

G. Penn Yan – RESTORE III – Downtown Revitalization (W854)

February 19, 2010

General Project Plan

Grantee: Village of Penn Yan (the “Village”)
Beneficiary: Vinrosa Builders Inc. (building owner)
ESD Investment: A grant of up to \$250,000* to be used for a portion of the cost of building renovation and site preparation.
Project Locations: 111 Liberty Street*; 120-124 Water Street; Village of Penn Yan, Yates County

*This grant is for Garret Winery Building at 111 Liberty Street. The balance of the project will be presented to the Directors at another time and has a different completion date.

NYS Empire Zone (or equivalent): N/A

Project Completion: September 2010

Grantee Contact: Shawna Wilber, Village Clerk/Treasurer
111 Elm Street
Penn Yan, NY 14527
Phone: (315) 536-3015 Fax: (315) 536-4685

Beneficiary Contact: 2352 Lerch Road
Penn Yan, NY 14527
Phone & Fax: (315) 270-2204

Project Team: Project Management Edward Muszynski
Affirmative Action Helen Daniels
Environmental Soo Kang

Project Description:

Background

The Village of Penn Yan’s existence dates to the late 1700s, with its formal incorporation in 1833. Historic buildings line Main Street, and the remnants of mills can be seen on the Keuka Outlet Trail (the “Trail”). One business, Birkett Mills, a manufacturer of buckwheat, has been in continuous operation at its site since 1797. Today, the Village is still dependent on a strong downtown and the use of the Keuka Outlet, which connects Seneca and Keuka Lakes. The Village has become a tourist destination with visitors representing nearly \$90,000,000 a year in economic impact to Penn Yan and Yates County. There are several

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Finger Lakes nearby, over 25 wineries surrounding the Village, and a growing Mennonite population selling hand-made crafts and furniture, drawing about 500,000 visitors per year. The Trail, once carrying barges serving the mills, now serves hikers, bikers and kayakers.

The opportunity is at hand for the Village to develop its downtown to further enhance its tourism services. Currently only 30% of store fronts have retail merchants and there are no anchors to attract and keep visitors downtown very long. A study sponsored by the Finger Lakes Economic Development Center, conducted by Shepstone Management Company in 2007 determined that over \$30,000,000 of the Village's retail sales is lost each year to the surrounding community.

In addition to increasing tourism services, the project will fulfill the Restore New York goals of revitalizing urban centers, inducing commercial development and improving local housing stock. The project is consistent with the Village's *Comprehensive Master Plan* prepared in 2000. It also conforms to the *Village of Penn Yan Waterfront Revitalization Program Plan* prepared in 2008 by Stuart Brown Associates.

The Project

The project includes the rehabilitation of three buildings in the center of downtown totaling 56,470 square feet. These buildings are nearly or completely vacant and are located in the Yates County Empire Zone and are part of the recently completed waterfront development plan area. Upon completion, the buildings will be used for mixed uses as follows:

The former Garret Winery at 111 Liberty Street will house restaurant, office and retail space. The owner already invested in phase 1 of the project, which included acquisition and roof replacement; the former Water Street Warehouses at 120-124 Water Street (two separate buildings) will house a medical facility and apartments/condominiums. The buildings are currently concentrated on or adjacent to Water Street along the Keuka Outlet. While in a prime location, the buildings are currently among the most unsightly buildings within the Village. The former Water Street Warehouses are listed on the state and national historic registries. The successful rehabilitation of these buildings would transform downtown Penn Yan both visually and economically and be a catalyst for future waterfront redevelopment. As a result of this project, downtown Penn Yan expects to increase its downtown retail and commercial space by 40% and enhance tourism. Such increased space will also attract middle-class residents.

Currently, 100% of individuals who live downtown have very low incomes. In a study by the Bureau of Labor Statistics in 2009, the average weekly wage in Yates County is \$531, the lowest in the state. The new health center proposed for 120-124 Water Street will provide full health services, including medical, dental and vision for the general public reducing the need to drive to surrounding counties for these services.

The balance of the Restore project, a grant of \$2,250,000 for 120-124 Water Street (for a total Restore grant of \$2,500,000), will be presented to the Directors at another time.

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Financing Uses	Amount	Financing Sources	Amount	Percent
Garret Winery Building Renovation and Site Work	\$677,030	ESD Grant	\$250,000	37%
		Finger Lakes Economic Development Center Loan*	100,000	15%
		Village Equity**	327,030	48%
Total Project Costs	\$677,030	Total Project Financing	\$677,030	100%

* 80% of Prime/5 years/2nd on RE

**Sources of equity are funds from the buildings' owners.

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 \$250,000 will be disbursed to Grantee upon documentation of project costs totaling \$677,030 and upon completion of the Garret Winery Building project substantially as described in these materials, 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 \$250,000 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

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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:

- (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 Village of Penn Yan Planning Board, 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 would not have a significant effect on the environment. ESD staff reviewed the 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 Village is encouraged to use its best efforts to achieve a Minority Business Enterprise participation goal of 7% and a Women Business Enterprise participation goal of 3% 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.

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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 rehabilitation of vacant, abandoned, surplus, or condemned commercial buildings, which have 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 rehabilitation of sites that the Village has included in its development plans, namely the Village's *Comprehensive Master Plan* (2000) and the *Village of Penn Yan Waterfront Revitalization Program Plan* (2008).

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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Penn Yan (Yates County) – Penn Yan – RESTORE III – Downtown Revitalization –
Restore NY Communities 08-09 – Determination of No Significant Effect on the
Environment

RESOLVED, that based on the material submitted to the Directors with respect to the Penn Yan –
RESTORE III – Downtown Revitalization Capital Project, the Corporation hereby determines that
the proposed action will not have a significant effect on the environment.

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