

C. Utica – RESTORE III – Genesee Street Corridor Improvement Project (W865)
July 15, 2010

General Project Plan

Grantee: City of Utica (“Utica” of the “City”)

Beneficiaries: Black River Systems Co., Inc.
Joanne & Thomas Trochia
Craig T. Podosek

ESD Investment: A grant of up to \$2,125,655 to be used for a portion of the cost of rehabilitation of three building in the Genesee Street Corridor.

Project Location: 170-172, 180, and 230 Genesee Street, Utica, Oneida County

NYS Empire Zone (or equivalent): City of Utica Empire Zone

Project Completion: April 2011

Grantee Contact: David R. Roefaro, Mayor
1 Kennedy Plaza
Utica, NY 13502
Phone: (315) 792-0100 Fax: (315) 797-6607

Beneficiary Contact: Black River Systems Co., Inc.
170-172 Genesee Street
Utica, NY 13502

Joanne & Thomas Trochia
180 Genesee Street
Utica, NY 13502

Craig T. Podosek
230 Genessee Street
Utica, NY 13502

Project Team:

Project Management	Javier Roman-Morales
Affirmative Action	Denise Ross
Design & Construction	Joseph Burkard
Environmental	Soo Kang

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Project Description:

Background

Like other municipalities throughout the Mohawk Valley, the City of Utica owes its very existence to its proximity to the Mohawk River. Visited by frontiersmen and suppliers during the 17th and early 18th century, Old Fort Schuyler was established as the first permanent development in 1758. Forty years later, the Fort was incorporated as a village and the name Utica was selected for the tiny village which consisted of 90 structures. By 1820, the village had grown to almost 3,000 people. Twelve years later the population reached 8,323 and the Village was incorporated as a City. The City's population reached a high of over 100,000 in the 1930 and 1940. Since then the City's population has declined to its current level of approximately 60,000.

The loss of population translated to fewer homeowners and renters which led to disinvestment and decreased tax base for the City. In the past several decades the impacts of a declining tax base were compounded by a rapidly growing social service sector, many of which are not-for-profits contributing little to the City's tax base. Nowhere has the loss of residential tax base been more evident than in the downtown where thousands of individuals and families once lived.

In 2005, the City commissioned the nationally-renowned firm of Zimmerman/Volk Associates of New Jersey to conduct a market study of the residential market potential in downtown Utica. The study found that a potential residential market exists for a mix of ages and income groups ("baby boomers", empty nesters" and "millenials") resulting in spin-off development in the retail, commercial and service areas.

The City received ESD funding through Restore II in the amount of \$2.23 million for the \$15 million modernization/expansion project of the Stanley Theatre.

The Project

The Genesee Street Corridor Improvement Project consists of the following three sites:

- 170-172 Genesee Street-the three story structure will provide expansion space for an existing high-tech software company located in the adjacent building. The rehabilitation of the building will allow the company to add additional staff; new space will include computer labs, offices and work areas, and a new handicapped accessible elevator.
- 180 Genesee Street-the strategy for the three story building is to improve the façade for more appropriate appearance and improve interior life safety features to further develop upper floor commercial rental space, and
- 230 Genesee Street- floors 1 through 3 are planned for commercial and

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professional office and the top two floors will be developed for loft apartments. Renovation will include handicapped elevator accessibility.

The three buildings require significant investment in order to become habitable and revenue-producing. The rehabilitation focuses largely on the interior to create new residential and commercial space and will act as a catalyst for additional development to increase the vitality of downtown Utica.

The project is expected to begin in July 2010 and be completed by April 2011.

Financing Uses	Amount	Financing Sources	Amount	Percent
170-172 Genesee Street				
Renovation/Rehabilitation	\$700,000	ESD Grant	\$810,855	90%
Infrastructure/site preparation	25,000	City Equity*	90,095	10%
Architectural, engineering fees, permits, environmental assessments and other fees including contingencies	175,950			
Total Project Costs	\$900,950	Total Project Financing	\$900,950	100%

Financing Uses	Amount	Financing Sources	Amount	Percent
180 Genesee Street				
Renovation/Rehabilitation	\$250,000	ESD Grant	\$307,800	90%
Infrastructure/site preparation	15,000	City Equity*	34,200	10%
Architectural, engineering fees, permits, environmental assessments and other fees including contingencies	77,000			
Total Project Costs	\$342,000	Total Project Financing	\$342,000	100%

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Financing Uses	Amount	Financing Sources	Amount	Percent
230 Genessee Street				
Renovation/Rehabilitation	\$896,000	ESD Grant	\$1,007,000	90%
Infrastructure/site preparation	20,000	City Equity*	113,000	10%
Architectural, engineering fees, permits, environmental assessments and other fees including contingencies	204,000			
Total Project Costs	\$1,120,000	Total Project Financing	\$1,120,000	100%

*Source of City Equity is from the Owner.

Financial Terms and Conditions:

1. Upon execution of the grant disbursement agreement, 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 owners' contribution of at least a 10% match of the grant amount to the Project.
4. Up to \$2,125,655 will be disbursed to the Grantee upon completion of each individual building, as follows:

170-172 Genesee Street – Up to \$810,855 will be disbursed to Grantee upon completion of the entire 170-172 Genesee Street building, documentation of project costs totaling \$900,950 and submission of a certificate of occupancy, assuming that all project approvals have been completed and funds are available;

180 Genesee Street – Up to \$307,800 will be disbursed to Grantee upon completion of the entire renovation project for 180 Genesee Street building, documentation of project costs totaling \$342,000 (cumulative project costs of \$1,242,950), and submission of a certificate of occupancy, assuming that all project approvals have been completed and funds are available;

230 Genesee Street – Up to \$1,007,000 will be disbursed to Grantee upon completion of the entire project at 230 Genesee Street, documentation of project costs totaling \$1,120,000, and submission of a certificate of occupancy, assuming that all project approvals have been completed and funds are available;

Payment will be made upon presentation to ESDC of an invoice and such other

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documentation as ESDC 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 NY Legislation was enacted.

5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$2,125,655, 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:

- (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.

Affirmative Action:

ESD's Non-Discrimination and Affirmative Action policy will apply. Grantee agrees to use its best efforts to include minorities and women in any job opportunities created by the Project; and to solicit and utilize M/WBE firms for any contractual opportunities generated in connection with the Project.

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Design & Construction:

D&C staff will review the project budget, plans, specifications, and at its option, visit the three subject sites within the City of Utica to monitor construction progress for the scoped work. There will be multiple progress payments, not less than quarterly and each requisition will be reviewed and recommended for payment only when D&C requirements have been satisfied.

The aforementioned project will be reviewed in conjunction with D&C requirements and forms.

Environmental Review:

The City of Utica 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 to be an Unlisted Action, which would not have a significant effect on the environment. The lead agency issued a Negative Declaration on February 9, 2010. 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.

Due to the Winston building’s eligibility for inclusion in the New York State and National Registers of Historic Places, ESD has confirmed that the project sponsor consulted with the New York State Office of Parks, Recreation and Historic Preservation (“OPRHP”) pursuant to Section 14.09 of the New York State Parks, Recreation and Historic Preservation Law. No further consultation is required, subject to a Letter of Understanding.

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 renovation, rehabilitation, or reconstruction of vacant, abandoned, surplus, or condemned commercial and/or residential buildings, which has been deemed by the City to arrest sound growth and development of the downtown 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 and renovation of the Genesee Street Corridor that the City has included in its market study in 2005. The City project fits within the strategic plan of preserving the City’s historic character, while creating a diverse and sustainable downtown economy.

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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 City published a property assessment list and held a public hearing on the project at the time of application. The City 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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Utica (Oneida County) – Utica – RESTORE III – Genesee Street Corridor Improvement Project – 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 Utica – RESTORE III – Genesee Street Corridor Improvement Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

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