

How Bureacracy and Bickering Brought Down Niagara Falls

The mighty river cuts between two cities. One of them is doing fine. The other is a mess.

By [Rob Gurwitt](#) | September 2009

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Down an overgrown path along the bluffs above the Niagara River gorge, a couple of miles downstream from the breathtaking cataract that gives Niagara Falls, New York, its name, there is a long-forgotten abutment from which city leaders think they can see the city's future. Remarkably, it looks a great deal like the past.

Not the immediate past of Rust Belt decay and abandonment, or the unseemly history of industrial pollutants that seeped into the river and poisoned the earth. Instead, beyond the abutment's edge lies a sanctuary for birds that wheel above the undisturbed waters far below, a riot of native greenery climbing the steep banks, and far in the distance, the eternal plume of mist from the Falls.

If you knew nothing about Niagara Falls, this is the view you might expect the city to offer a visitor. It is a view that Mayor Paul Dyster believes his city must be able to provide if it is to have any hope of reviving. "We have to develop a niche of the tourism market that plays to our strengths. And what we have over here," he says, "is a close association with

nature."

But there's a problem. As sublime as the view of the gorge might be, Dyster wistfully calls this stretch of the river "The Falls No One Gets To See." That's because 50 yards away is the four-lane Robert Moses Parkway, named for the downstate planner and power broker who had it built in the early 1960s. The "Parkway" separates all but a few blocks of the city from its greatest natural and scenic resource, which makes the odds vanishingly small that a visitor to Niagara Falls—or any but the most determined resident—will find his or her way to this spot. "I've got little kids in the city who don't know the river exists, because they never come here," says Dyster. "There's no infrastructure here to see it."

Whatever visitors imagine they'll find in Niagara Falls, New York, the reality is coarser. The Falls themselves remain a gem, thanks to the oldest state park in the nation, but the rest of the city could be Detroit or Gary—an industrial town long past its heyday and shackled by its economic and political history. Beyond downtown stretch miles of chemical plants, some in use and others abandoned. Cracked and potholed streets lead to neighborhoods with houses that are shabby and overgrown or obviously deserted, blighted reminders that the city's population is half what it was a few decades ago. Downtown, right on the Falls' doorstep, tourists find a scattering of hotels, some frayed souvenir shops and half-hearted "fun" destinations, and tracts of semi-comatose commercial streets. The most prominent landmark in the city is the immense Seneca casino and hotel, glittering on the outside, permeated inside with cigarette smoke and patronized heavily by slot-machine locals.

To Niagara Falls' misfortune, all of this is set in tauntingly sharp relief, for a minute's drive across the river rises another city that bears the same name. Niagara Falls, Ontario, is what a tourist might imagine: attentively manicured gardens and parks; sidewalks lined with busy restaurants and shops that are thronged with visitors from all over the world; neighborhoods of tidy homes; two casinos that don't smell of tobacco; and an entire hillside of upscale high-rise hotels. Indeed, in all of Canada, only Toronto and Vancouver have more hotel rooms.

There are a lot of reasons for these differences, not least geography: the Canadian side gets by far the most dramatic view of the Falls. But another, less visible, force has had at least as great a say in the two cities' fortunes: a disparity in governance that has put the two sides on very different trajectories. Simply put, Niagara Falls, Ontario, has benefited from decades of decisions by regional and provincial policy makers who have built on one another's work. Niagara Falls, New York, has lurched through short-sighted, incompetent and sometimes corrupt municipal governance, failed stabs at regionalism, and flailing, inconsistent and outright destructive approaches by various arms of state government.

"They are way behind the curve on this side of the river," says William Hudnut, an urban policy scholar and a student of the situation in Western New York. "When you cross the bridge into Canada, there's a world of difference: a comprehensive plan over there, while the state of New York is floundering."

Niagara Falls, New York, is not unique in this respect. Fragmented governance has bestowed serious problems on many struggling U.S. cities, especially in the Rust Belt states that surround the Great Lakes. "We all have this political organization that was modeled after New York and Pennsylvania and that platted the politics of the Midwest all the way to Minnesota: Let's have local government close to the people, so let's have kajillions of jurisdictions," says John Austin, who runs the Brookings Institution's Great Lakes Economic Initiative from the University of Michigan.

But if you want to observe the effects of local government fragmentation and dysfunctional politics in their purest and most distressing form, Niagara Falls might be the ideal place to go.

On the New York side, there is intense awareness that this situation has to end if Niagara Falls is to thrive, yet there are no structures to match the way decisions are made on the Canadian side. "The region is clearly lacking political leadership," says Tom DeSantis, the city's senior planner. "No one is in a position to forge mechanisms of cooperation." Though there are several cross-border efforts, no regional effort has emerged with the clout or the funding to change the course of policy. "We need formalized structures," says DeSantis. "We need a way of devoting resources to working together."

his regional vacuum is made all the more poignant by the fact that Niagara Falls, New York, seems finally to have an idea of what it wants to do. The city is drafting a plan that would build on its strengths: a more natural setting for the Falls than on the Canadian side, and an emerging cluster of companies focused on renewable energy. But despite a natural attraction that other cities can only envy, Niagara Falls is not nearly as far along as some of its larger Rust Belt competitors—Pittsburgh, which this month hosts a summit of the G-20 nations; or even Cleveland, which sits at the center of an emerging regionalist push throughout Northeast Ohio. To succeed, it will have to overcome the insular mindset that even cities with far greater resources have had trouble shedding. “A lot of people in the city are very parochial,” says Mayor Dyster. “But it’s time to recognize that our fates in the region are really mingled together.”

There is a story Dyster likes to tell about his high school hockey-playing days in 1970. “We would read the Canadian papers to see what was happening in the National Hockey League,” he recalls, “and one day we must have run out of hockey articles, because someone was reading the front page and says, ‘What a joke this is! Niagara Falls, Ontario, has just decided that tourism is going to be their number-one industry.’ Everybody howled.” As Chris Schoepflin, who heads the state-run economic development effort for the New York side, explains, “the thinking at the time was that tourism is idiotic—we build petrochemicals in Niagara Falls.”

Although it was beginning to lose population by 1970, the city was still an industrial powerhouse, offering its residents the comforting prospect of a middle-class living built on jobs at its sprawling chemical plants. Outsiders may have thought of the city mainly in terms of the Falls, but its self-image was wrapped up in names such as DuPont, Occidental and—to its eventual regret—Hooker, the chemical company that during the 1940s buried its toxic waste in the Love Canal, above which a neighborhood was later built. To municipal leaders and most of the workforce, tourism was at best an afterthought.

There was heavy industry on the Canadian side, too, and as in New York, hydroelectric plants clustered near Niagara Falls provided the power, but with one important difference: The water rights were retained by an arm of the province of Ontario known as the Niagara Parks Commission, whose sole purpose was to protect and promote the Falls and the land along the Niagara River.

Founded more than a century ago, the Commission eventually came to own some 4,200 acres in a 35-mile strip along the river. But it didn’t just own the land. “We own the roads, the service roads, the parks, the heritage facilities, the attractions, the restaurants and retail outlets within the park—you name it, it’s ours,” says John Kernahan, the parks commission’s general manager. “Our goal is to own every inch of the Niagara River.” The result is not only a steady flow of revenue that gets plowed into maintaining infrastructure and developing new tourism attractions—about \$72 million a year (in U.S. dollars) from tourism and related activities—but a level both of continuity and planning for the future that is unimaginable on the U.S. side.

As important as the Commission’s role has been in developing the Falls-centered tourism on the Canadian side, the most potent force for development outside the park has been the casinos, owned and run by the province of Ontario, which has strategically steered some of the gambling revenues back to the city for infrastructure development, and some to helping develop the region’s tourism assets: golf courses, an immensely popular butterfly conservatory, the fruit-growing and wine industries and other draws aimed at making the Canadian side of the Falls a destination where visitors will spend time. “There’s not a lot of wizardry to attract people to come watch water go over a hill; the trick is to keep them here,” says Patrick Robson, who heads the planning department at the Regional Municipality of Niagara, which oversees planning, transportation, policing and other services for 12 Ontario cities, including Niagara Falls. One-fifth the size of its American counterpart in 1960, Niagara Falls, Ontario, now has 82,000 residents, some 30,000 more than live on the other side of the river.

“Ontario has developed its Niagara area with pretty good adherence to a macro-regional plan that encompasses transport, agriculture, green space, industry, residential development and tourism, and that utilizes regional governance structures,” says Bruce Fisher, who directs the Center for Economic and Policy Studies at Buffalo State College “That approach simply has no counterpart here.”

Most of the individual pieces that have come together to turn Niagara Falls, Ontario, into a Canadian success story also exist on the American side: the Falls themselves, a publicly owned park, a road along the river, hydropower plants, a casino. But until recently, few people in New York—not locally, and certainly not at the state level—seemed the least bit interested in making them add up.

The park on the New York side, for instance, is just one in a string of state parks along the river, which in turn are just a few of the 37 facilities over 10 counties that form the western region of the New York State Office of Parks, Recreation and Historic Preservation. “All of those things compete for resources,” says Kate Foster, director of the Regional Institute at SUNY-Buffalo. “Money from one pocket goes into another that’s run out of Albany.” The result is that the park has historically been underfunded and in no position to play the leading role in tourism development that its counterpart across the river has played.

Then there’s hydropower. The power is generated by the state-run New York Power Authority’s plant downstream of the Falls, and much of it—along with most of the revenue it produces—has for decades been sent downstate. Although some cut-rate energy is reserved for use around the Falls, NYPA’s critics argue that for too many years, too much of it has been given to companies that have lost their relevance to the region’s economy. “Olin and Occidental [chemical companies] get about 30 percent of the total allocation,” says James Heaney, a reporter for the *Buffalo News* who has doggedly uncovered many of NYPA’s deals. “They used to employ thousands, but now they’ve got about 400 jobs between them. So the cost averages \$130,000 per year per job. You could lay everybody off, shut down the plants, pay everyone what they were making, and still have tens of millions of dollars left for better investments.”

In much the same fashion New York’s agreement with the Seneca Indian nation for its casino in Niagara Falls was crafted

with the city as a bare afterthought. "The state stepped in and negotiated the casino deal over the heads of local government, and we got a percentage of the state's share of revenues," says Dyster. "Three-quarters go to the state, and there is no formula requiring them to reinvest any of the revenues they derive back into the city or the region." In 2008, the city got \$18 million back from the state—nothing to sneeze at, but a relative pittance when you consider that in just the second quarter of 2009, an off-year for the casino, it earned revenues of \$141 million, according to its latest SEC filing.

So it is hardly surprising that, while the casinos across the river in Canada unleashed a tidal wave of investment, the Seneca casino has done nothing of the sort. It is surrounded by parking lots and struggling neighborhoods. For a time, locals hoped that an ebullient Canadian investor named Eddy Cogan would be able to develop a large parcel he controlled on the edge of downtown, but he ran out of money as he dealt with the various New York bureaucracies that govern development in the city. "The state agencies that control Niagara Falls' destiny never embraced Eddy Cogan's vision of 'one city, two countries,'" says Rick Reinhard, who worked for Cogan in Niagara Falls. "So the park is filled with parking, a highway divides the city from the river, the gorge is unfriendly to hikers, and the casino is surrounded by blight."

"I sometimes get the feeling," says one Canadian official who spends a lot of time on the New York side, "that the state plan for economic development in the region is to employ people as economic developers. You've got all these people doing economic development, but there's not a lot of actual development."

The city's politics have been an equally serious problem. Dyster, the current mayor, wins widespread plaudits, but his predecessor, Vince Anello, is under federal indictment for corruption. And there is a long history of misguided decisions. Prime among them was the city's willingness in the 1970s to use federal aid to tear down a large chunk of its historic downtown and replace it with urban-renewal schlock. "It's like you won a shopping spree where you could go buy thousands of dollars' worth of clothing," says Dyster, "except that you did it in the 1970s, so you filled your closet with bellbottom pants and platform shoes. We had a big pile of federal money, and used it to build a big pile of useless crap."

These days the city is awash in initiatives to improve its capacity to lure tourists. Dyster is working with other mayors along the river to create a greenway, funded by \$3 million per year exacted from NYPA when it relicensed its Niagara plant a few years back. The city also is creating an Underground Railroad museum in a Civil War-era customs house that stands on the U.S. side of a bridge where escaped slaves once crossed into Canada. It has secured federal funding to use the top stories of the customs house for a new rail station on the line between Albany and Toronto. And there are efforts to build a new passenger terminal at the Niagara Falls airport to handle international flights. The major airport in the region is in Buffalo, but it has no runways capable of handling jumbo jets; the airport in Niagara Falls is run jointly with the military, and has one of the longest runways in the state. "You just need a handful of 747s," says DeSantis, "and you can fundamentally change the marketplace."

The city also is working closely with the state's local economic development offshoot to retrofit its downtown. They recently tore down the Cesar Pelli-designed Wintergarden, which was built in the middle of Old Falls Street, once the major pedestrian thoroughfare linking the park to downtown. The street is being redesigned to once again draw people from the Falls into the city.

And it is pursuing one other development track, with the unlikely help of the New York Power Authority, which under new chairman David Kessel has been a more solicitous presence in western New York than in the past. The agency has cut deals with several companies that underpin the solar power industry, including a firm that makes the silicon for solar cells and has agreed to reserve a portion of its products for manufacturers in the region. "Having been a leader in hydropower," the mayor says, "we can be a leader in other forms of green energy or green industrial development."

Still, a simple glance across the river at the hotels and the hordes of visitors on the other side serves as a stark reminder that the city has a long way to go to live up to its potential. When talk turns away from private investment in the solar industry to private investment in downtown, it becomes downright wistful—even from observers on the Canadian side. "All it takes is one investor," muses Ted Salci, the mayor of Niagara Falls, Ontario, "to start things snowballing." Given the undeniable riches the region possesses—the Falls, the tourism infrastructure on the Canadian side, and the fast-growing megalith of Toronto not far away to the north—the potential for Niagara Falls seems endless.

But a lot will have to change to realize it. This is a region, after all, in which a single county—Erie, which includes Buffalo—has 1,044 local governing entities. "You've got every Tom, Dick and Harry fire crew, registrar and town clerk," says one Canadian official. "If you're an investor coming into western New York, there are just too many jurisdictions, too many politicians to deal with, too many people who want their favor cashed in. And they don't talk to each other very much at all."

Niagara Falls cannot resuscitate itself: It is too small, too poor, and too vulnerable to decisions made by its neighbors, the state, and the federal government. Yet its prospects have been hampered—at least until now—by the very establishments that ought to be helping it: its neighbors, the state, and the federal government. If it has one political fact working in its favor, it is this: Niagara Falls—the natural wonder, that is—will not go away, nor will all the people who want to come see water drop over a hill. If nothing else, Mayor Dyster argues, that should spur the state and the communities in the region to work together.

"Niagara Falls is like a big billboard you can't take down," he says. "People keep coming here in spite of the pollution and industrial decline. So you can put something up on the billboard or not—it's your choice—but the billboard is going to be there, and people are going to see it."

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