

J. Carthage – RESTORE III – Carthage Medical Office (W834)

June 24, 2010

General Project Plan

- Grantee:** Village of Carthage (“Carthage” or the “Village”)
- Beneficiary:** Carthage Area Hospital
- ESD Investment:** A grant of up to \$579,136, pending passage of the New York State budget, to be used for a portion of the cost of construction of a medical office building.
- Project Location:** 117 North Mechanic Street, Carthage, Jefferson County
- NYS Empire Zone (or equivalent):** N/A
- Project Completion:** October 2010
- Grantee Contact:** John McHugh, Community Development Coordinator
120 South Mechanic Street
Carthage, NY 13519
Phone: (315) 493-4429 Fax: (315) 493-7201
- Beneficiary Contact:** Walter Becker, Hospital Administrator
1001 West St. Road
Carthage, NY 13619
Phone: (315) 493-1000
- Project Team:**
- | | |
|-----------------------|---------------|
| Project Management | Wai Shiu |
| Affirmative Action | Laverne Poole |
| Design & Construction | Barbara Helm |
| Environmental | Soo Kang |

Project Description:

Background

The Village of Carthage, incorporated 1841, is located in the northeastern portion of Jefferson County along the Black River. The 2000 census population of Carthage was 3,721.

Historically, Carthage’s economy was based on paper manufacturing. The industry’s collapse from 1995 to 2005 led to the disappearance of paper mills, related companies, and numerous jobs. During the 10 year period, the Village lost 11% of its population. In 2002, downtown Carthage suffered a catastrophe when a block fire destroyed nine buildings and displaced over twenty businesses and families.

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Over the past 5 years, Carthage has initiated a Downtown Redevelopment Plan and a Retail Development Plan and Strategy (the “Plans”). It is referred to as a “Community of Choice”, serving as a bedroom community to Fort Drum and the City of Watertown. To date, more than \$12 million has been invested in downtown Carthage to preserve and rehabilitate several historic buildings.

The Plans called for the construction of the Carthage Medical Office Complex (“Medical Office”) to provide space to house health delivery services and to attract physicians, both of which are lacking in this federally designated Healthcare Professional Shortage Area. The Medical Office will also serve as an anchor business, bring additional traffic to help sustain the existing business community, and encourage spin-off occupancy of the currently vacant commercial properties.

Two phases were planned for the Medical Office. Phase I, completed in January 2010, is already fully occupied and houses Ob/Gyn medical offices. Phase II will include the development of space for pediatric, orthopedics, and family primary care physicians. The Medical Office, along with the Carthage Area Hospital (“CAH”), will serve Fort Drum and the 10th Mountain Division.

The current economy has not been able to support private sector development of these much needed medical facilities. Restore NY funding is critical in realizing the full scope of the Medical Office.

Previously, ESD Directors approved a \$1 million Restore I grant to the Village in April 2007 resulting in the successful renovation of the historic Buckley building.

The Project

The project consists of the development of phase II of the Medical Office on vacant land in downtown Carthage. The land was made available and vacant as a result of the devastating fire in 2002. A 6,400 square-foot one story brick façade commercial building will be built to accommodate pediatric, orthopedics, and family primary care services. Within 5 years, the Medical Office is expected to generate 27,000 visits per year. Phase II is expected to have a staff of twelve.

The project is funded by the Village and a grant from the New York State Department of Health’s Health Care Efficiency and Affordability Law (“NYC DOH HEAL”) program. CAH owns and operates the Medical Office and is the developer and general manager of the project. Construction began in April 2010 and the project is expected to be completed in October 2010.

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Financing Uses	Amount	Financing Sources	Amount	Percent
Indirect / Soft Costs	\$68,280	ESD Grant	\$579,136	53%
General Construction	1,031,720	NYS DOH HEAL Grant	400,000	36%
		Village Equity*	120,864	11%
Total Project Costs	\$1,100,000	Total Project Financing	\$1,100,000	100%

* Source of equity is the developer, Carthage Area Hospital

Financial Terms and Conditions:

1. At the time of disbursement, the Village will reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Village will be obligated to advise ESD of a materially adverse change in its financial condition prior to disbursement.
3. The Village will ensure the contribution of at least a 10% match of the grant amount to the Project.
4. Up to \$579,136 will be disbursed to Grantee during the course of the project no more frequently than quarterly, in compliance with ESD's Design and Construction requirements, assuming that all project approvals have been completed and funds are available. The final disbursement, which shall be at least 10% of the grant amount, shall be made to the Grantee upon completion of the project. 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 \$579,136, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Village 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

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period, the Grantee shall pay to ESD, promptly upon ESD's written demand therefor, 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:

- (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.

Design & Construction:

Design & Construction staff will review project plans, scope, budget and schedule. D&C will visit the site at its option, review requisitions and recommend payment when its requirements have been met.

Environmental Review:

The Village of Carthage, as lead agency, has completed an environmental review of the proposed project, pursuant to the requirements of the State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. This review found the project to be an Unlisted Action, which would not have a significant effect on the environment. The lead agency issued a Negative Declaration on May 18, 2009. ESD staff reviewed the Negative Declaration and supporting materials and concurs. It is recommended that the Directors make a Determination of No Significant Effect on the Environment.

Affirmative Action:

ESD's Non-discrimination and Affirmative Action policy will apply. The grantee is encouraged to use its best efforts to achieve Minority and/or Women-owned Business Enterprise participation of not less than 5% of the total dollar value of work performed pursuant to contracts or purchase orders entered into in connection with the project, and to include minorities and women in any job opportunities created by the project.

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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 involves the reconstruction of a vacant land and abandoned commercial and residential buildings, which has been deemed by the Village to arrest sound growth and development in the area.
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 reconstruction of a site that the Village has included in its Downtown Redevelopment Plan and Retail Development Plan and Strategy to revitalize downtown Carthage and to reinvent itself as a “Community of Choice”, serving as a bedroom community to Fort Drum and the City of Watertown.
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 Village published a property assessment list and held a public hearing on the project at the time of application. The Village will ensure compliance with all applicable local laws and regulations.
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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Carthage (Jefferson County) – Carthage – RESTORE III – Carthage Medical Office –
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 Carthage –
RESTORE III – Carthage Medical Office Project, the Corporation hereby determines that the
proposed action will not have a significant effect on the environment.

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