



# Western NY Power Proceeds Allocation Board

**Date:** April 25, 2016

**To:** Western New York Power Proceeds Allocation Board

**From:** Western New York Regional Director, Empire State Development Corporation

**Subject:** Applications for Fund Benefits from the Western New York Economic Development Fund

## SUMMARY

The Western New York Power Proceeds Allocation Board (“Allocation Board” or “Board”) is requested to recommend to the Board of Trustees of the Power Authority of the State of New York (“NYPA” or “Authority”) that awards of Fund Benefits be made to the following applicants identified in Exhibits “A-1”, Niagara University (“NU”), and “A-2” the Niagara Falls International Airport Stakeholders Group (“NFIASG”), in the amounts indicated on such Exhibits.

## BACKGROUND

### 1. Western New York Power Proceeds Allocation Act

On March 30, 2012, Governor Cuomo signed into law the Western New York Power Proceeds Allocation Act (the “Act”). The Act provides for the creation, by the Authority, of the Western New York Economic Development Fund (“Fund”). The Fund consists of the aggregate excess of revenues received by the Authority from the sale of Expansion Power (“EP”) and Replacement Power (“RP”) produced at NYPA’s Niagara Power Project that was sold in the wholesale energy market over what revenues would have been received had such energy been sold on a firm basis to an eligible EP or RP customer under the applicable tariff or contract.

Under the Act, an “eligible applicant” is a private business, including a not-for-profit corporation. “Eligible projects” is defined to mean “economic development projects by eligible applicants that are physically located within the state of New York within a thirty mile radius of the Niagara power project located in Lewiston, New York that will support the growth of business in the state and thereby lead to the creation or maintenance of jobs and tax revenues for the state and local governments.” Eligible projects include, for example, capital investments in buildings, equipment, and associated infrastructure owned by an eligible applicant for fund benefits; transportation projects under state or federally approved plans; the acquisition of land needed for infrastructure; research and development where the results of such research and development will directly benefit New York state; support for tourism and marketing and advertising efforts for western New York state tourism and business; and energy-related projects.

Eligible projects do not include public interest advertising or advocacy; lobbying; the support or opposition of any candidate for public office; the support or opposition to any public issue; legal fees related to litigation of any kind; expenses related to administrative proceedings before state or local agencies; or retail businesses as defined by the board, including without limitation, sports venues, gaming and gambling or entertainment-related establishments, residential properties, or places of overnight accommodation.

Fund Benefits have been provided to successful eligible applicants in the form of grants. It is anticipated that Fund Benefits will be disbursed as reimbursement for expenses incurred by an Eligible Applicant for an Eligible Project, or for proposed eligible expenditures to be incurred by the eligible applicant for an eligible project when NYPA has authorized advance disbursements.

At least 15% percent of the Fund is dedicated to eligible projects which are “energy-related projects, programs and services,” which is defined as “energy efficiency projects and services, clean energy technology projects and services, and high performance and sustainable building programs and services, and the construction, installation and/or operation of facilities or equipment done in connection with any such projects, programs or services.”

Allocations of Fund Benefits may only be made on the basis of moneys that have been deposited in the Fund. No award may encumber funds that have not been deposited in the Fund.

## 2. Western New York Power Proceeds Allocation Board

Under the Act, the Allocation Board is charged with soliciting applications for Fund Benefits, reviewing applications, making eligibility determinations, evaluating the merits of applications for Fund Benefits, and making recommendations to NYPA on Fund Benefit awards. The Allocation Board uses the criteria applicable to EP, RP and PP allocations, and for revitalization of industry, provided for in Public Authorities Law § 1005. Additionally, the Board is authorized to consider the extent to which an award of Fund Benefits is consistent with the strategies and priorities of the Regional Economic Development Council having responsibility for the region in which an eligible project is proposed.

At its meeting on March 4, 2013, the Board, in accordance with the Act, adopted by-laws, operating procedures, guidelines related to the application, and a form of application. A copy of the relevant criteria (collectively, “Program Criteria”), adapted from this Board’s “Procedures for the Review of Applications for Fund Benefits,” is attached as Exhibit “B” to this memorandum.

The Board also defined “retail business” to mean “a business that is primarily used in making retail sales of goods or services to customers who personally visit such facilities to obtain goods or services.”

Finally, the Board designated the Western New York Regional Director for Empire State Development (“ESD”) to act on its behalf for administrative matters and along with NYPA, to provide staff services (“Staff”). Among other things, Staff was authorized to perform analyses of applications seeking Fund Benefits and to make recommendations to the Board on the applications.

### 3. Application Process

Initially, the Allocation Board established a series of application due dates coupled with a schedule of dates the Board expected to meet to consider applications. The program was initially promoted through a media release and with assistance from state and local entities, including the Western New York and Finger Lakes Regional Economic Development Councils, ESD and local and regional economic development organizations within the State. A webpage was created that is hosted on WWW.NYPA.GOV/WNYPPAB with application instructions, a link to the approved application form and other program details including a contact phone number and email address staffed by the Western New York Empire State Development regional office. As the program is now well-known, a rolling application process is used and the Allocation Board meets regularly to consider applications for Fund Benefits.

### DISCUSSION AND RECOMMENDATIONS TO THE BOARD

In this fifteenth round, the Allocation Board has before it two applications which have been made available to the Board for review. Staff analyzed the applications and is now making recommendations to the Board.

In summary, the NU application seeks Fund Benefits to support the implementation of initiatives associated with its Niagara Global Tourism Institute to advance regional tourism goals and objectives. The total amount to be expended on the project by NU is approximately \$891,000.

The application by NFIASG seeks Fund Benefits to create an implementation plan to support development and deployment of a Business District Fiber Optic Network surrounding the Niagara Falls International Airport. The total amount to be expended on the project by the NFIASG is approximately \$180,000.

Based on a review of these applications and consideration of relevant Program Criteria, Staff recommends that the Allocation Board recommend to the NYPA Trustees that these applicants receive awards of Fund Benefits in the amounts indicated on Exhibits "A-1" and "A-2", respectively.

To the extent these applications propose projects that must receive approval and/or comply with other legal requirements, such as the State Environmental Quality Review Act, before the project may proceed, Staff recommends that any affirmative recommendation by the Board for such projects not be forwarded to the NYPA Board of Trustees for action until after the Board receives appropriate notification that all such approvals and requirements have been satisfied, and that such recommendations be made subject to further consideration by the Board in the event that such approvals and/or legal requirements are not satisfied.

### PROJECT STATUS

Under the Act, a recommendation for Fund Benefits by the Allocation Board is a prerequisite to an award of Fund Benefits by NYPA. Upon a showing of good cause, NYPA has discretion to adopt the Allocation Board's recommendations or to award Fund Benefits in different amounts or on different terms than recommended by the Board. In addition, the Authority is authorized to include in any contract providing for the implementation of an award ("Award Contract") any terms and conditions that NYPA deems appropriate.

Given the preliminary stage of the projects identified in Exhibits “A-1” and “A-2”, Staff is not in a position to recommend proposed definitive terms and conditions that should be included in any Board recommendation for an award, but Exhibits “A-1” and “A-2” offer general considerations relating to disbursement of fund benefits for NYPA’s consideration. It is anticipated that NYPA staff, in consultation with Board Staff, would negotiate final terms and conditions if an award is made after the receipt of more detailed information concerning the project.

### RECOMMENDATION

Based on the foregoing discussion and information, Staff recommends that the Allocation Board recommend to the NYPA Board of Trustees that the applicants listed in Exhibits “A-1” and “A-2” receive an award of Fund Benefits in the amounts recommended in the Exhibits for the projects proposed.

For the reasons stated, Staff recommends the adoption of the above-requested action by adoption of a resolution in the form of the attached draft resolution.

## RESOLUTION

NOW THEREFORE BE IT RESOLVED, That the Western New York Power Proceeds Allocation Board ("Allocation Board") hereby recommends that the Power Authority of the State of New York ("NYPA") make an award of Fund Benefits to the applicant listed in Exhibits "A-1" and "A-2" in the amounts recommended therein, for the reasons set forth in the attached memorandum and any attachments thereto; provided that (i) if an application proposes a project that must receive approvals and/or comply with other legal requirements, such as the State Environmental Quality Review Act, before it may proceed, the recommendation for such application shall not be forwarded to NYPA until Staff, on behalf of the Board, receives appropriate notification that such legal approvals and/or requirements which are necessary for the project(s) to proceed have been satisfied, and (ii) such recommendations shall be subject to further Board review in the event that such approvals and/or legal requirements are not satisfied; and be it further

RESOLVED, That Staff is authorized on behalf of the Allocation Board to transmit the Board's decision and recommendations to NYPA subject to the qualification stated above regarding legal approvals and/or requirements, and to do any and all things and take any and all actions to effectuate the Board's decision and the foregoing resolution.



# Western NY Power Proceeds Allocation Board

## Western New York Economic Development Fund Recommendation Memo

### EXHIBIT A-1

Applicant Name:	Niagara University (“NU”)	REDC Region:	Western New York
Project Type:	Tourism/Marketing	County:	Niagara
Industry:	Not for Profit	Locality:	Niagara Falls
Amount Requested:	\$637,096	Start Date:	June 2015
		Finish Date:	May 2017
<b>RECOMMENDED OFFER</b>			
Recommended Total Award:	\$500,000		
Total Project Cost:	\$891,325		
% of Project Cost Recommended:	56%		
<b>PROJECT BUDGET (Proposed by Applicant)</b>			
<b>Use of funds</b>	<b>Amount</b>	<b>Source of Funds</b>	<b>Amount</b>
Salaries and Wages	\$478,340	WNY EDF	\$637,096
Rent/Lease/Utilities	\$158,750	<b>Committed:</b> Niagara University	\$254,229
Supplies and Materials	\$ 1,700		
Training, Research, Conferences	\$ 10,500		
Wi Fi Feasibility Study/VCA	\$100,000		
Leasehold Improvements	\$ 20,000		
Administrative Overhead	\$ 23,112		
Sub-Committee Meeting Costs	\$ 6,000		
Local Travel	\$ 3,000		
2 <sup>nd</sup> Project Outcomes – Web/database	\$ 20,000		
Disney Institute Program Related	\$ 69,923		
<b>Total:</b>	<b>\$891,325</b>	<b>Total:</b>	<b>\$891,325</b>
<b>REGIONAL IMPACT MEASUREMENTS</b>			
Job Commitments:	The Funding Track under which the application was submitted does not require job-related commitments.		
Average Salary of Jobs:	N/A		
Indirect Jobs Created	N/A		
Other Impact	None		



# Western NY Power Proceeds Allocation Board

## Western New York Economic Development Fund Recommendation Memo

### EXHIBIT A-1

#### PROJECT DESCRIPTION (Adapted from Application)

The applicant is seeking funding to support a project (the “Second Project”) which builds off an initial project funded through the WNY Economic Development Fund (the “First Project”) that established the Niagara Global Tourism Institute (“NGTI”) in the City of Niagara Falls, NY. The Second Project will focus on implementing the following initiatives designed by each of the four sub-committees established under the First Project:

- Research Sub-Committee:
  - Assist current stakeholders in making informed investment decisions;
  - Assist potential stakeholders in assessing the market for new ventures;
  - Provide critical data to monitor performance of the tourism sector.
- Skills Development Sub-Committee:
  - Create a tourism workforce and awareness campaign to engage the community and promote career opportunities in tourism/hospitality;
  - Develop executive and professional training programs aimed at industry professionals and corporate partners and focused on both tourism technology and traditional areas of tourism and hospitality;
  - Address gaps in the tourism workforce and develop programming aimed at improving skills and converting unemployed individuals into qualified personnel through sector needs-based training.
- Technology Sub-Committee:
  - Commission a feasibility study to identify infrastructure needs and costs associated with creating a Wi-Fi network. NGTI will partner with Niagara Tourism and Convention Corporation to offer its new tourism platform to individuals using the Wi-Fi network.
- Business Incubation Sub-Committee:
  - Offer incubation space to support small business ventures in the tourism sector. Location within the NGTI allows for direct connections between small business entrepreneurs and NU faculty and students engaged in research and innovation;
  - Attract new investment in downtown Niagara Falls.

#### OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED

ESD:	N/A	NYEDP/DASNY:	N/A
NYS EPF:	N/A	Other:	\$

#### PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED

TYPE	AMOUNT	STATUS
WNYPPAB	\$250,000	Complete Funding for First Project
Niagara County	N/A	



# Western NY Power Proceeds Allocation Board

## Western New York Economic Development Fund Recommendation Memo

### EXHIBIT A-1

#### **BASIS FOR RECOMMENDATION**

The applicant indicates that NGTI's objectives and tourism focus are of great importance to the region and a natural extension of NU's long term strategy to lead in global tourism education and research. This was substantiated by an independent study performed by Millier Dickenson Blais that helped determine methods in which NU could successfully contribute to the enhancement of the regional tourism industry. These objectives align with WNY Regional Economic Development Council strategies and Governor Cuomo's goal to revitalize the Niagara Falls, NY region.

NGTI recently hired Mr. Patrick Whalen as the organization's interim director. Mr. Whalen is noted for his economic development experience and contacts with specific expertise in business incubation, supply chain management and international trade. He brings a wealth of experience to NGTI including:

- A seven-year tenure with the Buffalo Niagara Medical Campus;
- President/owner of PJW Transition Services;
- Division manager at UPS Supply Chain Solutions;
- Owner/president of Fulfillment Systems International;
- Founder/co-founder of more than 20 entrepreneurial ventures; and
- Professional leadership positions for several organizations, including the Buffalo Niagara World Trade Center, the Buffalo Niagara Partnership's Logistics Council and the New York State Business Incubation Association.

Funding this project would provide NGTI more time to create a sustainable organization under new leadership.

#### **POSSIBLE FUND BENEFIT USES AND DISBURSEMENT TERMS**

Disburse Fund Benefits periodically in arrears on a cost-sharing basis for a portion of eligible expenses presented as part of an acceptable project budget when Applicant meets prescribed milestones.



# Western NY Power Proceeds Allocation Board

## Western New York Economic Development Fund Recommendation Memo

### EXHIBIT A-2

Applicant Name:	NFIA Stakeholders Group, Inc. ("NFIASG")	REDC Region:	Western New York
Project Type:	Infrastructure/Downtown Investment	County:	Niagara
Industry:	Not for Profit	Locality:	Niagara Falls
Amount Requested:	\$90,000	Start Date:	June 2016
		Finish Date:	June 2017
<b>RECOMMENDED OFFER</b>			
Recommended Total Award:	\$90,000		
Total Project Cost:	\$180,000		
% of Project Cost Recommended:	50%		
<b>PROJECT BUDGET (Proposed by Applicant)</b>			
<b>Use of funds</b>	<b>Amount</b>	<b>Source of Funds</b>	<b>Amount</b>
F.O. Network Feasibility Study	\$48,000	WNY EDF	\$90,000
F.O. Network Design/Eng.	\$24,000	<b>Committed:</b> National Grid	\$90,000
Governance Structure/Org. Capacity	\$18,000		
Broadband Public Policy Program	\$36,000		
Framework to Scale Broadband Inv.	\$27,000		
Project Mgt./Oversight	\$27,000		
<b>Total:</b>	<b>\$180,000</b>	<b>Total:</b>	<b>\$180,000</b>
<b>REGIONAL IMPACT MEASUREMENTS</b>			
Job Commitments:	The Funding Track under which the application was submitted does not require job-related commitments.		
Average Salary of Jobs:	N/A		
Indirect Jobs Created	N/A		
Other Impact	None		



# Western NY Power Proceeds Allocation Board

## Western New York Economic Development Fund Recommendation Memo

### EXHIBIT A-2

<b>PROJECT DESCRIPTION (Adapted from Application)</b>			
<p>The applicant seeks funding to develop the “NFIA Business District Fiber Optic Network Implementation Plan” (the “Plan”), the second phase of an initiative to assess and develop the fiber optic infrastructure feeding the Niagara Falls International Airport and surrounding businesses.</p> <p>Phase 2 will provide the supporting information necessary to plan for, deploy, and operate a state-of-the-art fiber-optic network in the southern portion of the Airport Focus Area, which includes the:</p> <ul style="list-style-type: none"> <li>• Niagara Falls International Airport;</li> <li>• Former Niagara Falls U.S. Army Reserve Site;</li> <li>• Calspan Corporation;</li> <li>• Niagara Industrial Suites;</li> <li>• Rainbow Industrial Center; and</li> <li>• Wheatfield Business Park.</li> </ul> <p>The objective of the initiative is to provide access to affordable, high speed fiber optic broadband service to existing businesses in the Airport Focus Area and make a direct investment in the fiber-optic broadband infrastructure to facilitate business attraction efforts.</p>			
<b>OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED</b>			
ESD:	N/A	NYEDP/DASNY:	N/A
NYS EPF:	N/A	Other: National Grid	\$90,000
<b>PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED</b>			
<b>TYPE</b>	<b>AMOUNT</b>	<b>STATUS</b>	
WNYPPAB	\$125,000	NFIASG only spent \$24,750 of the \$125,000 to complete the original assessment.	



# Western NY Power Proceeds Allocation Board

## Western New York Economic Development Fund Recommendation Memo

### EXHIBIT A-2

#### **BASIS FOR RECOMMENDATION**

The Plan is intended to promote investments in infrastructure necessary to attract high-tech industries and information technology companies, which are growing sectors of the local, regional, and national economy. Investments in fiber optic infrastructure have the potential to create new job opportunities in these key industry sectors for Niagara County.

The Plan is also intended to maximize capabilities at the Niagara Falls Airport terminal, thus supporting existing and future air carrier service and strengthening the viability of the airport, which is critical to continued tourism development in the Buffalo Niagara region. In addition, the project is expected to support existing businesses such as Calspan and those located at the Niagara Industrial Suites, Rainbow Industrial Center, and Wheatfield Business Park (i.e. Lockheed Martin, Matrix Imaging, Felton Machine, Nuttall Gear, Precision Process Equipment, Delfingen, and others). Lastly, the Plan will indirectly benefit operations at the Niagara Falls Air Reserve Station (NFARS), which is Niagara County's largest employer with nearly 3,000 jobs and an economic impact of \$200 million annually. The base has been targeted for closure on two separate occasions, but saved through community efforts. Coalescing additional investments in fiber optic infrastructure within the Airport Focus Area could help support existing and new missions, especially high-tech missions that rely on high-speed communications like the new Remotely Piloted Aircraft mission and future missions such as cyber defense. Retention of the NFARS is critical as it shares in the operation and maintenance of the airfield with the Niagara Frontier.

#### **POSSIBLE FUND BENEFIT USES AND DISBURSEMENT TERMS**

Use Fund Benefits to reimburse applicant for a portion of the costs associated with development of the Plan. An option is to disburse Fund Benefits in a lump sum upon project completion, as evidenced by such documentation NYPA may require verifying project completion and applicant expenditures of approximately \$180,000.



## Western NY Power Proceeds Allocation Board

### Exhibit “B”

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Criteria adapted from the Western NY Power Proceeds Allocation Board’s  
“Procedures for the Review of Applications for Fund Benefits”

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1. The extent to which an award of Fund Benefits would be consistent with the strategies and priorities of the Regional Economic Development Council (“REDC”) having responsibility for the region in which an Eligible Project is located.<sup>1</sup> The Western New York Regional Economic Development Council which is responsible for Eligible Projects in Erie and Niagara Counties Strategies & Priorities are:
  - Promote “Smart Growth” by investing in areas that infrastructure already exists and achieves certain goals, such as: preserving historic buildings; reviving downtowns; reviving main streets; investing in existing neighborhoods; and investing in former industrial sites. A project consistent with Smart Growth will also focus on: enhancing walkability; enhancing multiple modes of transportation; connecting disadvantaged communities to employment clusters; spurring mixed-use private investment in existing communities and preserving/enhancing natural lands and or resources.
  - Promote workforce development by increasing diversity in the labor force, developing and cultivating that includes workers with advancement potential, underemployed, unemployed and special population; align education and skills training to job market for current and future industry needs.

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<sup>1</sup> As provided for in EDL § 189-c(4), criteria 2-15 are adapted from the criteria for eligibility for Expansion Power, Replacement Power and Preservation Power under Public Authorities Law § 1005. The specific criteria identified in PAL § 1005(13)(b)(4)-(5) are relevant to power allocations under these programs but do not have any logical application to allocations of Fund Benefits. Therefore, the Board does not expect to use these criteria to evaluate applications for Fund Benefits. Additionally, in accordance with PAL § 1005(13), criteria 13-15 listed herein will only be used in the case of Eligible Projects which are proposed by Applicants as, and determined by the Board to be, “revitalization” projects.

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- Foster entrepreneurship and new business formation and growth. Designing a plan that brings new technologies and/or products to the marketplace, increases new startups in strategic industries and facilitates the commercialization of products that can lead to job growth in the Region.
- Increase the industry profile of agriculture in WNY by: creating better access to markets; creating new products; creating new more efficient processes; creating strong regional brands; creating programs that promote careers in agriculture.
- Utilize Western New York’s proximity to Canadian and U.S. population centers to advance economic development in WNY. Bi-national projects will: utilize cross-border planning to create transportation and logistical infrastructure; improve operational relationships; promote the attractiveness of WNY as a hub for global trade.
- Position the WNY region as a global energy hub through new sources of clean energy, energy efficiency and energy efficient transportation.
- Support growth of advanced manufacturing by making research more available to manufacturers to help them innovate.
- Spur growth in the health and life sciences industry through improved commercialization, recruit high profile research talent and reducing the cost burden of healthcare while improving health outcomes.
- Expand the scope of higher education by increasing accessibility to Higher Education for communities that currently have limited access to educational opportunities; better aligning education with the industry needs and creating support structures for start-ups which will assist start-ups with commercialization, business planning, workforce preparation, facilities, etc.
- Grow visitors and visitor spending by raising the profile of WNY as a national and international destination; connect multiple tourist destinations in WNY; improve the profile of the WNY Gateway to the United States.

For more information on the Western New York Regional Economic Development Council please go to <http://regionalcouncils.ny.gov/content/western-new-york>.

2. The extent to which an award of Fund Benefits would be consistent with the strategies and priorities of the Regional Economic Development Council (“REDC”) having responsibility for the region in which an Eligible Project is located.<sup>2</sup> The Finger Lakes Regional Economic Development Council which is responsible for Eligible Projects in

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<sup>2</sup> As provided for in EDL § 189-c(4), criteria 2-15 are adapted from the criteria for eligibility for Expansion Power, Replacement Power and Preservation Power under Public Authorities Law § 1005. The specific criteria identified in PAL § 1005(13)(b)(4)-(5) are relevant to power allocations under these programs but do not have any logical application to allocations of Fund Benefits. Therefore, the Board does not expect to use these criteria to evaluate applications for Fund Benefits. Additionally, in accordance with PAL § 1005(13), criteria 13-15 listed herein will only be used in the case of Eligible Projects which are proposed by Applicants as, and determined by the Board to be, “revitalization” projects.

Orleans and Genesee Counties Strategies & Priorities can be found at:  
<http://regionalcouncils.ny.gov/content/finger-lakes>.

3. The number of jobs that would be created as a result of an award of Fund Benefits.
  4. The applicant's long term commitment to the region as evidenced the current and/or planned capital investment in applicant's facilities in the region.
  5. The ratio of the number of jobs to be created to the amount of Fund Benefits requested.
  6. The types of jobs that would be created, as measured by wage and benefit levels, security and stability of employment.
  7. The amount of capital investment, including the type and cost of buildings, equipment and facilities, proposed to be constructed, enlarged or installed.
  8. The extent to which an award of Fund Benefits would affect the overall productivity or competitiveness of the applicant and its existing employment.
  9. The extent to which an award of Fund Benefits may result in a competitive disadvantage for other business in the State.
  10. The growth potential of the applicant's facilities and the contribution of economic strength to the area in which the applicant's facilities are or would be located.
  11. The extent of the applicant's willingness to satisfy affirmative action goals.
  12. The extent to which an award of Fund Benefits is consistent with state, regional and local economic development strategies and priorities and supported by local units of government in the area in which the business is located.
  13. The impact of an award of Fund Benefits on the operation of any other facilities of the applicant, and on other businesses within the region.
  14. That the business is likely to close, partially close or relocate resulting in the loss of a substantial number of jobs.
  15. That the applicant is an important employer in the community and efforts to revitalize the business are in long-term interests of both employers and the community.
  16. That a reasonable prospect exists that the proposed award of Fund Benefits will enable the applicant to remain competitive and become profitable and preserve jobs for a substantial period of time.
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