

E. Tonawanda – RESTORE III – Spaulding Fibre Demolition (W851)

December 18, 2009

General Project Plan

- Grantee:** City of Tonawanda (“Tonawanda” or the “Municipality”)
- ESD Investment:** A grant of up to \$663,000 to be used for a portion of the cost of asbestos abatement and removal, demolition and site clearing.
- Project Location:** 310 Wheeler Street, Tonawanda, Erie County
- NYS Empire Zone (or equivalent):** n/a
- Project Completion:** December 2010
- Grantee Contact:** Mr. Jason LaMonaco, P.E., City Engineer
200 Niagara Street
Tonawanda, NY 14150
Phone: (716) 695-8624 Fax: (716) 695-8314
- Project Team:** Project Management Jean Bly
Affirmative Action Helen Daniels
Environmental Soo Kang
- Project Description:**

Background

The City of Tonawanda, one of three cities in Erie County, is located at the confluence of the Erie Canal and the Niagara River. The Municipality, which has a current population of approximately 16,136 people, was once a bustling community after the Erie Canal was completed in 1825. Access to water from the Niagara River and Erie Canal fueled growth of heavy industry, including lumber, steel and chemical manufacturing operations, which contributed to a peak population of 22,000 residents in 1970. In the late 1970’s, Tonawanda began to experience a devastating downturn as industries and manufacturers ceased operations leaving behind contaminated sites. Today, as a result of a decline of the industrial base, Tonawanda is now known as a “bedroom community” of mostly single-family homes with an increasing average population age, an increasing senior population, a below average per-capita income, and a poverty rate of 22.5%. Tonawanda is a Moderately Economically Distressed Community as defined by Restore NY III criteria.

Tonawanda adopted a Comprehensive Master Plan (the “Plan”) in 2002, which was reaffirmed by the Common Council in June 2007. The Plan was implemented using Community Development Block Grants and other federal and New York State funds. The Plan included the demolition of a vacant 47-acre, five-building site, formerly operated as the Spaulding Fibre Company (the “Site”). Approximately 20 acres of the Site was contaminated and the 860,000-square-foot building (the “Building”) consisted of a collection of attached,

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contiguous building additions of various types of construction, age and environmental history, dating back to 1911. In 2006, Tonawanda was unsuccessful in obtaining Round I RESTORE funding to clear the entire Site, however the Municipality secured approximately \$1.771 million in state and local funding for the partial environmental remediation, asbestos removal, demolition and clean-up of 280,000 square feet of the Building. Furthermore, the NYS Department of Environmental Conservation completed \$4 million of the \$8 million environmental remediation of hazardous waste of the site and is contributing an additional \$3.24 million for environmental investigation and development of a remediation plan for the Site, which is being completed by the Municipality. ESD Directors approved a \$2.5 million Restore II grant on March 20, 2008 to assist with site demolition and clean-up. After the demolition commenced, Tonawanda discovered 195,280-square-feet of sub-surface slabs, foundations and sub-basements. The Municipality advised ESD that it lacked sufficient financial resources to complete the remainder of sub-surface demolition and clean-up to return the second largest industrial site in Western New York to the tax rolls. The City took title to the Property Location on October 7, 2009.

The Project

The Building is a vacant eyesore and presents a severe safety hazard to the community. Its removal will have a positive impact in Tonawanda, eliminate a serious safety hazard and facilitate the redevelopment of the Site. Potential future use of the Site includes redevelopment as light industrial and/or commercial use with possible recreational components. The \$1.046 million project involves the demolition and removal of 195,280-square-feet of sub-surface slabs and foundations. Grant funds for the project will not exceed the maximum commercial building demolition allowance per square foot for Western New York outlined in the Restore NY III guidelines.

The City's Engineering Department and Erie County Industrial Development Agency will be managing the project. The City selected the engineering firm of LiRo Engineers, Inc. (Buffalo, NY) to design and provide construction inspection/administration services. The demolition and debris removal firm will be selected through competitive bidding. The project is scheduled to be completed by December 2010.

Financing Uses	Amount	Financing Sources	Amount	Percent
Demolition and Debris Removal	\$1,046,000	ESD Grant	\$663,000	63%
		Grantee Equity*	383,000	37%
Total Project Costs	\$1,046,000	Total Project Financing	\$1,046,000	100%

*Includes a County of Erie Grant of \$358,000.

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Financial Terms and Conditions:

1. At the time of disbursement, the City will reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The City will be obligated to advise ESD of a materially adverse change in its financial condition prior to disbursement.
3. The City will ensure the contribution of at least a 10% match of ESD's grant to the Project.
4. Up to \$663,000 will be disbursed to Grantee as reimbursement for eligible costs, no more frequently than quarterly, in proportion to ESD's funding share, assuming that all project approvals have been completed and funds are available. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after May 4, 2009 to be considered reimbursable project costs. Previously expended funds may be applied toward match requirements retroactive to June 23, 2006, when the Restore New York Legislation was enacted.
5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$663,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the City and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.
6. If the Grantee is not the owner of the Project, then the Grantee shall prohibit, for five years from the date of the initial disbursement of Grant funds, any transfer of the Project in whole or in part, by sale, lease, or conveyance of any interest in or with respect to the Project except (a) transfers of minor interests in the Project site, such as utility easements and limited rights-of-way, and (b)(i) the arms-length basis sale or lease of individual condominium units in the ordinary course of business for a condominium development and (ii) the arms-length basis residential or commercial lease in the ordinary course of business for a commercial, residential, or mixed-use rental development. In the event that such a prohibited transfer occurs within such five-year period, the Grantee shall pay to ESD, promptly upon ESD's written demand therefore, the applicable amount indicated below.

The Recapture Amount is based on the time that has lapsed between when the Grant funds were disbursed and when the transfer occurred. The Recapture Amount shall be calculated by aggregating the Recapture Amount for each disbursement of the Grant, which in each instance shall be equal to:

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- (i) 100% of the disbursed amount if the transfer occurred in the calendar year that the disbursement was made, or in the first full calendar year after the disbursement was made;
- (ii) 80% of the disbursed amount if the transfer occurred in the second full calendar year after the disbursement was made;
- (iii) 60% of the disbursed amount if the transfer occurred in the third full calendar year after the disbursement was made;
- (iv) 40% of the disbursed amount if the transfer occurred in the fourth full calendar year after the disbursement was made;
- (v) 20% of the disbursed amount if the transfer occurred in the fifth full calendar year after the disbursement was made.

Environmental Review:

The Directors made a Determination of No Significant Effect on the Environment for the proposed project at their meeting of March 20, 2008. This determination addressed all aspects of the proposed demolition project. Therefore, no further environmental review is required in connection with this action.

No conceptual or specific project plan, proposal for development, or change in the type or intensity of use of the site (“Specific Project Plan”) is currently proposed. At such time as any future Specific Project Plan is proposed, it will be subject to further environmental review under SEQRA by the City of Tonawanda.

Affirmative Action:

ESD’s Non-discrimination and Affirmative Action policy will apply. The City of Tonawanda is encouraged to use its best efforts to achieve a Minority Business Enterprise participation goal of 3% and a Women Business Enterprise participation goal of 2% of the total dollar value of work performed pursuant to contracts or purchase orders entered into in connection with the construction work related to the project, and to include minorities and women in any job opportunities created by the project.

Statutory Basis – Restore NY Communities:

Land Use Improvement Project Findings

1. The area in which the project is to be located is a substandard or insanitary area, or is in danger of becoming a substandard or insanitary area and tends to impair or arrest sound growth and development of the municipality.

The project is located in a blighted area and involves the demolition of a former industrial structure, which has been deemed by the Municipality to arrest sound growth and development in the area.

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2. The project consists of a plan or undertaking for the clearance, replanning, reconstruction and rehabilitation of such area and for recreational and other facilities incidental or appurtenant thereto.

The project involves the demolition of a site that the Municipality included in its Plan, which includes the rehabilitation of abandoned and closed industrial sites for re-use, allowing for a potential increase in the local tax base.

3. The plan or undertaking affords maximum opportunity for participation by private enterprise, consistent with the sound needs of the municipality as a whole.

The Municipality published a property assessment list and held a public hearing on the project at the time of application. Tonawanda will bid out on the project in accordance with local municipal laws.

4. The requirements of Section 10(g) of the Act are satisfied.

There are no families or individuals displaced from the Project area.

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Restore NY Communities 08-09 Capital Grant - Determination of No Significant Effect on
the Environment

RESOLVED, that based on the material submitted to the Directors with respect to the Tonawanda-
RESTORE III-Spaulding Fibre Demolition Project, the Corporation hereby determines that the
proposed action will not have a significant effect on the environment.

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