolutely true. When we talked about the first quarter, that was around 4 billion, and then it was around 6 billion. And now it's around 8 billion.

Rob Simpson 19:48

And I'll tell you I think that that pipeline is just going to continue to grow as we move into next year. You know, having been out on the west coast for the last couple of days talking with supply chain companies that work with micron on working with our county and our state partners to think about how to position our region to be had the most robust semiconductor supply chain we possibly can, these companies need to be here and they want to be here. They they depend on Micron for critical elements of their business. And so then being here is going to be a part of Micron's success. And our ability to support them is going to be critical to our ability to support micron. And so what is today an \$8 billion pipeline could very easily be larger than that as we move into the third quarter on that. And the fourth quarter. You know, we'll check back in I'm sure, yeah, we'll see how big that number is. But it's incredibly exciting. Listen, just in our own organizational brand, right. Opportunity is where this organization has always stood for economic opportunity, personal economic empowerment, opportunity to put Central New York back on the map. And the opportunities that we have right now have the potential to change this community in perpetuity. And that's incredibly exciting. Frankly, it's a privilege, I think, for those of us who have a chance to work here to be participating it to be helping to enable it, and to be a partner in the great success that we're finding in this region today. And that we know is still to come.

Andrew Fish 21:11

So when we come back from our break, we're going to bring back a fun little segment, and we'll hear from you, I won't give it away. But folks who've listened the last two episodes know what we're going to ask you in the interim, our presenting sponsor of Talk CNY, NBT Bank.

NBT Bank Sponsor 21:26

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Kate Hammer 21:57

This is CenterState CEO's podcast, Talk CNY, and we are back with Rob Simpson. And Rob, we are so excited to ask you for a third time, what your favorite or ideal one or two words would be to describe the third quarter?

Rob Simpson 22:15

I'm gonna say comfort zone, I think that we need as a community to challenge ourselves to get out of our comfort zone. We have been operating under a certain set of parameters for a very long time, probably a decade, a decade and a half where we've been looking to pick ourselves up by our bootstraps and we need to think about our future in a different way. We need to challenge ourselves to think differently about what growth looks like, we need to challenge ourselves to make sure that people aren't left behind in this period of economic expansion that we know is coming to Central New York, we need to challenge ourselves to frankly lead not just let this economic activity come at us. But to help drive it and shape it and manifest it in a way that is going to create the best version of Syracuse and Central New York instead of some muted version of high growth community that starts to look like every other high growth community across the country. That's not what I want for this region. I don't think it's what anybody here wants in Central New York. So I think we need to get out of our comfort zone and push ourselves on these hard questions on housing affordability, around transportation around race and equity around immigration. Issues that frankly, I think oftentimes someone hears them on a podcast and like, oh, man, that sounds politicized or it sounds difficult, or it sounds like something maybe I want to avoid. And I guess my point would be like, I think the opposite is true. Like we have to lean into these hard conversations. If we're going to be the best version of ourselves and we possibly can be.

Kate Hammer 23:56

Wow, comfort zone. Comfort zone. I was not expecting that.

Andrew Fish 23:59

I mean, gotta get out of our comfort zone. Yeah, absolutely.

Kate Hammer 24:02

Let's go.

Andrew Fish 24:03

Rob, thank you so much.

Rob Simpson 24:04

Thank you!

Andrew Fish 24:04

Always a blast having you on really enjoyable and we really look forward to having you come back for the next quarterly update.

Rob Simpson 24:11

Same here. Thanks, everybody.

Andrew Fish 24:12

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Kate Hammer 24:40

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