

**NEW YORK STATE  
APPALACHIAN REGION  
STRATEGY STATEMENT  
(FEDERAL FISCAL YEAR 2011)**

**State of New York  
David A. Paterson, Governor**

**Department of State  
Mark Streb, Alternate**

**December 2010**

TABLE OF CONTENTS

Executive Summary .....3

I. Appalachia and New York State’s Appalachian Regional Development Program.....4

- o Map I-1: US Appalachian County Economic Status, FY 2011 .....4
- o Map I-2: Appalachian New York .....5

II. Appalachian New York in Economic and Social Context .....8

- o Table II.1: New York State Appalachian Counties Ranked by Composite Index .....8
- o Map II-1: Appalachian New York Population Change, 2000-2009.....9
- o Map II-2: Poverty Rates in Appalachian New York , 2000 .....10
- o Map II-3: Unemployment Rates in Appalachian New York, 2<sup>nd</sup> Quarter, 2010 .....11
- o Map II.4: Appalachian New York County Economic Status and Distressed Census Tracts, FFY 2010.....12
- o Table II.1: Appalachian New York: Distressed Census Tract List, FFY 2010 .....12
- o Table II.2: Primary Employment Categories In Appalachian New York State, 2006-2008 vs. 2005-2007 .....13
- o Map II-5: Appalachian New York ADHS Corridors and Major Highways, 2010 .....18
- o Map II-6: Average Broadband Download Speed by Zip Code, New York State, 2009 .....19

III. New York State’s FFY-2011 Program Strategic Priorities .....20

- o A. Strengthening the Region’s Competitiveness.....20
- o B. Building Local Community Capacity .....21
- o C. Attaining Sustainable, High Quality-of-Life .....22
- o D. Fostering Regional Planning and Coordination .....23
- o E. Promoting Interagency Cooperation: .....24

IV. ARC Goals and Objectives and New York State Strategies .....25

- o ARC General Goal 1.....25
- o ARC General Goal 2.....27
- o ARC General Goal 3.....28
- o ARC General Goal 4.....30

V. New York State Area Development Policies .....31

- o New York State’s Energy Policy For Commercial Construction Projects .....34
- o Process for Preparation and Implementation of the New York State Appalachian Regional Investment Package for FY 2011 .....34

## **EXECUTIVE SUMMARY**

This Appalachian Strategy Statement for federal fiscal year (FFY) 2011 represents the New York State plan for implementation of the federal-state-local Appalachian Regional Commission (ARC) Program. As it will extend into the beginning of the next gubernatorial term, it is anticipated that the strategies and policies contained herein will be durable enough to guide the program through the entirety of FFY 2011 at the discretion of the next Governor.

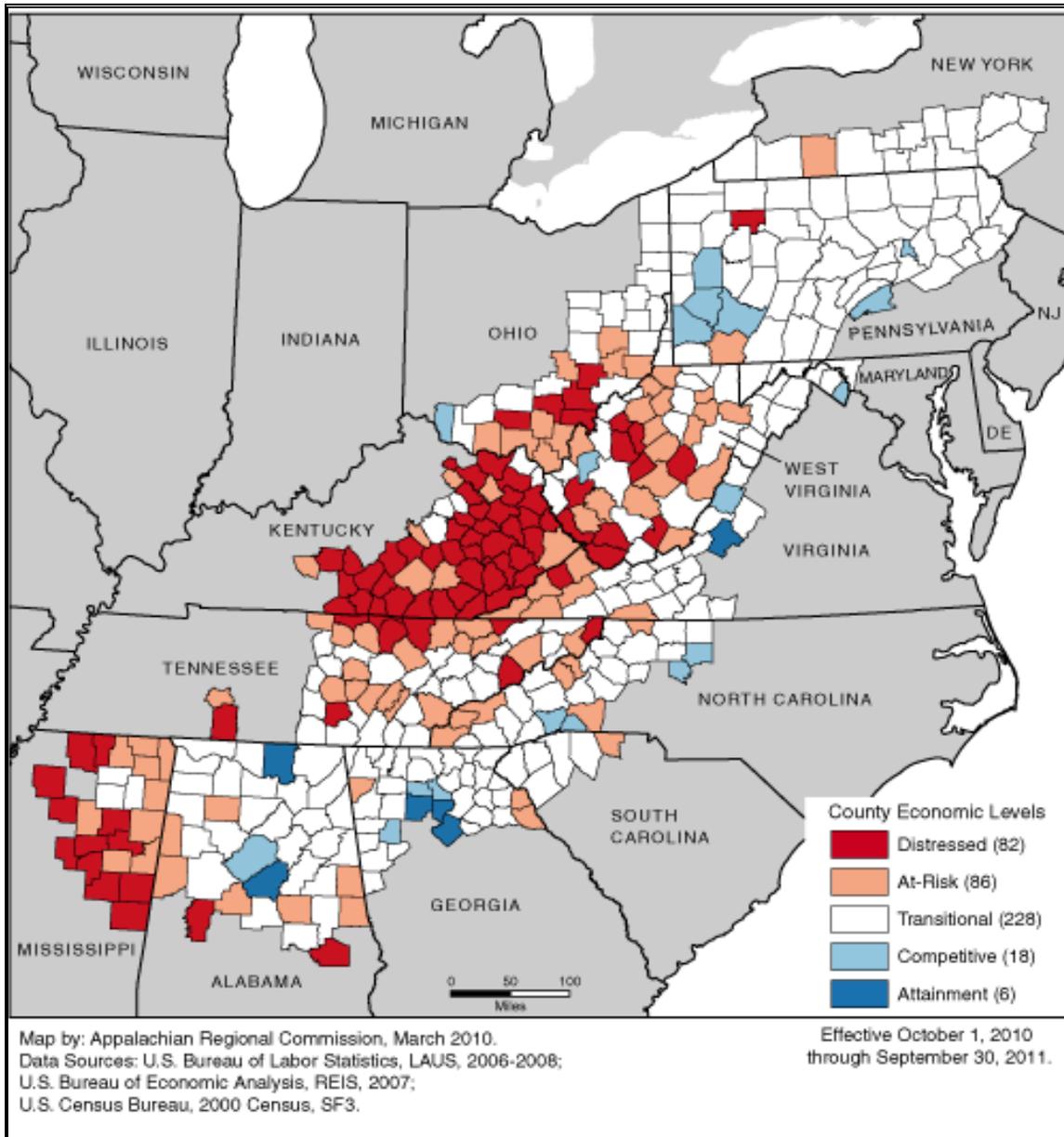
This Strategy Statement continues the New York State's current Appalachian Development Plan's emphasis on strengthening the region's economic competitiveness, building local community capacity, and attaining sustainable high quality of life standards for the 14 counties that comprise Appalachian New York. To accomplish this, New York State's Appalachian area development program focuses on regional planning and coordination and intra- and interagency cooperation. It also conveys policies and guidance for the investment of ARC resources and methods to foster regional consensus and to leverage local leadership across the region. In addition, this Statement is a working guide to achieve the aims of the Governor and the Department of State to help lift the region from isolation and poverty and transform it into a region that plans efficiently across local political boundaries and that can become an example of the best social and economic development practices.

This document sets forth specific regional development policy objectives and details twenty-eight strategies to be employed to help meet the four General Goals of ARC's Strategic Plan. Finally, it outlines the technical details of the State's Area Development program, as administered by the New York State Department of State, and provides guidance for local leaders regarding the solicitation of projects and the framework for preparation of the Annual New York State Appalachian Regional Investment Package.

In defining the limits and administrative requirements of the New York State Appalachian Development Program, such as policies on eligible and ineligible project activities, match requirements, indirect costs and time limits on ARC funding, this Strategy Statement also incorporates flexibility to allow for additional emphasis to be placed on regional priorities as determined by ARC and New York State.

# I. Appalachia and New York State's Appalachian Regional Development Program

**Map I-1: US Appalachian County Economic Status, FY 2011**

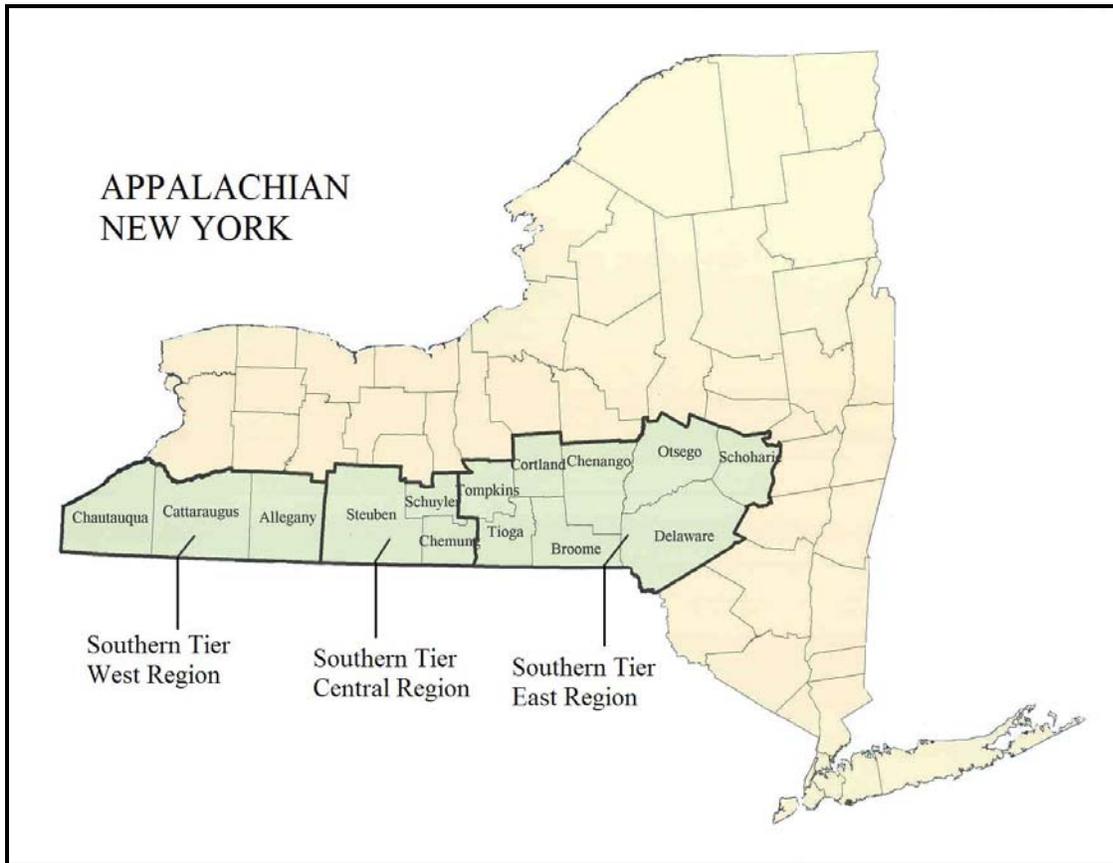


## A. Appalachian Regional Commission

Established by an act of Congress in 1965, the Appalachian Regional Commission (ARC) is a state and federal partnership devoted to the economic development of the Appalachian region of the United States. As defined by Congress, this 205,000-square-mile region (see Map I-1) extends more than 1,000 miles from southern New York to

northern Mississippi, largely following the spine of the Appalachian Mountains. The Region includes 420 counties among 13 states and is home to 24.8 million people. The ARC’s leadership consists of the governors of the 13 Appalachian states and the President’s appointed Federal Co-Chair. Local leadership and participation is coordinated through multi-county local development districts (LDDs) in each participating state.

**Map I-2: Appalachian New York**



Source: New York State Department of State

**B. Appalachian New York**

Appalachian New York, also referred to as New York State’s “Southern Tier”, consists of 14 counties extending along the Appalachian Plateau approximately 300 miles from the peaks of the Catskill Mountains to shores of Lake Erie. Its population is slightly more than 1.0 million. Administratively, the region is divided into three LDDs, also known as “regional planning and development boards” as follows (constituent counties are noted in parentheses):

- Southern-Tier East (Broome, Cortland, Chenango, Delaware, Otsego, Schoharie, Tioga, and Tompkins);
- Southern-Tier Central (Chemung, Schuyler, and Steuben);
- Southern-Tier West (Allegany, Cattaraugus, and Chautauqua)

Roughly half of the residents of Appalachian New York live in or around medium to small cities or villages. The region's largest population clusters are centered around the following cities: Binghamton (Broome County), Elmira (Chemung County), Ithaca (Tompkins County), Cortland (Cortland County), and Jamestown (Chautauqua County). Outside of the urban and suburban areas surrounding these cities and several other smaller villages, the Southern Tier region is rural and very sparsely populated.

### **C. New York State's Appalachian Regional Development Program**

New York State's Appalachian Regional Development Program coordinates the State's participation in the ARC. Its mission is to reduce poverty and improve the economy and quality of life within New York State's Appalachian region. The program resides within the New York State Department of State (DOS) and, per New York State Executive Law §153 d(2) DOS shall:

*.... act as the official agent of the state for the purpose of administering, carrying out and otherwise cooperating with the federal government in connection with the provisions of the federal Appalachian regional development act of nineteen hundred sixty-five as heretofore and hereafter amended; to apply for, accept, and expend funds made available by the federal government pursuant to such federal acts and enter into any necessary contracts or compacts in connection therewith; and to take any further action which may be required under the terms of any such federal act.*

### **D. ARC Program Goals**

According to the ARC's Strategic Plan, the ARC's four General Goals are:

- I. Increase job opportunities and per capita income in Appalachia to reach parity with the nation.
- II. Strengthen the capacity of the people of Appalachia to compete in the global economy.
- III. Develop and improve Appalachia's infrastructure to make the Region economically competitive.
- IV. Build the Appalachian Development Highway System to reduce Appalachia's isolation.

The goals of New York State's Appalachian Development Program are the same. Of these goals, the first three are coordinated by DOS, the fourth by the New York State Department of Transportation (DOT). DOS serves as the interagency liaison with state and federal agencies for coordination of efforts to achieve the ARC's goals within the State, and coordinates local contact and project coordination through the LDDs.

## **E. New York State Program Strategic Priorities for FFY-2011**

According to the ARC's index of financial strength, thirteen counties in the Southern Tier are designated as "transitional" counties, and one – Allegany – is designated "At Risk." Map I-1 shows the relative ranking of US Appalachian counties. New York State's Appalachian Development Program relies on this Strategy Statement to be a working guide to identify priorities focused upon reversing Southern Tier's economic challenges, to alleviate its poverty and isolation, and to help transform it into a region that plans efficiently across political boundaries and that can become an example of sustainable social and economic development practices. In its simplest terms, this Statement is about the following: (1) helping to focus efforts that attract people and business investment to the region; (2) getting people and businesses to become involved in and remain attached to the region, and empowering local governments towards better governance; (3) enhancing the high quality of life for residents of the region; and (4) providing a program framework that encourages regional planning and multi-agency coordination to achieve these aims. These priorities will be discussed in detail in Section III.

## II. Appalachian New York in Economic and Social Context

### A. The Economic Condition of Appalachian New York

**Table II.1: New York State Appalachian Counties Ranked by ARC Composite Index Value (FFY-2011)**

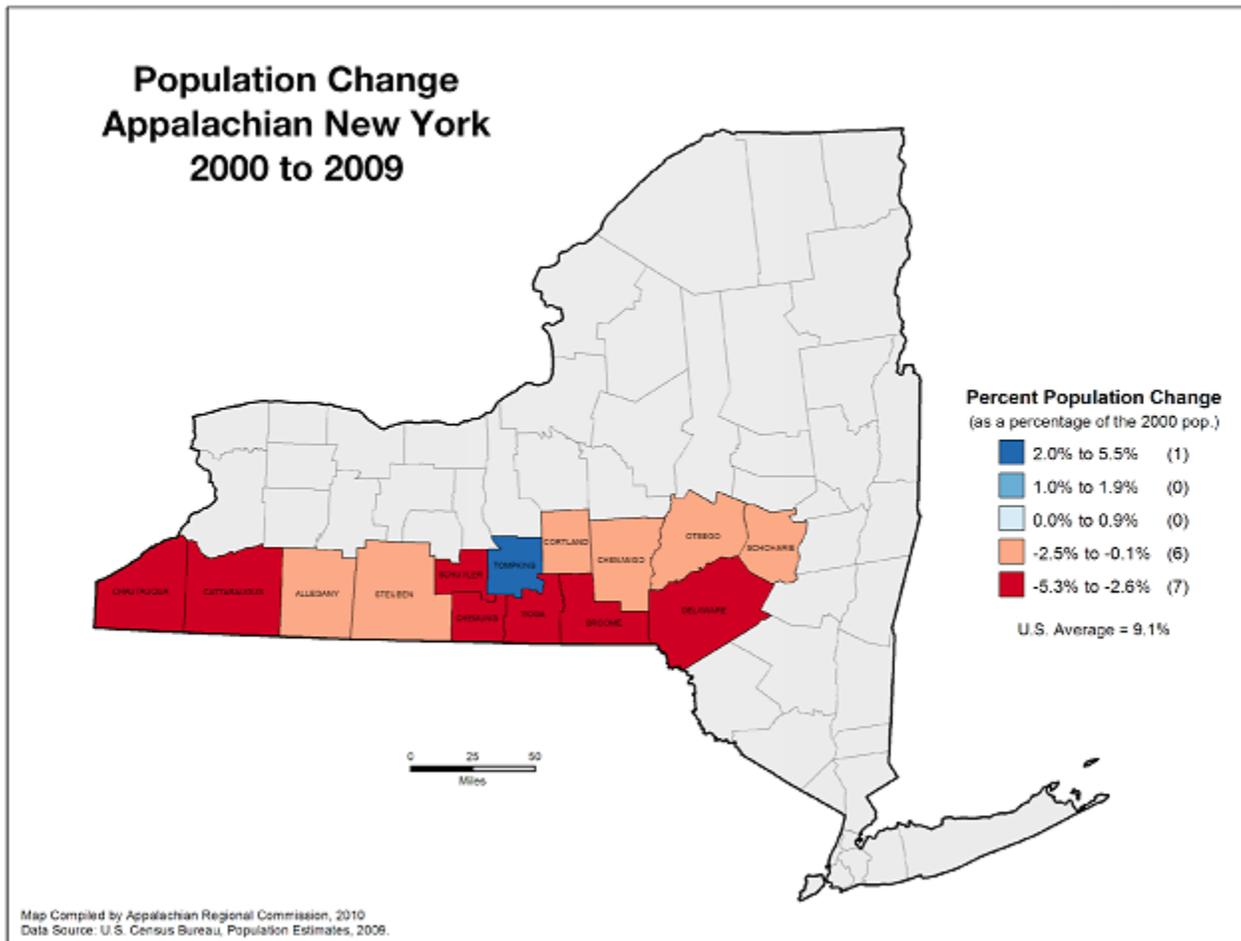
Location	County Economic Status, FY 2011	Absolute Data Values			Indicator Index Value			Composite Index Value, FY 2011	Index Value Rank (of 3,110 counties in U.S., 1 is the best), FY 2011	Quartile (1 is the best), FY 2011
		Three-Year Average Unemployment Rate, 2006-2008	Per Capita Market Income, 2007	Poverty Rate, 2000	Three-Year Avg. Unemp. Rate, Percent of U.S. Avg., 2006-2008	Per Capita Market Income, Percent of U.S. Average, 2007	Poverty Rate, Percent of U.S. Average, 2000			
United States	-	5.0%	\$32,930	12.4%	100.0%	100.0%	100.0%	-	-	-
U.S. Appalachian Region	-	5.2%	\$24,360	13.6%	103.4%	74.0%	109.9%	-	-	-
New York State	-	4.9%	\$38,889	14.6%	96.9%	118.1%	117.9%	-	-	-
Appalachian New York	-	5.1%	\$22,804	13.6%	101.0%	69.3%	110.1%	-	-	-
<b>County</b>										
Tioga	Transitional	4.8%	\$24,885	8.4%	96.6%	75.6%	67.8%	98.9	870	2
Steuben	Transitional	5.6%	\$28,065	13.2%	112.2%	85.2%	106.9%	112.2	1,383	2
Broome	Transitional	5.0%	\$24,199	12.8%	99.1%	73.5%	103.7%	113	1,413	2
Tompkins	Transitional	3.7%	\$26,007	17.6%	73.4%	79.0%	142.4%	114.2	1,452	2
Chemung	Transitional	5.1%	\$22,513	13.0%	101.6%	68.4%	104.7%	117.5	1,573	3
Schoharie	Transitional	6.0%	\$23,145	11.4%	119.6%	70.3%	92.0%	118	1,582	3
Delaware	Transitional	4.9%	\$21,160	12.9%	98.4%	64.3%	103.9%	119.3	1,625	3
Schuyler	Transitional	5.4%	\$21,042	11.8%	107.1%	63.9%	95.6%	119.7	1,639	3
Otsego	Transitional	4.9%	\$21,819	14.9%	98.4%	66.3%	120.7%	123.3	1,759	3
Cattaraugus	Transitional	5.5%	\$21,285	13.7%	110.6%	64.6%	110.9%	125.4	1,834	3
Chautauqua	Transitional	4.9%	\$19,622	13.8%	98.2%	59.6%	111.8%	125.9	1,850	3
Chenango	Transitional	5.5%	\$20,896	14.4%	109.5%	63.5%	116.0%	127.7	1,918	3
Cortland	Transitional	5.7%	\$21,134	15.5%	113.8%	64.2%	125.0%	131.5	2,020	3
Allegany	At-Risk	5.8%	\$16,850	15.5%	115.5%	51.2%	125.3%	145.4	2,391	4

Source: [www.arc.gov](http://www.arc.gov)

1. County Economic Status: ARC computes county economic status for the federal fiscal year (FFY) based on the most current year's data for the following: 1) rolling three-year average unemployment rate; 2) per capita market income; and 3) US Census poverty rate. These are then aggregated and compared against all 3,110 counties in the nation, and then scaled to compare each Appalachian county to the national averages. ARC assigns the status "distressed" to counties ranking in the worst 10% of the nation's counties. Counties ranked in the lower 25% but above the bottom 10% are considered "At Risk". Counties in the middle 50% of the national database are considered "Transitional". Counties ranking in the top 25% but below the top 10% of the nation are considered "Competitive". Counties ranked in the top 10% of the nation are classified as "Attainment" counties.

Table II-1 details the rankings for each county in Appalachian New York, and ranks the counties by economic index score. Of the 14 counties in the Southern Tier, ten rank in the bottom 50% of U.S. counties. One, Allegany, ranks in the lowest quartile and is designated "At Risk". On the positive side, Appalachian New York also has four counties ranked in the 2nd quartile – Tioga, Broome, Steuben and Tompkins. By diligently applying the strategies identified in this document, New York State hopes to be able to lift the index scores of Appalachian counties over time and to make the Southern Tier a destination for individuals and businesses.

Map II-1: Appalachian New York Population Change, 2000-2009



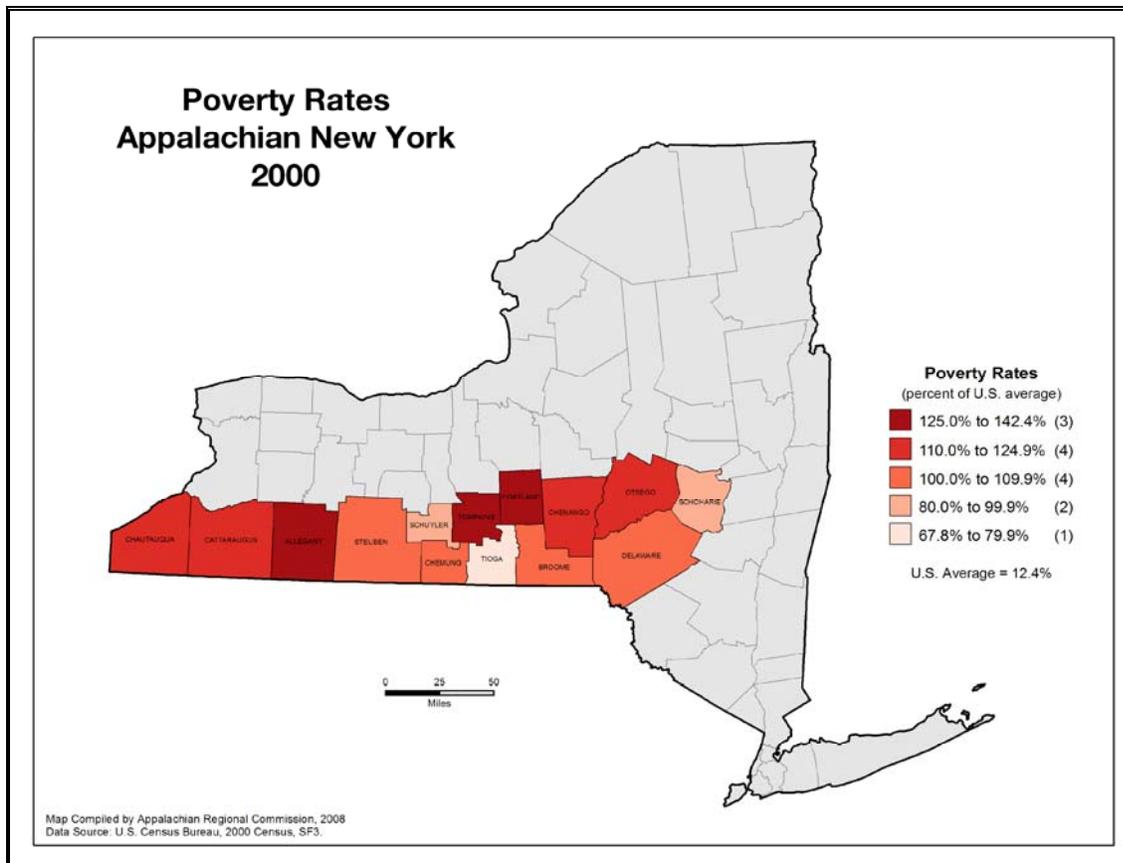
2. Overall Economic Conditions and Related Factors: The ARC's county economic status designations are essential program tools, but they do not reflect some important considerations about the region's economic condition – the region's persistent malaise resulting from the declining business presence and obsolescence of the existing infrastructure. Since the 1950s this region has seen dramatic declines in population and economic strength. The economy has been long characterized by the flight of industrial manufacturing jobs and by the coinciding out-migration of working age residents. The result is a population that is aging and getting poorer. Exceptions to this trend tend to be focused where colleges and universities are located, especially Ithaca (in Tompkins Co.), which is home to Cornell University and Ithaca College, two well endowed institutions that attract a significant number of young outsiders into the region.

a. Population change as a function of economic stress: In a mobile society, one way of measuring a region's competitiveness is by examining population migration trends. Regions that are more attractive and competitive tend to have higher net in-migration and less competitive regions tend to have higher out-migration trends. One measure of the Southern Tier's declining social and economic condition is that it has suffered an enduring and protracted population decline since the 1960s. Map II-1 illustrates the

overall population decline through the Southern Tier during the past decade. Population declined in every county, except Tompkins County, which is noted for a vibrant urban core anchored by a world-class university and a highly-rated private college. Some suburban counties that had shown modest population increases earlier in the decade saw recent reverses in growth trends. These population declines are one indicator of the region's need to demonstrate each county's economic competitiveness. While some migration of business and residents has been to regions of the nation with milder climates, factors such as taxes, costs of living and doing business, and the regulatory environment all contribute to the region's perceived lack of competitiveness and to net out-migration and population decline.

Nevertheless, there are some bright spots in the region's overall competitiveness. As mentioned, Tompkins County is an encouraging example of community and university integration and of a revitalized and attractive urban core. Several other post-secondary schools, colleges, and universities are located in the region, and some are already developing strong community partnerships. Many of these institutions have tapped the ARC program to build community connections.

Map II-2: Poverty Rates in Appalachian New York State, 2000

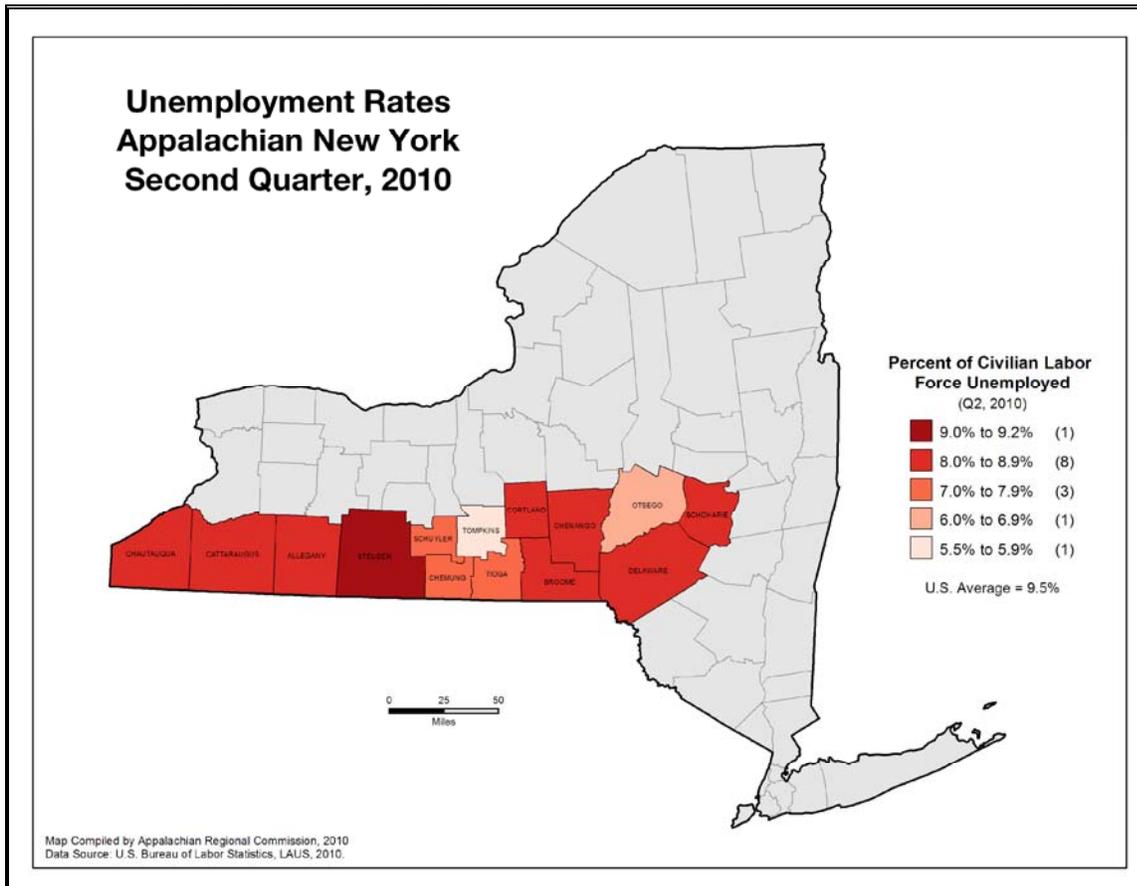


b. Effects of U.S. Recession: Overall, the region's economic fortunes are closely tied to the national economy. The U.S.'s current two-year long recession has affected the state and the region significantly. According to the New York State Comptroller's 2010

Annual Report On Local Governments, New York State's unemployment rate is the highest it has been since 1992; sales tax revenues growth is marginal in a majority of counties; and housing in several markets is characterized by declining home values and relatively high foreclosure rates. And in the most recent budget cycles, many school districts saw significant program cuts and personnel reductions. While federal assistance from the American Recovery and Reinvestment Act (ARRA) helped support local governments and local economies, such support is unlikely to continue, and the shortfalls will lead to further reductions in programs and services and to deferred capital purchases and maintenance.

In Appalachian New York, unemployment is over 8%, with Steuben County having an unemployment rate in excess of 9%. While not yet available in the ARC database, poverty rates for 2010 are expected to be significantly higher than 2000 poverty rates. The most recent poverty and unemployment statistics for the Southern Tier are illustrated in Maps II-2 and II-3, respectively.

Map II-3: Unemployment Rates in Appalachian New York State, 2<sup>nd</sup> Quarter, 2010



3. **“Pockets of Distress”**: Poverty tends to be a condition with many causes, but in Appalachia, the primary causes are rural isolation, lack of adequate infrastructure, and scarce access to economic, educational and health and social service resources. In addition, the image of poverty in Appalachia is typically rural. However, as

manufacturing has left New York State, a significant part of the region’s poverty is in decaying urban and suburban areas. Recognizing that there are "pockets of distress" within “transitional” economic status counties, the ARC has responded to concerns about “distressed areas”, and has provided details on census tracts within counties considered “Transitional”. Map II-4 illustrates the location of pocket of distress in Appalachian New York State. These are also listed in Table II-1

Map II.4: Appalachian New York County Economic Status and Distressed Census Tracts (FFY2010):

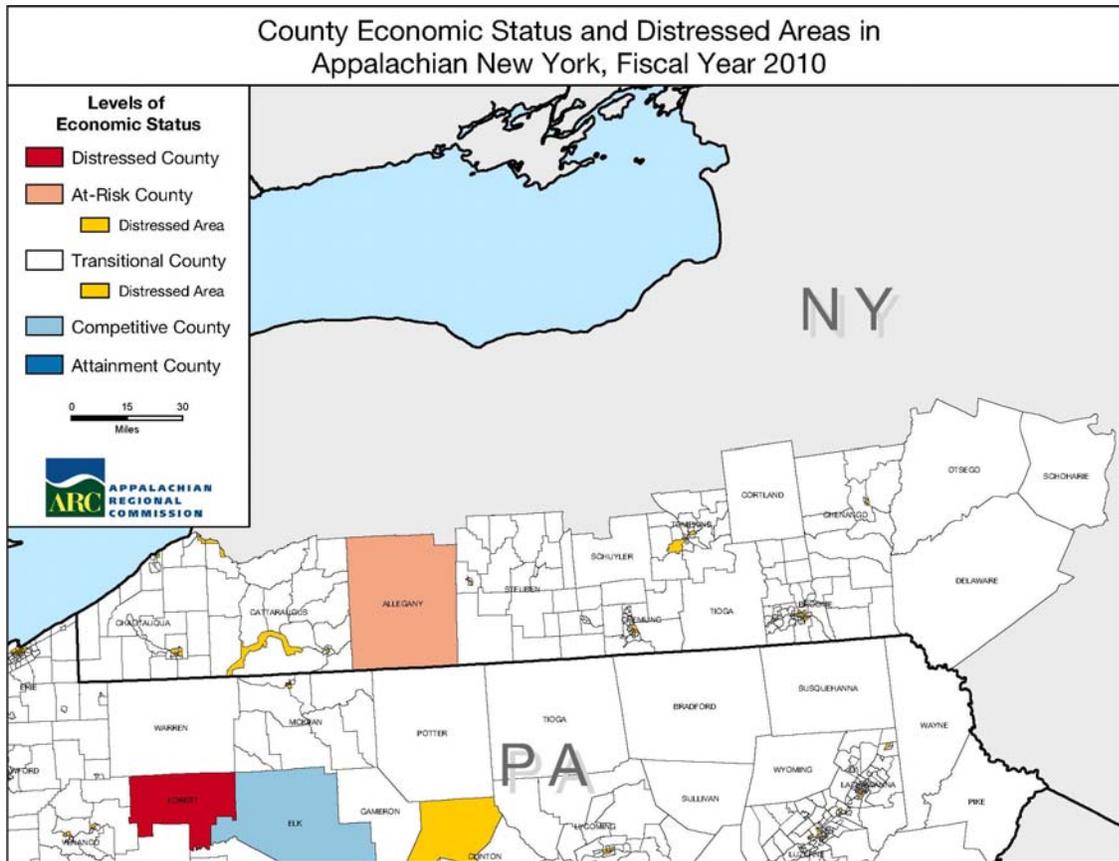


Table II.1: Appalachian New York Distressed U.S. Census Tract List (FFY 2010)

County	# Tracts in distress	Census Tract ID#s
Broome	12	1, 3, 5, 6, 11, 12, 13, 18, 135, 136, 139, 140
Cattaraugus	3	9400, 9617, 9621
Chautauqua	7	301, 303, 305, 306, 354, 355, 9400
Chemung	5	1, 6, 7, 8, 10
Chenango	1	9904
Steuben	1	9609
Tompkins	4	2, 4, 8, 10

(Source: [www.ARC.gov](http://www.ARC.gov))

The ARC defines “distressed areas in non-distressed counties” as those census tracts with a median family income no greater than 67% of the U.S. average and a poverty rate that is 150% of the U.S. average or greater. Appalachian New York has 33

distressed census tracts in its 13 “Transitional” counties. For New York State, proposed projects that address issues in these pockets of distress will receive extra consideration for funding approval and technical assistance.

4. Appalachian New York State’s Occupational Structure: Traditionally, manufacturing has been a value-added component of the United States Economy. However, as is the case with many former industrial regions, Upstate New York, in general, and much of the Southern Tier, in particular, has shifted from a manufacturing-based economy to a service and retail-based economy.

**Table II.2: Primary Employment Categories in Appalachian New York State (2006-2008 vs 2005-2007)**

<u>Employment Category -- % in Field</u>	<u>2006-2008</u>	<u>2005-2007</u>
Educational services, and health care and social assistance	30.15%	29.70%
Manufacturing	14.13%	14.40%
Retail trade	11.43%	11.60%
Arts, entertainment, and recreation, and accommodation and food services	8.35%	8.50%
Construction	6.58%	6.40%
Professional, scientific, and management, and administrative and waste management services	6.32%	6.20%
Public administration	4.36%	4.30%
Finance and insurance, and real estate and rental and leasing	4.36%	4.30%
Other services, except public administration	3.98%	4.10%
Transportation and warehousing, and utilities	3.74%	3.70%
Agriculture, forestry, fishing and hunting, and mining	2.52%	2.40%
Wholesale trade	2.30%	2.50%
Information	1.78%	1.90%
Total	100 %	100 %

(Source: U.S. Census Bureau’s 2005-2007, 2006-2008 American Community Surveys)

Table II-2 reflects the primary employment categories for Appalachian NY’s civilian employed population 16 years and over. The percentage of employees in manufacturing dropped to just 14.13% in the 2006-2008 period, down from nearly 20% in 1990 and from approximately 16% in 2000. Structurally, this reflects a larger trend toward outsourcing industries overseas to cheaper centers of production. Nonetheless, some high technology and green-tech manufacturing opportunities persist in the region. In addition, health care and education also represent potential growth opportunities for employment in the region: employment in education, health care and social programs now account for nearly 30% of civilian employment in the region.

## **B. Appalachian New York's Social Conditions**

According to the ARC's Strategic Plan, a major goal of the ARC is to ensure that the population is ready to participate and compete in the twenty-first century economy. To this end, it states that "...the people of Appalachia must have the skills and knowledge required to develop and work in globally competitive businesses. Appalachian residents must also have adequate health care to promote socially and economically competitive communities, and opportunities to make all Appalachian citizens productive participants in the global economy." New York State has many programs across a range of agencies to ensure that these goals are met.

1. Education: Appalachian New York is a high-achieving part of Appalachia in education. According to the ARC's special report, "Educational Attainment in Appalachia" (July 2004), Appalachian New York ranked first in high school completion (83.9% in 2000, compared to an ARC-region wide average of less than 75%), ranked second highest in percent of population with a college degree (20.8% in 2000, compared with 21.0% for Georgia), and had the highest ranked county for percent of population with a college degree (Tompkins County, with 47.5% of the population having a college degree).

ARC area development grants have been a significant boost to the region in training and retraining the region's residents. Over the past 10 years, New York State has closed out three ARC area development grants for projects assisting adult literacy, two for career education, three for child care, six for distance learning, four for teacher training, and four for vocational/workforce training.

New York State's Appalachian program is very committed to supporting the education initiatives of the ARC. In this vein, DOS collaborates with New York State Education Department (NYSED) on many levels. New York State's BOCES programs and several local school districts have been recipients of ARC grants. New York State is an active participant in the ARC's Oak Ridge Laboratories summer internships for students and teachers. In addition, DOS has reached out to the State University of New York (SUNY) system and to other colleges in the region. The region's community colleges, four-year colleges and universities are magnets for young adults to remain in or move to the region, and many of these programs have benefited from ARC funding. In particular, Alfred State College, a State University of New York (SUNY) College for Technology in Allegany County, has used ARC funding to help it develop an expertise in green building technologies and in vocational training in related fields. As a college located in the most economically stressed of New York State's 14 Appalachian counties, Alfred State's integration into the ARC program promises to be a powerful boost for the community and for training the region's youth for high-paying future-oriented careers.

The strong relationship between the ARC and Alfred State will continue to grow as the college has been approved to represent New York State's Appalachian Region in the 13-state region-wide Appalachian Teaching Project, whereby selected colleges and universities from each of the Appalachian states develop a curriculum and teach

students about topics addressing the economic and social development challenges endemic to Appalachia.

2. Civic Leadership and Community Capacity: Appalachian New York is home to almost 400 of the over 1600 local governments in New York State, and the State's Constitutional provisions for "home rule" often conflicts with regional planning and prioritization. The great advantage of the ARC program for New York State is that it is focused on a multi-state region, addressing a broad range of issues common to the vast reaches of rural and remote Eastern US communities, and the multi-county LDD planning approach helps contribute to a regional planning focus within the LDDs and across the entire Southern Tier region.

Providing effective leadership development and the training of local officials is a key function of the Department of State and the State's ARC program. Since 2007, DOS has trained thousands of local officials across the state in the fundamentals of land use and local governance, providing essential tools and information that help local leaders shape the future of their communities. DOS and the LDDs also provide technical assistance to help local officials solve problems involving basic powers and duties, public works, municipal organization, planning, land use, regulatory controls and community development.

3. Regional Health: Rural health is a serious concern in New York State's Appalachian region, with several Medically Underserved Areas/Populations (MUA/P) designated by Health Resources and Services Administration (HRSA) as having too few primary care providers, high infant mortality, high poverty, and/or high elderly population. Health Professional Shortage Areas (HPSAs) are designated by HRSA as having shortages of primary medical care, dental or mental health providers and may be geographic (a county or service area), demographic (low income population) or institutional (comprehensive health center, federally qualified health center or other public facility).

These shortfalls cause New York State's rural counties to lag behind their more urbanized counties. In addition, the financial plight of rural hospitals is both a national and region-wide problem, with delivery of service to remote rural regions becoming more difficult due to the closing of independent community hospitals throughout the region.

In New York State, rural health policies are coordinated by the New York State Department of Health (DOH) Office of Rural Health. New York State's ARC Program staff coordinates and maintains regular contact with this office on rural health policy issues and ensures that the region maintains a high level of health and wellness.

4. Housing Quality, Affordability and Energy Efficiency: After decades of economic decline, the vacant housing crisis across Upstate New York inhibits future economic development, discourages homeownership and in-migration and perpetuates the perception that the region's urbanized areas are in a downward spiral. Many parts of Appalachian New York State are characterized by aging or inferior quality housing

stock. For example, according to the U.S. Census Bureau 2009 American Community Survey, one of eight residences in Cattaraugus and Steuben Counties are either trailers or mobile homes, and approximately half of the housing stock in Chautauqua County is over 80 years old.

New York is working vigorously to counter the effects of aging communities and deteriorating or substandard housing stock. To forestall the aging of the Southern Tier's communities beyond the point of preservation, DOS collaborates with the New York State Division of Homes and Community Renewal (DHCR), particularly its Office of Community Renewal, on issues related to housing quality and community revitalization throughout the Southern Tier.

The region's housing concerns also include the cost to families for home heating and the need to improve residential energy efficiency. The region's relatively cold winters have a potential negative impact on the health of the local population and high winter energy costs affect the affordability of the region as a place to live and work, which has additional negative economic impacts. DOS is working with the LDDs and other state agencies to ensure that local residents are able to afford to maintain adequate residential energy supplies for home heating and to promote residential energy efficiency throughout the region.

5. Recreation, Parks and Open Space: The Southern Tier abounds with outdoor recreation possibilities, with a multitude of public lands, parks, trails, lakes and waterways. These recreational opportunities play an important part in promoting a high quality of life and fostering healthy lifestyles and a shared sense of community across the region.

In Southern Tier West, Allegany State Park's 65,000 acres make this the largest state park within the New York State park system. It is noted for breathtaking natural scenery and abuts a counterpart park in northern Pennsylvania, creating an exceptionally large portion of undeveloped land shared by two states.

In Southern Tier Central, the Finger Lakes National Forest is located between Cayuga and Seneca Lakes. Finger Lakes National Forest encompasses 16,032 acres (65.9 km<sup>2</sup>) of Seneca and Schuyler counties and it is also the only national forest in New York State. In addition, Southern Tier Central is also home to several state parks, including Catharine Valley Trail, located between Elmira and Montour Falls. Watkins Glen State Park, which is the most famous park in the Finger Lakes, has a reputation for its breathtaking gorge with 200 foot cliffs and 19 waterfalls. Newtown Battlefield State Park in Elmira marks the site of the 1779 battle between the Continental Army and British regulars, loyalists and Iroquois.

Southern Tier East continues the state park network surrounding the Finger Lakes. Allan H. Treman State Marine Park in Ithaca (Tompkins County) on Cayuga Lake is one of the largest inland marinas in New York State, with over 400 boat slips. Buttermilk Falls and Robert H. Treman State Parks, also in Ithaca, features the area's gorges and

waterfalls and provide exceptional outdoor recreation opportunities for residents and visitors to Ithaca and the Finger Lakes. However, the region's largest expanse of preserved open space is the Catskill Mountains Forest Preserve, which was created in 1895. The almost 300,000 acre Catskill Preserve represents a significant regional asset for recreation for the entire eastern part of New York State, and is home to four of the reservoirs of New York City's drinking water supply.

### **C. The Condition of Appalachian New York's Infrastructure**

Perhaps nothing else defines or limits a region's global competitiveness more than the presence or absence of efficient infrastructure, including local roads and regional highways, telecommunications and broadband infrastructure, sewer and water and storm-water infrastructure, and power delivery infrastructure. In Appalachian New York, the infrastructure challenges are significant, due in large part to obsolete or deteriorating systems, and are exacerbated by a declining tax base that hinders the ability of local communities to upgrade and modernize infrastructure.

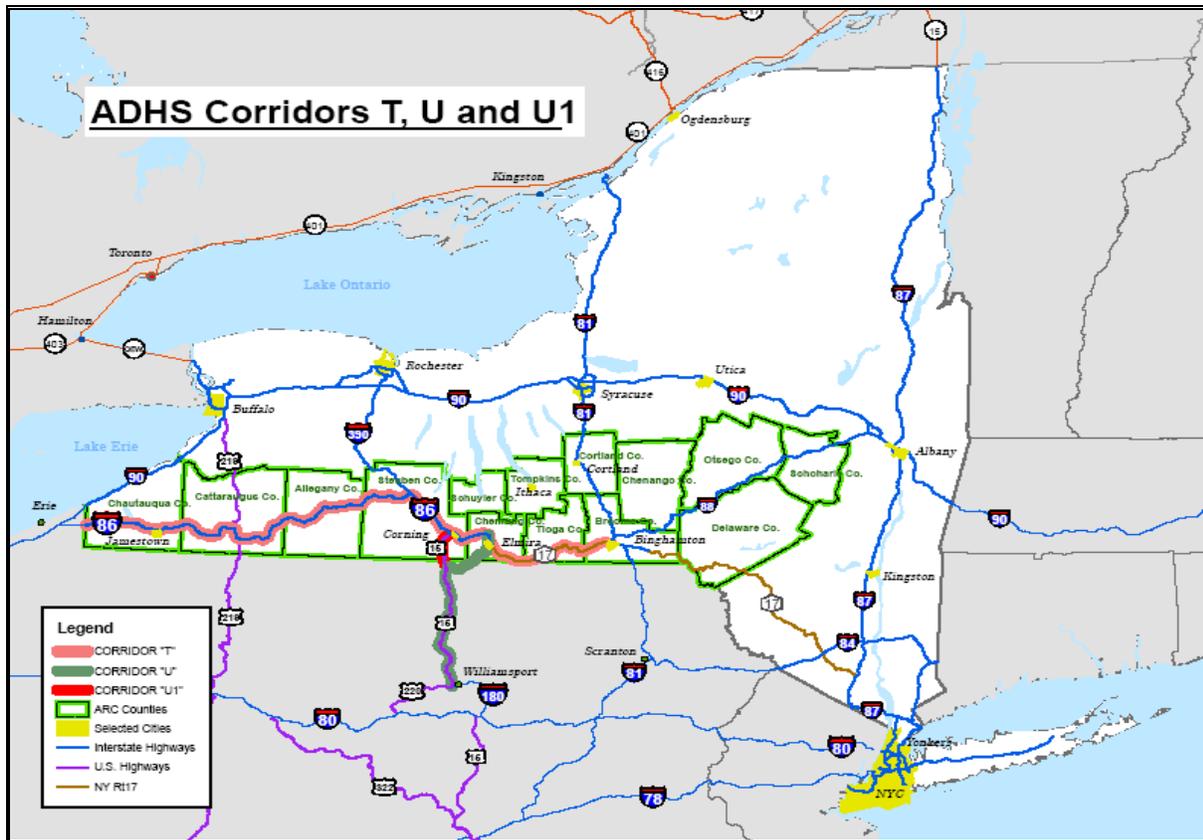
1. Appalachian Development Highway System (ADHS) Corridors T, U, and U-1: The ARC has contributed to progress in improving the region's highway infrastructure. The Southern Tier Expressway (also known as New York State 17/ I-86) is part of the Appalachian Development Highway System (ADHS) for 256 miles across the Southern Tier -- from Binghamton to Erie, Pennsylvania. This expressway is ADHS Corridor T; all but a 5.5 mile portion of the section between Binghamton and Elmira conforms to interstate highway requirements. NYS DOT is working to eliminate the few existing at-grade crossings to complete the transformation of New York State 17 to interstate highway I-86. In addition, while not part of the ADHS system east of Binghamton, New York State 17 extends southeast beyond Binghamton for another 145 miles until it links with the New York State Thruway just north of the New York City metropolitan area. New York State DOT is also working to convert this additional section of New York State 17 to interstate highway standards. When completed, I-86 will provide a link from the New York City metropolitan region through New York State's Appalachian Region all the way to Lake Erie near Erie, Pennsylvania.

ADHS Corridor T has helped ease much of the region's isolation and has already spurred enough economic growth to suggest that it will be of immense material and social benefit to the region. North and south connectors to this expressway are gradually being developed to further alleviate the region's geographic isolation.

The other ADHS Corridors in New York State are Corridor U and Corridor U1. These two corridors link the areas near the cities of Corning and Elmira to Pennsylvania's Corridor P near Williamsport and are crucial to generating commercial and industrial in these two areas. Corridor U runs 13.7 miles from the Pennsylvania border to Elmira and Corridor U-1 runs 12.5 miles to the Corning area. ADHS funding is authorized for 2.7 miles of work for Corridor U and 5.8 miles for Corridor U-1. Map II-5 shows the major transportation routes through and around the Southern Tier, highlighting ADHS

Corridors T, U, and U1, along with routes that link Appalachian New York State to markets and manufacturing centers in the eastern U.S. and Canada.

**Map II-5: Appalachian New York ADHS Corridors and Major Highways, 2010**

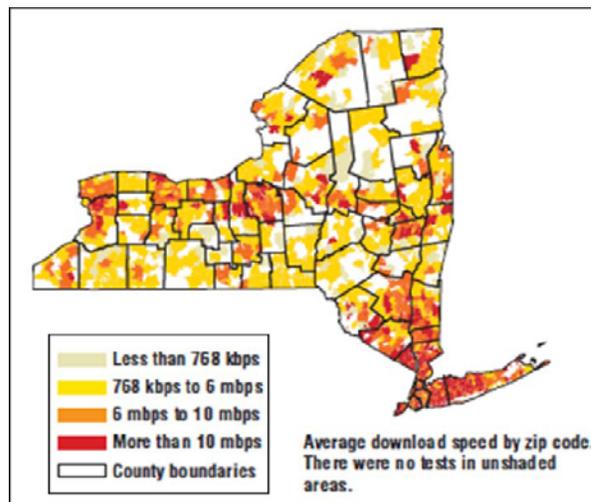


2. Water and Wastewater Infrastructure: New York State’s water and wastewater infrastructure is largely monitored and regulated by the New York State Department of Health (DOH) and New York State Department of Environmental Conservation (DEC), The New York State Environmental Facilities Corporation (EFC) is the primary funding agency for these infrastructure projects in New York State. DOS facilitates local government compliance and needs assessments and New York State’s Appalachian Program helps coordinate the efforts for communities in the 14-county Southern Tier region. Like much of rural upstate New York State, the Southern Tier’s water and wastewater infrastructure is either aging or non-existent. However, with the continued shortage of funds needed community water and wastewater projects go unfunded.

Local municipalities must manage their infrastructure proactively, including planning for repairs and replacement and charging rates that cover those costs. LDDs have helped communities identify funding for improvements and ARC funds have been an essential source of supplemental funding for water and sewer system upgrades or new construction. In FFY-2011, all applications for ARC-assisted construction projects shall include a discussion of efforts made to improve the energy efficiency of each project.

3. Telecommunications Infrastructure: In today's internet-connected world, telecom infrastructure essentially means access to broadband. Map II-6 compares average broadband speeds across regions in New York State. The Southern Tier is one of two large geographic regions in New York State that are underserved by broadband connectivity; the other region is the even more remote and more sparsely populated Adirondack highlands. But, for the one million residents of New York State's Southern Tier this is a challenge to the region's competitiveness in retaining businesses, families and young adults. Each of the LDDs is assessing its key broadband needs and working with the ARC and DOS to overcome these very critical challenges.

**Map II-6: Average Broadband Download Speed by Zip Code, New York State, 2009**



(Source: NYS CIO 2009 Annual Report:  
<http://www.cio.ny.gov/assets/documents/2009BroadbandAnnualReport.pdf>)

### **III. NEW YORK STATE'S FFY-2011 PROGRAM STRATEGIC PRIORITIES**

While the New York State Appalachian Development program will pursue the ARC's four General Goals, it will do so within a framework of five strategic priorities. These are: (1) make the region more competitive for people, businesses and private investment; (2) build local community capacity, so that local governments operate more efficiently and provide better governance to their communities; (3) promote sustainable, high quality-of-life throughout the region; (4) foster regional planning and coordination; and (5) promote interagency cooperation to leverage all possible resources in a coordinated way to assist communities in need. These priorities reach beyond the economic development, social and infrastructure goals of the region, and strive for a region that can overcome obstacles to growth and become economically vibrant in its own community-driven ways.

#### **A. Strengthening the Region's Competitiveness**

The most sustainable contributor to a region's enduring economic growth is a vibrant private business sector that creates jobs. Private industry thrives on innovation and creativity. However, in a mobile employment marketplace, businesses and entrepreneurs can often choose to relocate at will, seeking locations where operating costs are fair and justified by a variety of economic and non-economic factors. Competitive regions are attractive locations for businesses, entrepreneurs and individuals.

New York's Southern Tier has ample assets that make it a potentially attractive region for businesses, families and individuals. These include a clean environment, abundant natural resources, attractive communities with high quality educational systems, and a location that is less than a day's drive from most of the major cities of the Northeast U.S. and Canada's eastern provinces. These positive qualities are partially offset by a challenging winter climate, a relatively high tax structure, high utility and insurance costs, deteriorating commercial and residential infrastructure, limited broadband access, and an out-migration trend with more than 40 years of momentum that has seen a drain of youth away from the region.

None of these challenges will be easy to overcome. To be competitive, community leaders in New York State's Appalachian region need to find ways to accentuate the region's attractiveness and to work on creating or promoting reasons for businesses and individuals to relocate to or remain in the region. This will require an interdisciplinary approach that can be facilitated by the ARC's multi-pronged and regional approach to economic and regional development.

Tompkins County, a Finger Lakes county centered on the small city of Ithaca, is one example of a county that has increased its competitiveness. While most counties in Northern Appalachia have lost population and seen significant declines in the local tax base, Tompkins County, which is home to Cornell University and Ithaca College, has leveraged its university and community connections and its attractive and vital urban

core to retain a highly educated population. As a result, Tompkins County has grown in population and become a desirable destination for retirees and young adults. One lesson learned from the Tompkins County example is that the connection between livable urban cores and local community assets, such as colleges and local business concentrations that bring outsiders into an area, holds great potential to strengthen and sustain a region's competitiveness.

Across the Southern Tier other communities are replicating the asset-based approach to become attractive and competitive destinations. Schuyler County has used ARC resources to help revitalize the waterfront of the Village of Watkins Glen, to study ways to revitalize the "Main Streets" of its downtowns, and has taken a county-wide approach to ecological resource management. The city of Binghamton has leveraged DOS programs to revitalize its significant river waterfront, making it a point of pride for the community, and to assess opportunities to remediate brownfields and to transform those once abandoned properties into economically viable community assets.

Looking ahead, the New York State Appalachian Development Program will continue to will work with the LDDs to help implement their "regionally significant projects" that are identified in each region's Comprehensive Economic Development Strategy (CEDs), and to seek out projects that can make the region more competitive. This includes:

- developing partnerships with the region's post-secondary school institutions and business incubators;
- helping local communities stabilize and revitalize the region's small cities and large villages to make them attractive destinations for visitors and for entrepreneurs and small businesses;
- increasing use and access to broadband; and,
- coordinating the resources that can be provided by other state, federal and philanthropic programs to achieve the needs of the region's communities.

## **B. Building Local Community Capacity**

This priority reflects the need to empower strong civic leadership and to initiate actions that will enhance government effectiveness, efficiency and responsiveness. As communities become more sensitized to the costs of government, and as governments become more financially stressed, it is particularly important for communities to achieve economies of scale through intergovernmental cooperation and through programs that foster economic efficiency. In addition, local communities need to find ways to engage residents and businesses towards volunteerism and toward a commitment to civic accountability. When residents and businesses in a community take pride in their communities they will work with local government to ensure that the community's needs are identified and challenges overcome.

To cultivate strong future leaders, DOS has been at the forefront of municipal training programs throughout the state. And in the Southern Tier, the Appalachian Development Program has evolved into a key platform for training civic leaders, with each of the

LDDs incorporating municipal and civic leader training into their core missions. This will continue to be a major element of the State's ARC Program for promoting sustainable communities.

In FFY 2011, New York State's ARC program will continue to provide resources to each LDD, as part of its augmented LDD Administrative Grant, to promote community capacity. This will assist each LDD to continue to develop a comprehensive understanding of regional needs regarding physical infrastructure, community facilities and telecommunications capacity. In addition, DOS's Local Government Efficiency program will continue to help municipalities and municipal leaders develop regionally efficient and cost-effective service delivery.

Looking ahead, DOS and the LDDs will work with the communities of the Southern Tier to achieve the necessary economies of scale that help to make the region's communities more competitive in the global economy. In addition, through the DOS Brownfield Opportunities Assessment (BOA) and Local Waterfront Revitalization Programs (LWRP), communities will be engaged to assess land use constraints and challenges, and identify local assets and opportunities, to determine as a region the best opportunities for community development. DOS's Technical Assistance and Local Government Training Programs will further help develop local capacity by giving elected and appointed and volunteer officials within communities the necessary educational framework to understand the responsibilities and tasks involved in local governance and land use planning.

### **C. Attainment of Sustainable, High Quality of Life**

All other things being equal, individuals and businesses tend to want to remain in locations that offer a high quality of life. Each year the ARC provides funding for a variety of projects across the 13-state Appalachian Region to foster a high quality of life in areas such as education and job training, telecommunications, infrastructure, community development, housing, and transportation. Projects that improve local water and sewer systems, increase school readiness, expand access to health care, assist local communities with strategic planning, and provide technical and managerial assistance to entrepreneurs and local farmers all help communities become more attractive places to stay, raise families and start new businesses.

Attaining a sustainable, high quality of life in Appalachian New York will require concerted efforts to maintain the region's natural assets, high quality education system, environmental quality and access to pristine outdoor areas; commitment to the development of recreational choices, health care options, housing, and a full range of other social quality of life indicators; and protection of local agricultural resources by providing assistance to local farmers to produce locally and find profitable markets for the fruits of their labors.

While the Southern Tier is filled with an abundance of pristine environmental and cultural assets and plenty of natural beauty, a relative lack of economic opportunity,

isolation and, in some cases, limited accesses to health resources and social services, degrades the quality of life. With the help of the ARC program, which offers a multi-disciplinary approach to addressing these concerns, New York State will pursue projects that promote local health care programs and foster quality of life throughout the Southern Tier.

New York State's Appalachian program will emphasize asset-based development, community revitalization of its urban and village population centers, intra-regional mobility, and projects that improve and enhance environmental quality and that make assets such as community waterways and waterfronts into attractive draws for isolated regions. This emphasis on nature-oriented tourism and the small town charms of rural New York can tap the need of residents of the larger urban communities nearby for diversion, outdoor recreation, and a relaxing change-of-pace from hectic metropolitan living. Finally, energy priorities that support small business and industry through energy savings, or that foster renewable energy or renewable energy technologies will be encouraged throughout the Southern Tier.

#### **D. Foster Regional Planning and Coordination**

Numerous studies have shown that in sparsely populated parts of the country, communities that plan for regional economic development have been more successful at attracting outside investment. New York State's "Home Rule" tradition, has led to a number of small taxing and governing bodies, and the fragmentation of service delivery and planning. The regional approach favored by the ARC has been very beneficial in helping the Southern Tier plan regionally. The next level of collaboration for the 14 counties of the Southern Tier will be to continue to seek ways to overcome obstacles to government efficiency, and to leverage the regional purposes of the Appalachian development Program to foster regional planning for economic development and efficient delivery of services within their communities.

New York State has an active Local Government Efficiency (LGE) program that is committed to working with local governments to find ways to consolidate taxing and governing layers, and ways to bring down the costs of government in the state. By making regional coordination a priority of New York State's Appalachian program, the Southern Tier should be able to achieve improved and coordinated land use and transportation planning, and cost efficiencies in local service delivery and public facilities, and more.

Looking ahead, the LDDs are encouraged to promote a regional approach to projects, and to placing the highest priority on projects of regional significance. All things being equal, projects that benefit multiple communities or an entire region and projects that have been previously identified as "regionally significant" in the CEDS or other regional planning documents will be viewed more favorable than isolated projects.

## **E. Promote Interagency Cooperation**

As prescribed by the ARC Code, New York State's Appalachian Region Development Program staff works collaboratively with the Federal ARC staff to foster the economic, social, and infrastructure development of New York State's Appalachian region. The work of enhancing community and economic development in the Southern Tier is supported not only by the ARC and DOS, but by many other state, federal and local agencies and organizations. Understanding the limited nature of ARC funding and the program's far-reaching goals, DOS will serve as an advocate for the Southern Tier across the broad spectrum of ARC program goals and, along with the LDDs, will actively seek out opportunities to leverage the assistance of other agencies to foster the goals and objectives of this Strategy Statement.

Looking ahead, New York State's ARC Program staff will endeavor to foster regional approaches to planning and local government operational efficiencies. In addition, the Program staff will seek ways to enhance the region's assets, and its social, environmental and economic condition, by working with other state and federal agencies with converging goals. For example, communications will be enhanced between the State's ARC Program and other DOS programs, including:

- Local Waterfront Revitalization Planning;
- Local Government Efficiency; and
- Brownfield Opportunity Areas;

DOS will also continue to collaborate with other federal and state agencies, including:

- Empire State Development/NYS Department of Economic Development;
- US Department of Commerce;
- Office for Technology;
- Department of Transportation;
- Division of Housing & Community Renewal;
- Energy Research and Development Authority;
- Foundation for Science, Technology and Innovation;
- Department of Education;
- Department of Health;
- Department of Agriculture and Markets;
- Department of Environmental Conservation;
- Office of Temporary and Disability Assistance
- Office of Children and Family Services;
- Office of Parks, Recreation and Historic Preservation; and
- Environmental Facilities Corporation.

By collaborating with these agencies' programs, the LDDs and the State's ARC Program staff will maximize opportunities to enhance the economic, social, and infrastructure condition of the Southern Tier.

## IV. NEW YORK STATE GOALS, OBJECTIVES AND STRATEGIES

This Section identifies the New York State objectives and twenty-eight strategies that have been established to guide the investment of ARC resources in Appalachian New York to meet the challenges identified in Section I above. The strategies were established by DOS and the three LDDs, in response to ARC's Strategic Plan 2005 - 2010. This section also identifies specific New York State policies relating to preparation of its annual Appalachian Regional Investment Package.

### **FFY 2011 AREA DEVELOPMENT PROJECTS**

All projects from New York State receiving ARC resources under the Area Development Program must address one of the first three Strategic Goals identified in the ARC Strategic Plan (see Executive Summary). Under each Goal, there are at least one ARC Strategic Objective and one New York State strategy to meet that objective. **These strategies are the key statements of New York State policy and comprise the central organizational framework for New York State investment of ARC resources. To be considered for inclusion in the New York State Appalachian Regional Investment Package for FFY 2011 a project must implement one of the strategies under the General ARC Goals and New York State objectives set forth in this Strategy Statement.** The FFY 2011 Investment Package will identify for each project the Goal and specific strategy to be implemented.

The Government Performance and Results Act mandates that ARC collect and report information on project performance to judge effectiveness in meeting ARC goals. Output measures quantify a project's immediate products and activities. Outcome measures assess longer-term results of project outputs by quantitatively gauging project accomplishments. These measures, which are detailed in the FFY 2011 Application Guidance, are designed to meet the ARC's need for performance information to report to the U.S. Office of Management and Budget and are expected to be utilized wherever possible.

#### **ARC GENERAL GOAL 1:**

#### ***Increase Job Opportunities and Per Capita Income in Appalachia to Reach Parity with the Nation***

*Today's economy offers new opportunities for the Appalachian Region. In partnership, ARC will help local and state leaders diversify local economies, support entrepreneurship, increase domestic and global markets and foster new technologies. Additionally, local leaders will be encouraged to build upon opportunities presented by the Appalachian Development Highway System and to examine existing community strategic assets to create jobs, while preserving the character of the region's communities.*

## **ARC STRATEGIC OBJECTIVE 1.1: FOSTER CIVIC ENTREPRENEURSHIP**

- New York State Strategy 1.1a: Support programs that foster broad-based civic engagement and support strategic readiness to take advantage of economic opportunities.
- New York State Strategy 1.1b: Support regionally based local government capacity-building programs to foster sustainable economic development.
- New York State Strategy 1.1c: Encourage the establishment of new partnerships and initiation of new service delivery mechanisms on a multi-jurisdictional basis that promote economic development.

## **ARC STRATEGIC OBJECTIVE 1.2: DIVERSIFY THE ECONOMIC BASE**

- New York State Strategy 1.2a: Encourage the development and implementation of new and innovative approaches to build diverse and sustainable local economies that provide employment and entrepreneurial opportunities to all citizens.
- New York State Strategy 1.2b: Support innovative efforts to deliver entrepreneurial and management skills training to small- and medium-sized firms.

## **ARC STRATEGIC OBJECTIVE 1.3: ENHANCE ENTREPRENEURIAL ACTIVITY**

- New York State Strategy 1.3a: Support the provision of entrepreneurial training and education for youths, students and business persons.
- New York State Strategy 1.3b: Develop technical assistance networks through business incubators, business associations and private-sector resources to nurture new businesses.
- New York State Strategy 1.3c: Improve access to debt and equity capital by facilitating the establishment of development venture capital funds.
- New York State Strategy 1.3d: Recapitalize existing regional revolving loan funds to aid business development.

## **ARC STRATEGIC OBJECTIVE 1.4: DEVELOP AND MARKET STRATEGIC ASSETS FOR LOCAL ECONOMIES**

- New York State Strategy 1.4a: Identify and leverage local cultural, heritage, natural and community assets for economic development.
- New York State Strategy 1.4b: Encourage efforts that diversify the economic base through sustainable energy-related projects.

## **ARC STRATEGIC OBJECTIVE 1.5: INCREASE THE DOMESTIC AND GLOBAL COMPETITIVENESS OF THE EXISTING ECONOMIC BASE**

- New York State Strategy 1.5a: Help small and mid-sized firms to create jobs by providing them with technical assistance to increase sales in domestic markets and to expand exports of goods and services to global markets.
- New York State Strategy 1.5b: Attract more international students and researchers to ARC-region colleges and universities, thereby increasing services exports.

## **ARC STRATEGIC OBJECTIVE 1.6: FOSTER THE DEVELOPMENT AND USE OF INNOVATIVE TECHNOLOGIES**

- New York State Strategy 1.6a: Support and promote opportunities to close the job gap in Appalachian New York through high value-added industries such as telecommunications, green-technology, and information services.
- New York State Strategy 1.6b: Support energy-related efforts that strengthen the economic base by using local biomass resources or other sustainable, non-polluting technologies, or that develop employment opportunities in the energy-efficiency sector.
- New York State Strategy 1.6c: Support the development of industrial and commercial energy-efficiency programs and the development of programs to perform energy audits and retrofits of public buildings.

### ***ARC GENERAL GOAL 2:***

#### ***Strengthen the Capacity of the People of Appalachia to Compete in the Global Economy***

*To compete in the twenty-first century economy, the people of Appalachia must have the skills and knowledge required to develop and work in globally competitive businesses. Appalachian residents must also have adequate health care to promote socially and economically competitive communities, and opportunities to make all Appalachian citizens productive participants in the global economy.*

## **ARC STRATEGIC OBJECTIVE 2.1: FOSTER CIVIC ENTREPRENEURSHIP**

- New York State Strategy 2.1: Develop strong leaders, organizations and communities to promote the region's competitiveness.

## **ARC STRATEGIC OBJECTIVE 2.2: ENHANCE WORKFORCE SKILLS THROUGH TRAINING**

- New York State Strategy 2.2: Provide residents of Appalachian New York with access to a range of basic and advanced workforce skills development and vocational educational programs to enhance employment prospects.

### **ARC STRATEGIC OBJECTIVE 2.3: INCREASE ACCESS TO QUALITY CHILD CARE AND EARLY CHILDHOOD EDUCATION**

- New York State Strategy 2.3: Support the development of comprehensive, community-based quality child care and early education programs for children and families.

### **ARC STRATEGIC OBJECTIVE 2.4: INCREASE EDUCATIONAL ATTAINMENT AND ACHIEVEMENT**

- New York State Strategy 2.4a: Support local and regional efforts to better prepare students, out-of-school youths and adults for post-secondary level training.
- New York State Strategy 2.4b: Maintain support for and seek expansion of programs that increase college-going rates.
- New York State Strategy 2.4c: Build the capacity of local school districts, BOCES, community colleges and other institutions to provide basic workforce readiness skills to help all students find and hold jobs.

### **ARC STRATEGIC OBJECTIVE 2.5: PROVIDE ACCESS TO HEALTH-CARE PROFESSIONALS**

- New York State Strategy 2.5: Work to eliminate gaps in the delivery of primary health care and mental health services by developing or expanding health/mental health care programs in Appalachian New York, particularly those areas with a shortage of health professionals, and by promoting health professional recruitment, training, and retention, and by facilitating emergency medical services training in rural areas.

### **ARC STRATEGIC OBJECTIVE 2.6: PROMOTE HEALTH THROUGH WELLNESS AND PREVENTION**

- New York State Strategy 2.6: Provide education and opportunities to help the residents of Appalachian New York lead healthy lives.

**ARC GENERAL GOAL 3:  
Develop and Improve Appalachia's Infrastructure to Make the Region  
Economically Competitive**

*Appalachian Communities will have the physical infrastructure necessary for self-sustaining economic development and improved quality of life. This includes water and sewer systems, telecommunications systems, inter-modal transportation systems and the environmental infrastructure.*

### **ARC STRATEGIC OBJECTIVE 3.1: FOSTER CIVIC ENTREPRENEURSHIP**

- New York State Strategy 3.1: Produce leaders and effective organizations that strategically mobilize communities toward their goals in developing the regional infrastructure necessary to make Appalachian New York competitive.

### **ARC STRATEGIC OBJECTIVE 3.2: BUILD AND ENHANCE BASIC INFRASTRUCTURE**

- New York State Strategy 3.2a: Provide basic and/or supplemental funding assistance for the physical infrastructure necessary for creation or retention of jobs.
- New York State Strategy 3.2b: Help rural communities in distressed areas/ “pockets of poverty” (as defined by ARC) to address documented critical health or safety needs.
- New York State Strategy 3.2c: Support regional revitalization through investment in public infrastructure that incorporates energy efficient technologies, design, materials, or other energy efficient features.”

**\*\* IMPORTANT NOTE:** The ARC Program is primarily an economic development program, but will only fund residential water supply or wastewater treatment projects in non-distressed counties under the conditions cited above. For the purposes of this New York State Strategy, a fully documented health and safety need will be demonstrated by the issuance of an Order of Consent from a New York State or county environmental or health agency, or other confirmed imminent public health threat justified by these agencies. Project sponsors are strongly encouraged to demonstrate any anticipated positive economic impacts to be realized from the project.

### **ARC STRATEGIC OBJECTIVE 3.3: INCREASE THE ACCESSIBILITY AND USE OF TELECOMMUNICATIONS TECHNOLOGY**

- New York State Strategy 3.3a: Support telecommunications network development, technical assistance, and training for education, business and government users.
- New York State Strategy 3.3b: Support telemedicine as a means of universal access to comprehensive health care and as a tool for health education and training.

### **ARC STRATEGIC OBJECTIVE 3.4: BUILD AND ENHANCE ENVIRONMENTAL ASSETS**

- New York State Strategy 3.4a: Develop and support regional planning and economic development policies that promote good stewardship of the region’s natural resources and that encourage eco-industrial development.
- New York State Strategy 3.4b: Provide funding assistance for the physical infrastructure necessary for creation or retention of jobs, including support for

- re-use of former industrial sites
- New York State Strategy 3.4c: Promote infrastructure projects that foster local reliance on sustainable energy or energy efficient technologies.
- New York State Strategy 3.4d: Support the re-use of brownfields, vacant, and/or underutilized sites for sustainable uses and/or for uses that foster renewable energy production opportunities.

**ARC STRATEGIC OBJECTIVE 3.5: PROMOTE THE DEVELOPMENT OF AN INTERMODAL TRANSPORTATION NETWORK**

- New York State Strategy 3.5: Support the development of intermodal transportation systems with fast, efficient and dependable access to worldwide suppliers and markets.

**ARC GENERAL GOAL 4:  
Build the Appalachian Development Highway System to Reduce Appalachia's Isolation**

*To compete economically with communities across the nation, Appalachia must have a safe and efficient transportation system connecting it to national transportation networks. The Appalachian Development Highway System (ADHS) must be completed to enhance the economic development opportunities for Appalachian New York.*

**ARC STRATEGIC OBJECTIVE 4.1: FOSTER CIVIC ENTREPRENEURSHIP**

- New York State Strategy 4.1: Support communication between parties to resolve any barriers to the completion of the ADHS.

**ARC STRATEGIC OBJECTIVE 4.2: PROMOTE ON-SCHEDULE COMPLETION OF THE ADHS**

- New York State Strategy 4.2: Complete the Southern Tier Expressway (designated as Corridor T) and US Route 15 (designated as Corridor U1) to Interstate Standards.

**ARC STRATEGIC OBJECTIVE 4.3: COORDINATE WORK ON ADHS STATE-LINE CROSSINGS**

- New York State Strategy 4.3: Work closely with the State of Pennsylvania to coordinate information regarding and the scheduling of state-line crossings of the ADHS.

## V. NEW YORK STATE AREA DEVELOPMENT POLICIES

This section identifies policies established by DOS to guide the preparation of the New York State Appalachian Regional Investment Package for FFY 2011. They were established in consultation with the three LDDs in Appalachian New York and cooperating New York State agencies. The process for preparation and implementation of the FFY 2011 New York State Appalachian Regional Investment Package is described at the end of this Section.

### A. Eligible Project Activities

All projects from New York receiving ARC resources under the Area Development Program must clearly implement one of the New York State Strategies as identified in Section IV above.

### B. Ineligible Project Activities

ARC resources may not be used to provide assistance for (1) relocating a business or industry, (2) recruitment activities placing a state in competition with one or more other states, or (3) projects promoting unfair competition between businesses within the same immediate service area.

### C. Dollar Limits For ARC Funding

In order to foster diverse projects throughout the Southern Tier, DOS has placed a \$150,000 limit on the ARC-funded portion of projects in New York State. This limitation is designed to ensure that each LDD in the Southern Tier will reach a broad slice of the communities and organizations that can benefit from the federal funds available. However, at the strong recommendation of the appropriate LDD, and for projects that will provide a demonstrable positive economic impact, DOS will consider waiving this limit for superior projects that contribute to regional development. Sponsors of such projects must document that additional ARC funding is indispensable to project implementation and cannot be obtained from other public or private resources.

### D. Matching ARC Resources

For the FFY 2011 program year, thirteen of the fourteen Appalachian Counties in New York State are designated "Transitional" by ARC; Allegany County is designated "At Risk." These designations have important implications for match requirements. **For projects in or affecting "Transitional" counties, the percentage amount of ARC financial assistance to projects may not exceed 50% of the total eligible project cost. In "At-Risk" counties, financial assistance from ARC may not exceed 70% of project cost.**

Funds used to match the ARC grant may include both cash and documented "in-kind"

contributions. All match funds must directly relate to and support specific project activities and represent new expenditures above and beyond ongoing activities of the project sponsor (see "Maintenance of Effort" below). In-kind contributions may involve equipment or other goods, paid personal services, or donated office space. However, in-kind "rental" charges for the following types of office space are not acceptable as match: (1) space presently rented by the project sponsor, (2) space in facilities constructed with any federal funds, (3) space in any facility owned by the project sponsor or by an entity closely related to the project sponsor, or (4) space in any public building. All in-kind matching contributions must otherwise be allowable charges to the ARC grant. Further guidance is available from the U.S. Office of Management and Budget (OMB), including the OMB Common Rule (Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments) and OMB Circular A-110 (<http://www.whitehouse.gov/omb/rewrite/circulars/a110/a110.html>, Grants and Agreements with Institutions of Higher Education, Hospitals and other Nonprofit Organizations).

Other federal funds may be used as matching funds for ARC grants, except as specifically limited by federal statutes. Total federal funding from all sources for infrastructure, construction and equipment projects is limited to 80% of total project cost. Community Development Block Grant funds from the U.S. Department of Housing and Urban Development are considered to be local funds for the purposes of matching ARC projects. There is a 20% cash match requirement relating to the equipment components of all projects involving "equipment," which is defined by ARC as tangible non-expendable personal property having both a useful life of more than one year and a unit acquisition cost of \$5,000 or more.

#### **E. Time Limits For ARC Funding Of Projects**

Most approved projects will receive ARC funding for one program year. In limited cases three years of ARC funding may be permitted. In these cases a second or third year application will be required and subsequent year funding will be based on project progress, demonstration of continued need and the availability to New York State of sufficient resources. Projects with an operations component are normally permitted funding for a reasonable start-up period plus twelve months of direct operations, not to exceed eighteen months. Start-up activities may include hiring and training staff, setting up offices, developing administrative policies, renovations for child care or vocational education facilities, etc.

Sponsors of ARC-funded projects may request approval of changes to project activities, including the project budget, and/or an extension of the period of performance. Such requests must be fully explained and documented and received by the DOS from the formal project grantee ***no less than two months prior to the expiration of the approved project period***. All such requests must be approved by the State of New York and recommended to ARC for final approval.

## **F. Maintenance Of Effort**

ARC funds cannot be used for activities previously or currently undertaken with other federal, state or local funds. Expansion of previous activities, however, can be funded to the extent of the expansion.

## **G. Indirect Costs**

Overhead and other indirect expenses of a project sponsor are generally not eligible as project costs for operating projects, either as part of the ARC portion or of the match. Exceptions are made for expenses of Local Development Districts as ARC grantees and expenses of participants in ARC Consolidated Technical Assistance Program grants.

## **H. Overruns And Underruns**

ARC funding for project cost overruns should not be anticipated. ARC funds are considered to be the last dollars spent on a given project. If a project is closed out having spent less than the originally approved budget amount, ARC funds in the amount of the under run are subject to recoupment by the ARC.

## **H. Waiver Policy For Construction/Renovation/Equipment Projects**

A waiver of Section 4.5 of the ARC Project Guidelines to permit letting of contracts prior to ARC project approval will be considered for construction, renovation or equipment projects that meet all of the following conditions:

1. The request for a waiver must come to DOS directly from the appropriate Local Development District with a strong recommendation for its approval.
2. The project must already have been approved by DOS and transmitted by the Secretary of State to ARC with a recommendation for approval.
3. Approval of the project by ARC must be held up beyond normal ARC processing time (at least 45 days) because of circumstances beyond the project sponsor's control. (Examples of such circumstances might include a delay in required action by the State Legislature or by a State or federal agency. The key point is that the project sponsor must have done all that is possible to obtain the required action by the other entity).
4. There must be written assurance from the appropriate federal (and State, if applicable) basic agency of support or no objection to the granting of the waiver.

If all four conditions are met, waivers may be granted by the ARC Program Manager in a letter to the requesting LDD. The grant of a waiver in no way obligates DOS to continue to support the project or ARC to fund the project. The project sponsor

therefore proceeds with contract letting or other actions at its own risk.

## **I. New York State's Energy Policy For Commercial Construction Projects**

In accordance with ARC Resolution Number 718 of November 30, 2009, all applications for ARC-assisted construction projects will include a discussion of any efforts that may have been made to improve the energy efficiency of such project. In addition, the State's ARC Program will support programs designed to improve the understanding of energy efficiency strategies, programs, and technologies by providing outreach, education and training, and certification programs to community leaders, elected officials, planners, developers, contractors, educational institutions, and LDDs.

The Energy Conservation Construction Code of New York State (ECCCNYS), based on International Energy Conservation Code (IECC) 2003 and referencing ASHRAE 90.1-2004 is currently mandatory statewide. This code requires that all new commercial construction and buildings undergoing substantial rehabilitation must comply with the code. (Historic buildings and buildings that do not use either electricity or fossil fuel for comfort conditioning are exempt from these requirements.) The DOS Division of Code Enforcement and Administration has the responsibility to administer the code and provide technical support in the form of interpretations and variances. By legislative authority, the Secretary of State can, through regulation, amend the code.

Recently, the New York State Codes Council voted to adopt the Building Energy Codes required by the American Recovery and Reinvestment Act of 2009. The updated code is based on the 2009 IECC and ASHRAE 90.1-2007, along with several New York State specific enhancements (the current ECCCNYS is based on the 2004 IECC supplement and ASHRAE 90.1-2004). The updated Energy Codes will become effective on December 28, 2010, and are more stringent than the current codes.

In addition, NYSERDA provides a number of incentives to foster energy efficiency in construction projects. DOS and the LDDs will continue to work with NYSERDA to help project coordinators exceed energy efficiency codes for ARC projects.

## **J. Process For Preparation And Implementation Of The New York State Appalachian Regional Investment Package For FFY 2012**

1. Policies established in the ARC authorizing legislation as amended, the ARC Code, Project Guidelines and Commission resolutions serve as the framework for the development of New York State policies for the implementation of the ARC non-highway programs, including especially the Area Development Program and the Regional Initiatives. DOS discusses policies affecting the development and implementation of the Area Development Program with each of the LDDs and other agencies. The following documents are used for project solicitation and review:

- a. An **Application Guidance** document for potential project sponsors, including: a detailed statement of New York State policies for Area Development projects;

instructions for completing an application for ARC funding; application and budget formats; general information on technical assistance contacts; and the application process/schedule. For each ARC Strategic Goal, specific objectives, strategies, categories of eligible projects, encouraged policy thrusts and recommended performance measures (outputs and outcomes) are set forth. Although the FFY-2011 cycle is underway, the FFY 2012 guidance document will be released in Spring 2011 for FFY 2012 projects.

- b. A joint **State-Local ARC Priority Point Rating System** for evaluation of project proposals under each eligible project category.
- c. A **schedule for the project development and review process** during FFY 2011 for projects to be approved in FFY 2012, including target dates for initial program announcement, receipt of applications from project sponsors by the LDDs, provision of LDD priority recommendations to the Department of State and announcement of the draft Investment Package.

2. LDDs actively solicit **applications** from potential local project sponsors in the Spring. Workshops on the Appalachian Development Program are held in each region, and LDD staff provides technical assistance to the sponsors to ensure that ARC and State requirements, as well as application rating criteria, are addressed.

3. Acting within deadlines set by DOS, the LDDs submit project applications and develop **regional priority rankings**, based on the joint State-Local ARC Priority Point Rating System.

4. DOS will prepare a **preliminary draft Investment Package** in the Fall, based upon the review of all applications according to the State-Local ARC Priority Point Rating System, taking into consideration LDD recommendations and comments. This Package will be prioritized into three groups of projects and presented to each LDD. The LDDs will be given the opportunity for comment on the package and present additional project information.

5. The LDDs will be notified of the Investment Package priorities and will advise successful applicants. If necessary, meetings will be arranged with the LDDs, staff from ARC, DOS, cooperating State agencies, federal agencies and project sponsors to discuss any required application additions or changes. The intent is to assist sponsors in developing solid approvable applications by providing clarity regarding State and ARC expectations.

6. If resources become available, DOS will notify the LDDs that applications for specific standby projects will be accepted. **These supplemental applications must be reviewed and approved by the LDDs prior to transmittal to DOS.**

7. If during the federal fiscal year any New York State Annual Investment Package projects are subsequently withdrawn or postponed, DOS will consider, on a case-by-

case basis, allowing the LDD to submit or to sponsor replacement projects of regional importance. If an LDD cannot complete such submissions prior to the end of the federal fiscal year, other New York State LDDs will be allowed to make such submissions to take advantage of available funds. **All such supplemental applications must be reviewed by DOS staff and approved by the State's Alternate before being submitted to the ARC.**