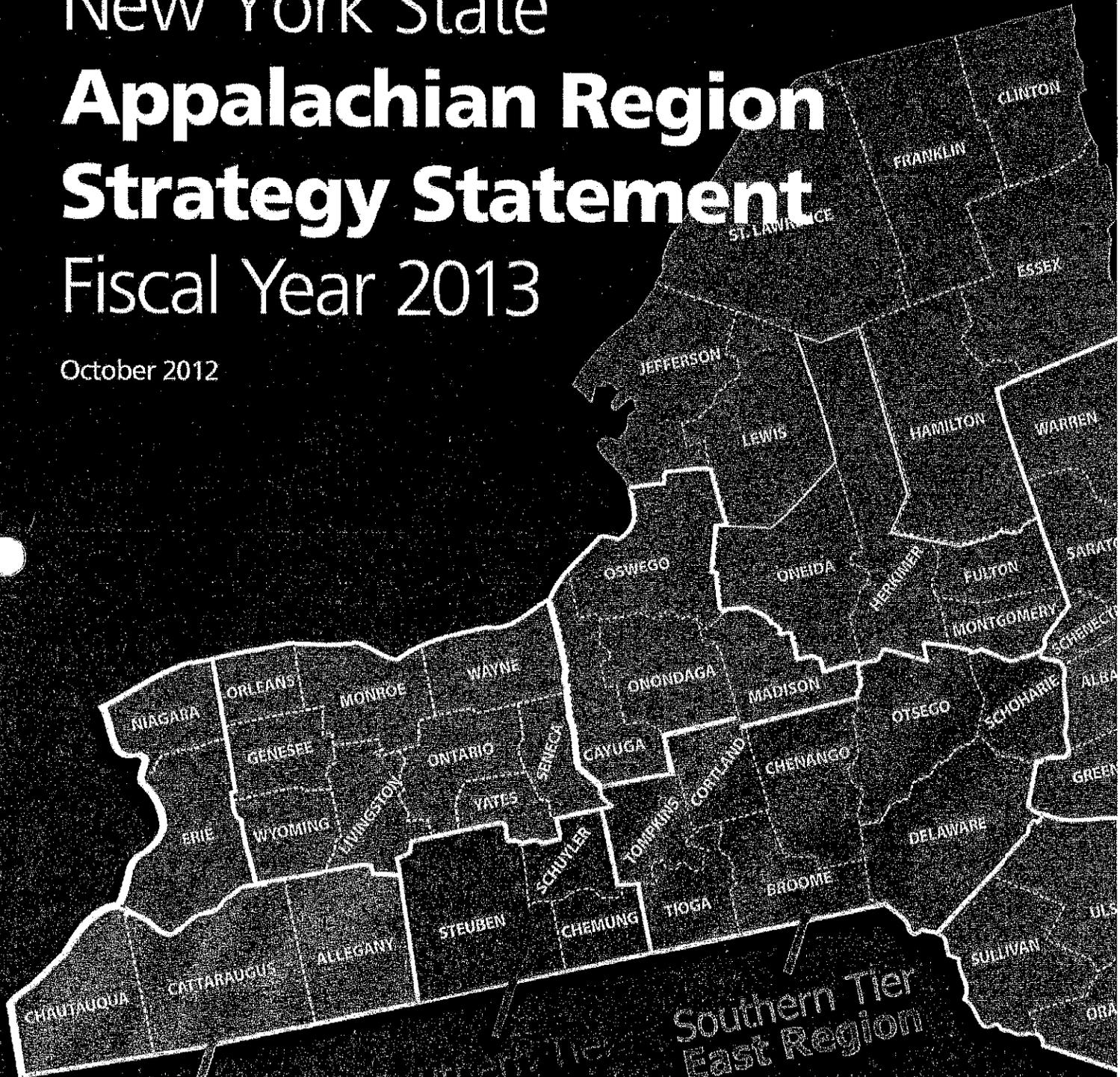




New York State Appalachian Region Strategy Statement Fiscal Year 2013

October 2012



Southern Tier
West Region

Southern Tier
Central Region

Southern Tier
East Region

New York State Appalachian Region Strategic Statement Fiscal Year 2013

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Executive Summary

This Fiscal Year 2013 Strategy Statement, submitted in accordance with federal Appalachian Regional Commission (ARC) program requirements, describes the current year's needs and challenges facing New York State's 14-county Appalachian Region, as well as strategies to boost the Region's economy by developing its workforce and infrastructure, and leveraging the Appalachian Development Highway System (ADHS). This document directly relates to the ARC's Strategic Plan, "Moving Appalachia Forward 2011-2016" and to "New York State's Appalachian Regional Development Plan 2011-2014".

The New York State (NYS) Appalachian Regional Development Program (NYS ARC Program) is coordinated by the NYS Department of State (DOS). Deputy Secretary of State for Local Government Dierdre Scozzafava, who reports to Secretary of State Cesar A. Perales, is NYS's Alternate to the ARC. All projects submitted through NYS's ARC Program should articulate an economic development benefit to help Appalachian New York become a more competitive destination for 21st Century commerce.

This Strategy Statement assesses the current condition of New York's 14-county Appalachian Region, as well as the relationship between the NYS ARC Program, the Region's three Local Development Districts (LDDs), regional development agencies and local governments. According to the ARC Code, each ARC state is required to submit a Strategy Statement describing the state's program goals and areas of emphasis for the use of ARC funds in the Region during the federal fiscal year.

This Strategy Statement is intended to meet the requirements of the ARC Code, while being flexible enough to adapt to new local and regional planning needs, and to the priorities of New York's Regional Economic Development Councils (REDCs), which Governor Andrew M. Cuomo has charged with developing regionally significant and transformative projects to create jobs throughout the state.

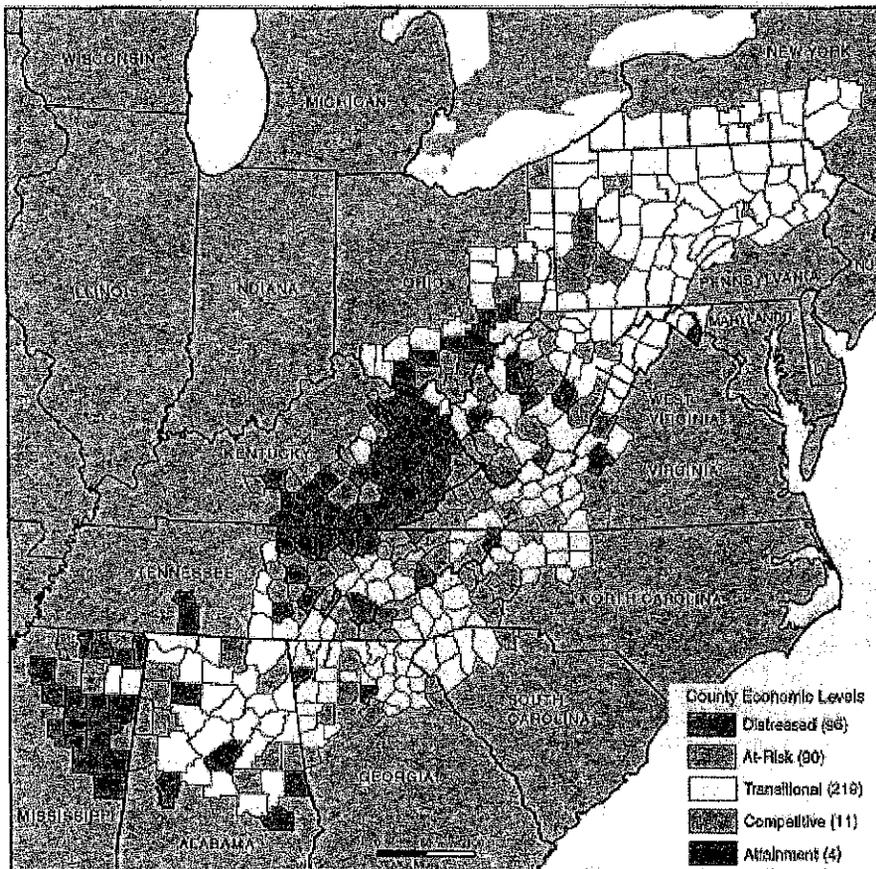
The final part of this Statement (Section III) conveys policies and technical details regarding the NYS ARC Program. Section III also provides guidance to the LDDs and local leaders regarding solicitation of projects and outlines the framework for DOS's preparation of the annual NYS Appalachian Regional Project Investment Package.



Section I: Updated Overview of the Region

A. Appalachia and the New York State Appalachian Region

The Appalachian Regional Commission (ARC) is a state and federal partnership concerned with the socio-economic development of the Appalachian Region of the United States. Established by an act of Congress in 1965, ARC has progressed over the past 46 years to become a model for regional economic development. The 205,000-square-mile federally-designated Appalachian Region extends more than 1,000 miles along the spine of the Appalachian Mountains from southern New York to northern Mississippi. (See Map 1.) The ARC's leadership consists of the governors of the 13 Appalachian states, appointed state Alternates, and the Presidentially-appointed Federal Co-Chair. The U.S. Appalachian Region is comprised of 420 counties and is home to 24.8 million people. Local-level leadership and participation in the ARC Program is coordinated through multi-county local development districts (LDDs) in each participating state.



Map 1: Appalachia and the New York State Appalachian Region

Created by the Appalachian Regional Commission, March 2011
 Data Sources:
 Unemployment data: U.S. Bureau of Labor Statistics, LAUS, 2007-2009
 Income data: U.S. Bureau of Economic Analysis, REIS, 2008
 Poverty data: U.S. Census Bureau, American Community Survey, 2005-2009

Effective October 1, 2011
 through September 30, 2012

The NYS Appalachian Region, also known as NYS's "Southern Tier" (and as "the Region" where the context is appropriately clear), consists of fourteen counties extending approximately 285 miles from eastern Schoharie County to the southwestern corner of Chautauqua County. (See Map 2.) The Region covers 24.8 percent of the State's total land area, and has a population of slightly more than one million, which represents about 5.5 percent of total state population. Roughly half of the Region's residents live in or around medium to small cities or villages with the largest population clusters located around the cities of Binghamton (Broome County), Elmira (Chemung County), Ithaca (Tompkins County), Cortland (Cortland County), and Jamestown (Chautauqua County).

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); and,
- Southern-Tier West (Allegany, Cattaraugus, and Chautauqua)

NYS Executive Law §153(d)(2) designates the NYS DOS 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."

Map 2: Boundaries of Appalachian New York State and New York State's LDDs



Source: NYS Department of State



B. Strategic Overview

The ARC requires Appalachian States to focus investments on the following four goals that have been identified in ARC's 2011–2016 Strategic Plan, "Moving Appalachia Forward":

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

These goals and their implementing strategies are each closely aligned with the priorities of New York State's ten Regional Economic Development Councils, which were established by Governor Andrew M. Cuomo in 2011 to help transform the statewide approach to long-term economic development. REDCs are composed of local experts and stakeholders from business, academia, local government, and non-governmental organizations, and have been tasked to develop strategic plans that emphasize each region's strengths and unique assets. (See Map 3.)

This process is highly correlated with ARC's approach to economic development that emphasizes local decision-making. Further, the NYS 2011–2014 Appalachian Regional Development Plan adopts ARC's universal underlying Strategic Objective – "Develop leaders and strengthen community capacity" – as a "Baseline Goal" and a key priority for leveraging ARC resources to obtain the greatest positive effect. This baseline development goal further emphasizes support for the state's REDCs and their identification of regionally significant projects.

This Strategy Statement complements both the development plans of the REDCs and the ARC's General Goals and Strategic Objectives. The NYS ARC Program urges LDDs to seek out project sponsors capable of leveraging local resources to deliver projects in line with the locally developed REDC economic development plans.

Map 3: New York State Regional Economic Development Councils

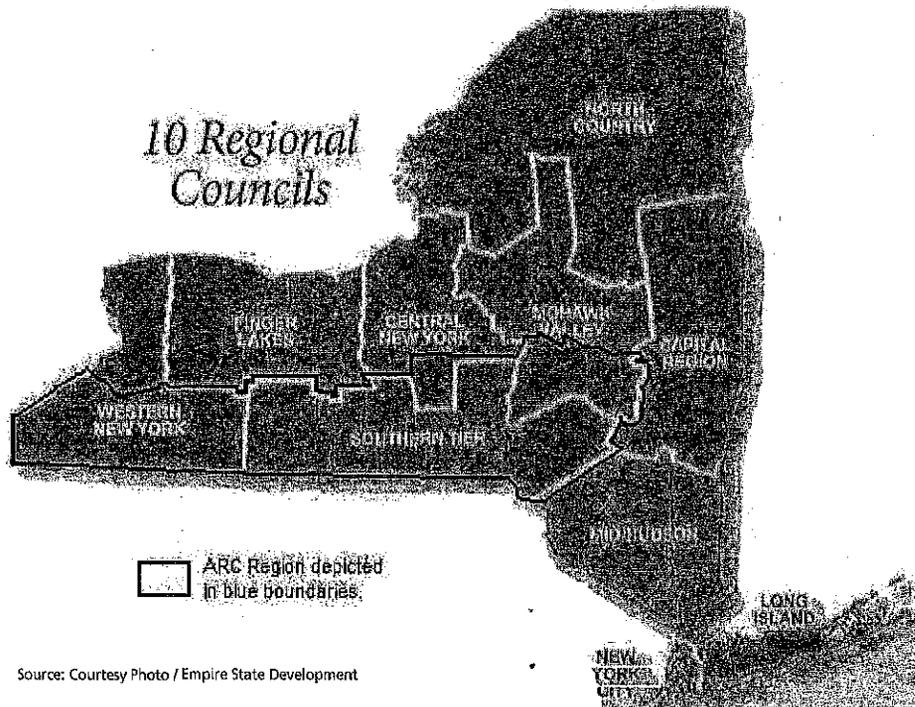


Table 1: County Economic Status

Source: <http://www.arc.gov/reports/>

	County Economic Status FY 2012	Three-Year Average Unemployment Rate 2007-2009 (%)	Per Capita Market Income 2008 (\$)	Poverty Rate, 2005-2009	Three-Year Avg Unemp Rate Percent of U.S. Avg, 2007-2009	Per Capita Market Income Percent of U.S. Average, 2008	PCMI Percent of U.S. Avg. Inversed, 2008	Poverty Rate Percent of U.S. Average, 2005-2009	Composite Index Value, FY 2012	Index Value Rank (of 3,110 counties in U.S. 1 is the best) FY 2012	National Quartile (1 is the best) FY 2012
United States	-	6.6	\$34,004	13.5	100	100	100	100	-	-	-
Appalachian Region	-	6.8	25,391	15.4	103.6	74.7	133.9	114.2	-	-	-
New York	-	6.1	40,904	13.8	92.8	120.3	83.1	102.8	-	-	-
Appalachian New York	-	6.2	25,203	15.1	94.1	74.1	134.9	112.2	-	-	-
County											
Allegany	Transitional	6.9	19,010	16.8	104.5	55.9	178.9	124.8	136	2,228	3
Broome	Transitional	6.1	26,991	15	92.3	79.4	126	111.2	109.9	1,393	2
Cattaraugus	Transitional	6.6	23,579	15.7	100.5	69.3	144.2	116.5	120.4	1,757	3
Chautauqua	Transitional	6.1	22,003	16.3	92.8	64.7	154.5	120.9	122.7	1,842	3
Chemung	Transitional	6.3	25,457	15.8	96.7	74.9	133.6	117.3	115.9	1,607	3
Chenango	Transitional	6.7	23,110	12.5	102.3	68	147.1	92.8	114.1	1,558	3
Cortland	Transitional	6.9	23,307	14.5	105.1	68.5	145.9	107.4	119.4	1,724	3
Delaware	Transitional	6.2	23,212	15.1	95.2	68.3	146.5	112.4	118	1,671	3
Otsego	Transitional	5.9	23,646	15.2	89.7	69.5	143.8	112.8	115.4	1,596	3
Schoharie	Transitional	7.1	25,969	11	108.4	76.4	130.9	81.5	107	1,270	2
Schuyler	Transitional	6.4	24,100	9.9	97.1	70.9	141.1	73.6	103.9	1,167	2
Steuben	Transitional	7	29,320	13.8	106.8	86.2	116	102.3	108.4	1,328	2
Tioga	Transitional	6	26,975	10	91.8	79.3	126.1	74.2	97.4	908	2
Tompkins	Transitional	4.4	29,046	20.2	67.5	85.4	117.1	150	111.5	1,446	2

C. The NYS Appalachian Region in Economic and Social Context

1. County Economic Status

The ARC assigns a county's economic status based on economic strength determined as described below, under the following categories:

- a. Distressed - Counties that rank in the bottom 10% of the nation's counties;
- b. At-risk - Counties that rank between 10% and 25% of the nation's counties;
- c. Transitional – Counties that rank between 25% and 75% of the nation's counties;
- d. Competitive - Counties that rank between 75% and 90% of the nation's counties; and,
- e. Attainment – Counties in that rank between 90% and 100% of the nation's counties.

Table 1 details rankings for each county in the NYS Appalachian Region scored by an economic index based on the ARC's most current year's data for the following economic statistics: 1) rolling three-year average unemployment rate; 2) per capita market income; and 3) American Community Survey US Census poverty rate. According to the ARC's scale of economic strength, all of NYS's Appalachian



counties are in the "Transitional" category, scoring in the middle 50% of all U.S. counties for FFY-2012. Six of the NYS Appalachian counties rank in the 2nd quintile of U.S. counties (Broome, Schoharie, Schuyler, Steuben, Tioga and Tompkins); eight rank in the 3rd quintile (Allegany, Cattaraugus, Chautauqua, Chemung, Chenango, Cortland, Delaware, and Otsego).

2. Current Trends and Emerging Issues and Opportunities

Significant trends impacting the economic status of the NYS Appalachian counties include: the Region's relatively lower income compared to the rest of the state, Appalachia and the United States; the decline of manufacturing as a source of jobs; out-migration of corporate employers from many parts of the Region; the slow decline of the family farm; and population decline due to out-migration and limited in-migration. These trends have been aggravated by a persistent malaise in the national economy and more recently by unforeseen damage from storms that affected parts of the Region in 2011. These topics are discussed below.

- While NYS is generally considered a high-income state, the state's average per-capita market income (PCMI) of \$40,904 is skewed by the relatively high incomes from Downstate areas dominated by New York City. The Southern Tier's PCMI of \$25,203 is low even compared to the rest of the nation (PCMI of \$34,004) and is even lower than the rest of Appalachia (PCMI of \$25,391).
- Although a significant technology and manufacturing presence still exists within the Southern Tier, manufacturing employment has dropped from the Region's top employment category in 2000, to its 4th ranked category, now employing just 9.9% of workers. Across the Region, the counties, municipalities, Industrial Development Agencies (IDAs) and economic development professionals have been working to stem the loss of corporate jobs, but offsetting relatively high taxes, insurance and utility costs with other incentives to enhance the Region's competitiveness can be challenging. To balance the Region's dependence on corporate employment, a broad-based effort to encourage entrepreneurship in the Region has been supported by the NYS ARC Program.
- A recurring challenge has been the high risk of localized flooding and the effect of heavy rains on the Region's watersheds, infrastructure and businesses. The tropical storms of 2011 (Irene and Lee) caused considerable damage to many communities, jeopardizing the economic foundations of many municipalities and increasing the potential that some employers could choose to leave the Region rather than rebuild. Significant and successful efforts were made to keep businesses in the storm damaged region and NYS funds were allocated from numerous programs for rebuilding.
- The demise of agriculture and family agribusiness across the Southern Tier is a perennial challenge. Dairy production and family farms have been affected by rising production costs and declining profits. The NYS ARC Program has and will continue to work with the Region's farmers to help them brand their products and to provide other technical assistance. The NYS ARC Program has helped farmers across the Region find ways to cater to the green-markets within the Region and in nearby larger metropolitan areas, as well as collaborating with the REDCs to ensure that agribusinesses across the Southern Tier receive technical assistance and support on par with that afforded to other industries. Particular note should be mentioned about the recent successful growth of the Greek yogurt industry and of dairy farming in the Region and across NYS.
- The Region's population loss continued, but at a slower pace, during the 2000-2010 Census cycle. Eight counties experienced a decline, as shown in Table 2. While the Region's out-migration was approximately proportionate to other regions of the country, the aging of the population has led to a higher gross mortality, and in-migration has been insufficient to counteract mortality and out-migration trends. In contrast to the general trend, Tompkins County, which has

consistently ranked as an attractive micropolitan county, saw the greatest absolute and relative change in population, gaining 5,063 new residents during the 2000–2010 Census cycle. This increase of 5.2% pushed the county's population above 100,000 residents. Schoharie County, which has become an exurb of the Albany metropolitan area, also saw an increase, growing by 1,167 residents, or 3.7%. Both of these counties remain very rural, despite their recent growth in population. In contrast, Chemung, Chautauqua, Cattaraugus and Schuyler counties saw continued population declines this past decade.

- The success of the Appalachian Development Highway System (ADHS) has alleviated some of the economic strain on NYS Appalachian municipalities. The near-completion of I-86 across the state, the authorization of ADHS Corridor U-1 to become part of future I-99, and the impact of other interstate highways that transit through the Southern Tier have been catalysts for economic development as several national employers have sited projects within the Southern Tier, partly offsetting the Region's loss of manufacturing jobs.

- The use of hydraulic fracturing techniques to extract natural gas reserves has made the Marcellus Shale, which underlies most of the NYS Appalachian Region, a focus of interest to natural gas companies. While the natural gas deposits in Pennsylvania and elsewhere in Appalachia are currently being extracted, NYS is currently undertaking an extensive analysis to assess potential long-term environmental impacts, as well as economic effects, of these techniques. Throughout this review period, the NYS ARC Program and the LDDs have provided technical assistance to local governments seeking to better understand the potential local impacts of the industry.

- DOS, through its Local Government Efficiency (LGE) Program, has worked with many communities in the Southern Tier to promote inter-municipal cooperation for the provision of public services to reduce the cost of local services or full municipal consolidation. Over the past two years, municipalities in Cattaraugus County have been particularly active. In 2009, the Village of Limestone voters approved dissolution into the Town of Carrollton, which became effective at the beginning of 2011. In March of 2010, three other villages (East Randolph, Randolph and Perrysburg) approved dissolution into their surrounding towns (Randolph and Perrysburg, respectively) as of the beginning of 2012.

New interstate links and regional cooperation have raised interest in the Southern Tier, but several other issues continue to affect the Region's economic prospects. Many business owners, professionals and other service providers have been retiring or passing away, especially within the health profession. Lack of successors to these service providers adversely affects communities. Budget constraints have caused governments at all levels to trim services and eliminate positions across the Region. This trend is also occurring in the private sector as employers trim staff or relocate operations outside the Region. The continual attrition must constantly be balanced by efforts to create and retain jobs in the Region.



Table 2: Population and Geographic Area of Appalachian New York

Source: www.ARC.gov

	Population April 1, 2000	Population April 1, 2010	Numeric Population Change, 2000 to 2010	Percent Population Change, 2000 to 2010	Land Area (Square miles), 2010	Persons Per Square Mile, 2010
United States	281,421,906	308,745,538	27,323,632	9.7%	3,531,905	87.4
Appalachian Region	23,642,578	25,243,456	1,600,878	6.8%	204,452	123.5
New York	18,976,457	19,378,102	401,645	2.1%	47,126	411.2
Appalachian New York	1,072,786	1,066,421	-6,365	-0.6%	11,681	91.3
County						
Allegany	49,927	48,946	-981	-2.0%	1,029	47.6
Broome	200,536	200,600	64	0.0%	706	284.2
Cattaraugus	83,955	80,317	-3,638	-4.3%	1,308	61.4
Chautauqua	139,750	134,905	-4,845	-3.5%	1,060	127.2
Chemung	91,070	88,830	-2,240	-2.5%	407	218.1
Chenango	51,401	50,477	-924	-1.8%	894	56.5
Cortland	48,599	49,336	737	1.5%	499	98.9
Delaware	48,055	47,980	-75	-0.2%	1,442	33.3
Otsego	61,676	62,259	583	0.9%	1,002	62.2
Schoharie	31,582	32,749	1,167	3.7%	622	52.7
Schuyler	19,224	18,343	-881	-4.6%	328	55.9
Stauben	98,726	98,990	264	0.3%	1,391	71.2
Tioga	51,784	51,125	-659	-1.3%	519	98.6
Tompkins	96,501	101,564	5,063	5.2%	475	214

3. Major New Initiatives:

The NYS REDCs have become new players in the economic development field as they work to establish a community-driven approach to the allocation of public resources to create jobs. In November 2011, each REDC submitted a customized five-year development plan focused on producing comprehensive, sustainable strategies for regional growth, building partnerships between the state, the private sector and higher education and ensuring that public funding aligns with local priorities. The NYS ARC Region spans four REDCs, but lies predominately within two (see map in section B, supra). These REDCs will meet throughout 2012 and beyond to implement and update their Strategic Plans. DOS and NYS's ARC Program are partners with the REDCs, as are the LDDs, which have key roles on REDC work groups. It is expected that there will be considerable overlap in the LDD's Comprehensive Economic Development Strategies (CEDs) and opportunities to support REDCs' priorities.

Creation of the REDCs complements the emphasis that the NYS ARC Program places on community revitalization, which is widely supported by local leaders and agencies. The revitalization of the Southern Tier's urban and village centers is also a priority supported by NYS Homes and Community Renewal (HCR), the Environmental Facilities Corporation's Co-Funding Initiative and by other DOS programs, such as the Brownfield Opportunity Areas (BOA) program and the Local Waterfront Revitalization Program (LWRP). Finally, in 2011, NYS enacted the State Smart Growth Public Infrastructure Act that emphasizes in-fill and planned nodal development to prevent sprawl and conserve NYS's natural resources, open space and agricultural lands and will apply to infrastructure projects that receive funds appropriated by the State.

D. Areas of Strategic Interest for FFY-2013

The NYS ARC Program for FFY-2013 plans to be responsive to initiatives emanating from the strategic planning process of each of the four REDCs that overlap the NYS Appalachian Region and will seek to use its ARC funds and influence to address the following areas of strategic interest:

1. Expanding Community Capacity

NYS's baseline goal for its ARC program is to "Develop Leaders, Strengthen Community Capacity and Foster Regional Approaches to Economic Development." Successful economic development is a function of several community capacity factors including: effective community leadership and organizations; leveraging critical mass provided by inter-municipal cooperation; and promoting projects of regional significance. Communities that excel in these areas have a higher success rate in delivering economic development projects. In 2013, the NYS ARC Program will leverage its role, and that of the LDDs, as information hubs for regional planning, economic development and common problem solving in order to expand community capacity within the Region and maximize the return on ARC investments. Supporting broad civic engagement will help communities develop home-grown leadership and organizations to leverage indigenous assets.

2. Revitalization of Business Districts and Distressed Areas

As previously discussed, the NYS Appalachian counties rank in the middle 50% of all U.S. counties on a scale of economic strength weighing unemployment, per capita market income (PCMI) and poverty. A major focus of NYS's ARC Program is to ensure that the Region's communities remain economically competitive by working with Industrial Development Agencies (IDA) and other state and federal entities to promote economic development and to revitalize local business districts. This is

Table 3: Distressed Census Tracts of Appalachian New York (2011-2012)

Distressed Census Tracts in NYS Appalachian Counties								
County	Census Tract Number	Median Family Income (\$)	Med. Fam. Inc. % of U.S. Avg.	Poverty Rate, 2006-09	Poverty Rate % of U.S. Avg.	Population (2010)	Land Area (sq. miles)	Population Density (sq. mi.)
Broome	1	39,896	64.0	33.4	247.9	2,494	0.35	7,180
Broome	3	31,298	50.2	25.6	190.4	3,396	1.24	2,733
Broome	5	28,750	46.1	40.1	297.7	1,737	0.47	3,678
Broome	6	30,192	46.4	37.8	278.5	2,276	0.61	3,750
Broome	11	17,917	28.7	47.7	354.2	1,469	0.35	4,163
Broome	12	20,958	33.6	50.2	372.7	976	0.22	4,346
Broome	13	19,384	31.1	46.9	348.2	2,523	0.27	9,284
Broome	18	30,774	49.3	27.7	205.7	4,301	0.89	4,829
Broome	135	34,194	54.8	23.1	171.3	1,547	0.37	4,204
Broome	139	32,216	51.7	26.2	194.9	2,004	0.38	5,214
Broome	140	29,924	48.0	39.2	291.3	3,002	0.26	11,733
Cattaraugus	9617	41,188	66.0	26.0	193.1	3,243	0.92	3,533
Chautauque	301	35,222	58.1	25.5	189.3	3,696	1.19	3,118
Chautauque	303	28,542	45.8	29.9	221.8	2,171	1.67	1,303
Chautauque	305	30,645	49.1	37.4	278.0	3,206	0.64	5,034
Chautauque	306	27,016	43.3	35.1	260.6	4,039	1.45	2,789
Chautauque	354	33,214	53.3	34.4	255.1	2,780	0.65	4,249
Chautauque	355	31,875	51.1	26.0	206.0	3,134	0.96	3,274
Chautauque	357	36,189	58.0	29.1	215.7	2,889	1.10	2,628
Chemung	1	29,526	47.3	36.5	270.8	2,584	1.65	1,570
Chemung	2	37,027	59.4	28.6	212.4	2,586	0.59	4,415
Chemung	6	23,896	38.3	43.9	325.6	4,693	0.44	10,755
Chemung	7	11,719	18.8	45.8	340.4	301	0.27	1,100
Chemung	8	10,370	16.6	57.5	427.1	2,368	0.68	3,474
Chemung	10	26,250	42.1	25.8	191.8	2,918	0.50	5,848
Chemung	108	34,901	58.0	21.3	157.8	3,557	1.93	1,842
Stauben	9608	39,398	63.2	24.6	182.6	3,063	1.13	2,707
Stauben	9625	39,567	63.4	23.2	172.1	2,163	0.92	2,338
Tompkins	1	35,909	57.6	29.3	217.7	1,214	0.20	5,927
Total						76,320		22.3

Source: Appalachian Regional Commission, April 2012

partly achieved by funding community capacity and planning projects and/or by helping communities address infrastructure needs that impact public health or economic development.

In addition, the ARC identifies census tracts that are characterized as "pockets of distress" across the 13-state Appalachian Region. According to the ARC, NYS has 29 census tracts that qualify when ranked against the same economic metrics as the counties. These densely populated "pockets of distress" (listed in Table 3) require approaches that are tailored to resolving urban Rust-Belt ills, rather than to those of rural Appalachia, but are also prime candidates for community capacity building projects.

3. Workforce Development

Fifty-six percent of first time, full-time community college students in the Southern Tier require at least one



non-credit bearing remedial class to qualify for enrollment. Over 30% of people taking required pre-employment math and reading tests at local companies located in the Southern Tier do not pass. In FFY-2013, the NYS ARC Program will work collaboratively with the LDDs, DOS's Division of Community Services (DCS), the NYS Department of Labor (DOL), the Workforce Investment Boards (WIBs), and others to expand literacy services across the Southern Tier. In addition, the ARC program will seek to address the shortage of qualified job candidates that has increased in severity due to declining population in certain counties, retiring baby boomers, and limited career pipelines. The ARC program will also work with New York's farm industry to meet their workforce needs.

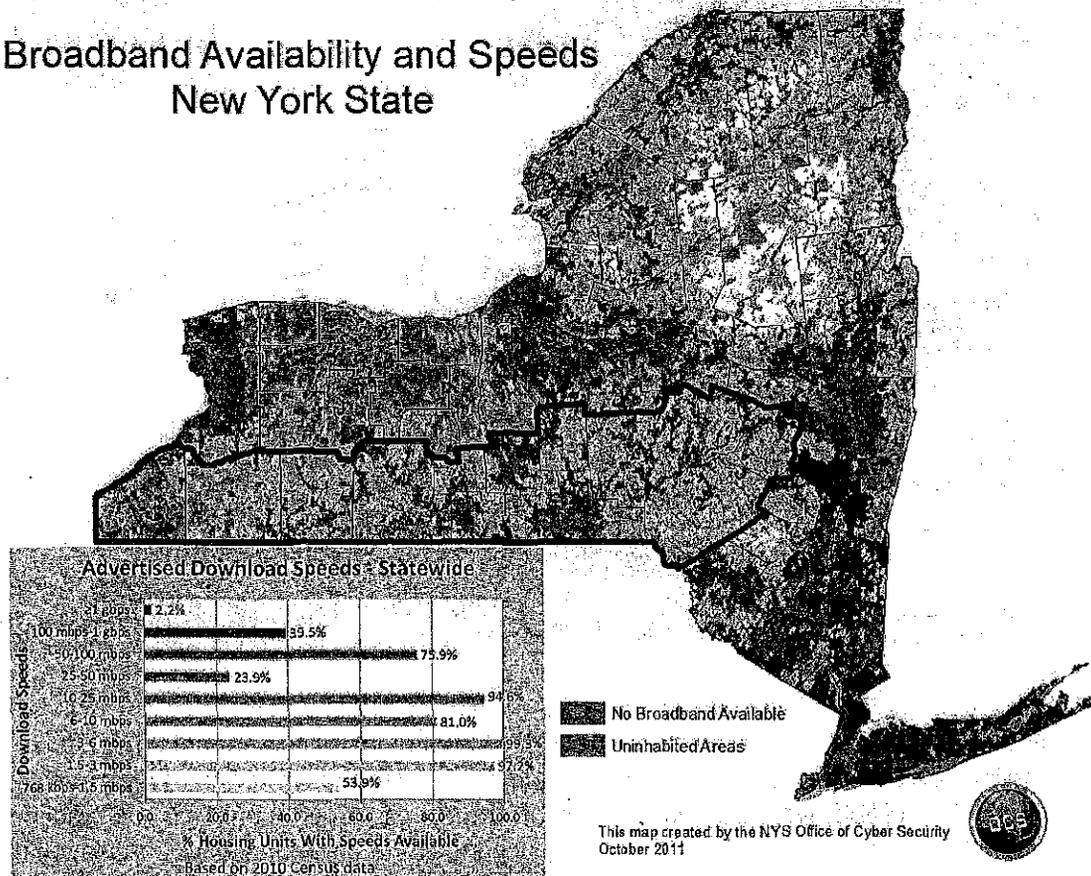
4. Infrastructure Enhancements

The infrastructure challenges in the NYS Appalachian Region are significant due to the Region's isolation, aging and obsolescence of existing systems, and often declining tax bases that hinder the capacity of local communities to upgrade or modernize infrastructure. In the age of internet connectivity, the Region's economic prospects are particularly tied to building out a telecommunications infrastructure that can handle the opportunities of the 21st Century economy. The following are DOS's infrastructure priorities for FFY 2013:

- a) Telecommunications: The Southern Tier is one of two large geographic regions in NYS that are underserved by broadband connectivity (see Map 4). This reduces the Region's competitiveness in retaining businesses, families and young adults. The NYS ARC program will continue to explore ways that the LDDs may be able to increase the Region's connectivity to the global economy via improved telecommunications.

Map 4: Average Broadband Download Speed by Zip Code in NYS (2011)

Broadband Availability and Speeds New York State

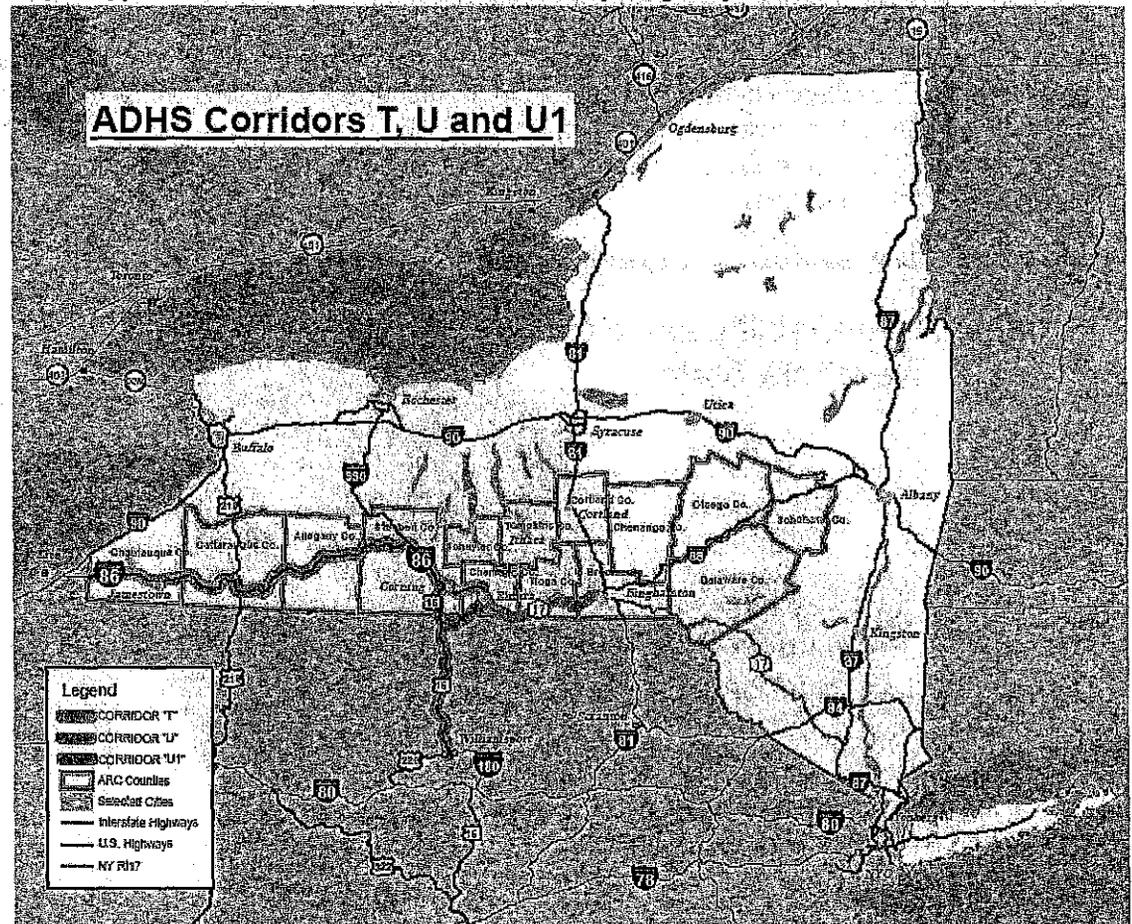


Source: NYS Office of Cyber Security / Adapted by NYS DOS

b) Transportation: The Appalachian Development Highway System (ADHS) has three corridors in NYS (T, U, and U1; see Map 5). ADHS Corridor T, the Southern Tier Expressway (also known as NYS 17/I-86), is part of the ADHS for 256 miles across the Southern Tier from Binghamton to Erie, Pennsylvania, and has opened up the Region and its attractions to travelers from metropolitan centers such as Cleveland, Toronto, Boston, New York City and Philadelphia. A group known as the "I-86 Coalition" has been advocating for improved transportation access to remedy capacity constraints for transporting freight and to provide a restructured east-west thoroughfare essential for tourism, commerce and job growth across the Region. This group has been a strong advocate for regional economic development along Corridor T.

ADHS Corridors U and U1 link the cities of Elmira and Corning, respectively, to Pennsylvania's ADHS Corridor P and are crucial to the economic development of these two cities. Map 5 illustrates how these corridors link the Region to markets and manufacturing centers in the eastern U.S. and Canada. Maximizing the capacity of the ADHS for economic development remains a recurring priority for NYS's ARC program.

Map 5: Appalachian New York ADHS Corridors and Major Highways, (2011)



Source: NYS DOT

c) Water and Wastewater Infrastructure: The NYS ARC Program is an important advocate for maintaining healthy and economically efficient drinking water and wastewater systems across the Southern Tier. In NYS, water and wastewater infrastructure is largely monitored and regulated by the NYS Department of Health (DOH) and NYS Department of Environmental Conservation (DEC), while the NYS Environmental Facilities Corporation (EFC) is the primary state funding agency for

infrastructure projects related to the repair or replacement of these systems. NYS HCR and the United States Department of Agriculture – Rural Development also offer funding for such projects. In the Southern Tier, the LDDs have helped communities identify funding for improvements, using ARC resources to supplement other programs for water and sewer system upgrades and new construction. The NYS ARC Program will continue to facilitate local government needs assessments throughout the Region to encourage affordability and economic development.

5. Smart Growth and Community Revitalization

The Southern Tier region is rich in historic communities and structures, natural resources and cultural opportunities, the preservation of which is essential to the growth and restructuring of NYS's regional economies. A broad range of programs are available for communities undertaking preservation or revitalization projects, including DOS's LWRP program and Brownfield Opportunity Areas program. In addition, HCR's NYS Main Street program provides financial and technical assistance to local governments, business improvement districts, and other not-for-profit organizations, to help revitalize historic downtowns, mixed-use neighborhood commercial districts and village centers. The NYS ARC Program will work with the LDDs and other organizations to coordinate the use of these programs and others to leverage local and regional assets promote smart growth and regional economic development.

E. Developing NYS's Appalachian Region Planning Documents

In developing this Strategy Statement, DOS staff consulted with LDD staff and relied on the research used to draft the NYS Appalachian Development Plan for 2011-2014. The process involved analysis, interviews and meetings with representatives from the counties, the general population, and the Region's business community. SUNY Binghamton's Center for Local Government, College of Community and Public Affairs also assisted with this process of identifying a local view of the NYS ARC Program, providing a number of suggestions to make the program more responsive to community capacity opportunities and to identify priority needs and strategies for the Region.



Binghamton, Elmira, and Ithaca

Section II: NYS Goals and Strategies

This Section identifies the NYS objectives and strategies established to guide the investment of ARC resources in the NYS Appalachian Region. The strategies were established by DOS and the three LDDs in response to ARC's Strategic Plan "Moving Appalachia Forward 2011-2016" and to "NYS's Appalachian Regional Development Plan 2011-2014".

FFY-2013 AREA DEVELOPMENT PROJECTS

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. All projects from NYS receiving ARC resources under the Area Development Program must address one of the first three Strategic Goals and implement Strategic Objectives, identified in the ARC Strategic Plan. (Goal Four relates to the completion of the Appalachian Development Highway System and is administered mostly by NYS Department of Transportation (DOT)). The NYS Strategies have been adapted to meet the needs of the NYS Appalachian Region as explained in the following portion of this statement.

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 knowledge-based industries and sectors such as services and health care. In partnership with other agencies, ARC will help local and state leaders diversify local economies, support entrepreneurship, increase domestic and global markets, and foster new technologies in order to address job shifts throughout the Region. In addition, ARC will encourage local leaders to build on the opportunities presented by Appalachian highway corridors and to examine heritage, cultural, and recreational assets that can create job opportunities while preserving the character of the Region's communities".

From ARC's Strategic Plan: "Moving Appalachia Forward 2011-2016"

NYS Condition: The NYS ARC Program emphasizes three themes related toward this goal: Fostering the capacity of communities to leverage their resources to plan regionally and to raise funds to complete regionally significant projects; working with the REDCs and county leaders to identify projects that will have a transformative impact toward developing the regional economy; and collaborating across government and program boundaries to accelerate the growth of the Region's economic base.



ARC Strategic Objective 1.1: Develop Leaders and Strengthen Community Capacity

Rationale: As a community or region seeks to develop a healthy, competitive, and sustainable economy, it needs to build the capacity of three interdependent elements: individual leaders; organizations; and the community as a whole. Leadership-development skills, broad citizen involvement, strategic planning processes, and collaborations among business, government, nonprofit, and philanthropic organizations contribute to a sense of empowerment and sustained economic well-being.

NYS Selected Strategies:

1. **NYS Strategy 1.1:** Support programs that foster broad-based civic engagement and support strategic readiness to harness economic opportunities.

ARC Strategic Objective 1.2: Diversify The Economic Base

Rationale: For Appalachia to compete in the global economy, the Region must expand efforts to diversify its economic base to provide new employment opportunities. Prosperity and stability for Appalachian communities will depend on their ability to find new business and economic opportunities that can build on the Region's strengths while diversifying its base.

NYS Selected Strategies:

1. **NYS 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.
 2. **NYS Strategy 1.2b:** Expand efforts to modernize and strengthen existing businesses, including the Region's vitally important agricultural sector.
-

ARC Strategic Objective 1.3: Enhance Entrepreneurial Activity

Rationale: Locally-owned businesses play an important role in creating sustainable local economies and improving the quality of life in Appalachian communities, especially in economically distressed areas. Many communities need assistance in developing support for the establishment of business incubators and the provision of entrepreneurial training and financial services.

NYS Selected Strategies:

1. **NYS Strategy 1.3a:** Improve access to investment capital and credit for local businesses by supporting such resources as venture capital funds, existing regional revolving loan funds, subordinated debt funds, and microcredit lending programs to aid business development.
 2. **NYS Strategy 1.3b:** Educate current and future entrepreneurs (including agriculture entrepreneurs) through training programs in secondary schools, BOCES, colleges and universities, and not-for-profit organizations.
 3. **NYS Strategy 1.3c:** Develop technical assistance networks through business incubators, business associations and private-sector resources to nurture new businesses
-

**ARC Strategic Objective 1.4:
Develop And Market Strategic Assets For Local Economies**

Rationale: A recognized way of strengthening communities and their economies is through the identification and development of local cultural, heritage, and natural assets.

NYS Selected Strategies:

1. NYS Strategy 1.4: Identify and leverage local and regional indigenous resources, experience, wisdom, skills, and capacity for economic development.

**ARC Strategic Objective 1.5:
Increase The Domestic And Global Competitiveness Of The Existing Economic Base**

Rationale: Many Appalachian businesses have embraced not only new domestic business development strategies but also global strategies that promote increased international business activity in order to be competitive. By helping local firms find new markets and investments at home and abroad, ARC can assist in job creation.

NYS Selected Strategies:

1. NYS Strategy 1.5a: Help small and mid-sized firms create jobs and improve sales by providing them with research or technical assistance to increase global and domestic market opportunities.
2. NYS Strategy 1.5b: Support foreign direct investment in Appalachia.

**ARC Strategic Objective 1.6:
Foster The Development And Use Of Innovative Technologies**

Rationale: Information technology represents an important opportunity to close the job gap in Appalachia through high value-added industries, such as telecommunications and computing services. Appalachian businesses should partner with federal and private-sector research labs, research universities, and other technology organizations to help create and retain technology related jobs.

NYS Selected Strategies:

1. NYS Strategy 1.6a: Provide assistance to high value-added industries such as telecommunications, green-technology, and information services to close the job gap in the NYS Appalachian Region.
2. NYS Strategy 1.6b: Promote partnerships with and leverage research initiatives in the Region's colleges, universities and other research organizations to support the commercialization of new technologies.



**ARC Strategic Objective 1.7:
Capitalize on the Economic Potential of the ADHS**

Rationale: The ADHS presents perhaps the greatest community and economic development opportunity in the Region. To maximize its potential, programs must be designed to capitalize on the system's connectivity.

NYS Selected Strategies:

1. NYS Strategy 1.7a: Support local and regional economic and community-development initiatives that effectively use completed sections of the ADHS.
2. NYS Strategy 1.7b: Encourage strategic planning to help direct and select appropriate development along future segments of the system.

**ARC Strategic Objective 1.8:
Encourage Sustainable Economic Use of Natural Resources**

Rationale: If managed in a sustainable way, natural resources can provide long-term economic benefit and improved quality of life for local communities.

NYS Selected Strategies:

1. NYS Strategy 1.8a: Support economically sustainable uses for Appalachia's natural and environmental assets, including its forests and wood products, watersheds, agricultural resources and local food systems.
2. NYS Strategy 1.8b: Promote activities and initiatives that produce local economic benefits from the use of walking, cycling, and other outdoor recreation.

**ARC Strategic Objective 1.9:
Encourage Investments in Energy Projects that Create Jobs**

Rationale: By carefully using its energy resources and employing emerging energy technologies and practices, Appalachia can create and retain jobs, increase the supply of locally-produced clean, affordable energy, help companies stay competitive, increase economic opportunities and keep the Region moving toward energy independence.

NYS Selected Strategies:

1. NYS Strategy 1.9a: Encourage efforts that strengthen the economic base through sustainable energy and energy efficiency initiatives.
2. NYS Strategy 1.9b: Support the development of alternative transportation fuels, electricity, and heat through conventional and renewable energy resources.

ARC GENERAL GOAL 2:

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

"To compete in the 21st Century economy, the people of Appalachia must have the skills and knowledge required to develop, staff, and manage globally competitive businesses. In addition, the Region's communities must provide adequate health care in order to keep existing businesses and develop new ones. ARC will continue to support local efforts to make all of the Region's citizens productive participants in the global economy".

From ARC's Strategic Plan: "Moving Appalachia Forward 2011-2016"

NYS Condition: The NYS REDCs and LDDs have identified workforce development as a key objective toward getting the Region's economy operating at a high level. The NYS ARC Program will emphasize workforce development strategies to help foster better matches between the available workforce and opportunities presented by local private employers, emphasize educational opportunities and address health professional shortages.

ARC Strategic Objective 2.1: *Develop Leaders and Strengthen Community Capacity*

Rationale: Capacity-building activities that strengthen collaborative relationships among communities, agencies, and individuals that encourage innovative and achievable first steps and that increase dialogue on strategic opportunities contribute to improve leveraging of resources and promote the Region's competitiveness.

NYS Selected Strategies:

1. NYS Strategy 2.1: Promote broad-based, leadership and community participation in capacity building initiatives related to workforce and social services needs.

ARC Strategic Objective 2.2: *Enhance Workforce Skills through Training and Education*

Rationale: As the changing global economy affects Appalachian communities and businesses, most new jobs are in sectors that require a higher level of education, and workers must continually build skills and experience in order to respond to new economic opportunities and to weather economic uncertainty.

NYS Selected Strategies:

1. NYS 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***

Rationale: Access to quality child care fosters the development of children and enables their parents and guardians to take advantage of additional job opportunities. In addition, studies have shown that the benefits of high-quality early childhood education programs, especially for children from low-income families, continue at least into early adulthood, but many families in Appalachia lack the resources to take full advantage of such services.

NYS Selected Strategies:

1. NYS Strategy 2.3: Promote efforts to increase access to quality child care to support the Region's workforce.

ARC Strategic Objective 2.4:***Increase Educational Attainment and Achievement***

Rationale: Research has shown that high levels of educational attainment and achievement are associated with: better health for individuals and their children, longer life expectancies and higher salaries. While progress has been made, resources are still needed to close the gap in educational attainment between the Appalachian Region and the rest of the nation. More Appalachians need to graduate from high school and continue with post-secondary education at community colleges, universities, or professional schools for the Region to remain competitive.

NYS Selected Strategies:

1. NYS Strategy 2.4a: Support local and regional efforts to better prepare students, out-of-school youths and adults for post-secondary level training.
2. NYS Strategy 2.4b: Maintain support for and seek expansion of programs that increase high school completion, college attendance rates and college completion rates.
3. NYS 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:***Expand Community-Based Wellness and Disease-Prevention Efforts***

Rationale: Appalachia suffers from disproportionately high rates of chronic disease, which has a significant adverse effect on workforce participation and productivity and impedes opportunities for economic development. Community-based wellness and health education efforts are key to reducing health disparities, developing a stronger workforce, and ensuring the long-term vitality of the Appalachian Region.

NYS Selected Strategies:

1. NYS Strategy 2.5: Provide education and opportunities to help the residents of the Region lead healthy lives.

ARC Strategic Objective 2.6:
Increase the Availability of Affordable, High Quality Health Care

Rationale: Many parts of Appalachia, including its most economically distressed counties, are underserved by health-care professionals and health facilities. Activities and policies to improve the supply and distribution of the Region's professional health-care workforce and facilities can help ensure that health care is comprehensive, affordable, and accessible to community residents.

NYS Selected Strategies:

1. NYS Strategy 2.6: Work to eliminate gaps in the delivery of primary health care, dental, and mental health services by developing or expanding health care programs, particularly in federally-defined health professional shortage areas.



Jamestown Community College's Manufacturing Technology Institute was funded in part with ARC grants.

ARC GENERAL GOAL 3:

Develop and Improve Appalachia's Infrastructure to Make the Region Economically Competitive

"In order to compete in the global economy, Appalachia must have the infrastructure necessary for economic development, including water and sewer systems, telecommunications systems, and efficient connections to global transportation networks. Barriers such as rugged terrain and low population density have hindered the Region in developing adequate infrastructure. ARC will address the lack of adequate water, sewer, and telecommunications systems and services in the Region, and will build partnerships to address the critical issue of intermodal connections to improve access to the global market".

From ARC's Strategic Plan: "Moving Appalachia Forward 2011-2016"

NYS Condition: NYS has articulated two areas of infrastructure for emphasis for FFY-2013: Telecommunications and Broadband Connectivity and Community Revitalization. The NYS ARC Program will work with the REDCs, LDDs, counties, local governments and other state agencies to help communities access funding to upgrade these critical systems and prepare for economic growth, particularly in the villages and cities of the Region and at nodes of growth along the ADHS and other major highways throughout the Region. In addition, brownfield remediation will be encouraged in cooperation with the state's Brownfield Opportunity Areas Program.

ARC Strategic Objective 3.1: Develop Leaders and Strengthen Community Capacity

Rationale: Developing the regional infrastructure necessary to make Appalachia competitive requires a cadre of visionary leaders and effective organizations that are able to strategically mobilize communities toward their goals.

NYS Selected Strategies:

1. NYS Strategy 3.1: Support programs that develop leaders and effective organizations to strategically collaborate to promote regional infrastructure solutions within Appalachian New York.

ARC Strategic Objective 3.2: Build and Enhance Basic Infrastructure

Rationale: Many Appalachian communities continue to lack basic infrastructure, compromising the Region's ability to effectively pursue basic development activities. Investing in basic infrastructure is an investment in the wellness, as well as the economic potential, of Appalachia.

NYS Selected Strategies:

1. NYS Strategy 3.2: Make strategic investments to leverage federal, state, private, and local capital for the construction or improvement of water or wastewater infrastructure that supports economic development or addresses a public health concern.

**** IMPORTANT NOTE:** The ARC Program is primarily an economic development program. Project sponsors are strongly encouraged to demonstrate all anticipated positive economic impacts to be realized from the project.

**ARC Strategic Objective 3.3:
Increase the Accessibility and Use of Telecommunications Technology**

Rationale: Communities across the Appalachian Region, especially those in rural or economically distressed areas, face serious challenges in taking advantage of new information, computing, and telecommunications technologies that have the potential to expand their economic development horizons. In addition to the geographic barriers mentioned above, changing regulations have resulted in access issues for rural communities and reluctance on the part of service providers to make capital investments in less-dense areas, where it is more difficult to generate adequate returns on investments.

NYS Selected Strategies:

1. NYS Strategy 3.3a: Facilitate development of high-speed telecommunications infrastructure for local and regional connectivity and affordability through planning, research, or strategic project investment.
2. NYS Strategy 3.3b: Encourage the use of telecommunications applications in education, health care, business, and government initiatives.
3. NYS Strategy 3.3c: Provide assistance for telecommunications development that coincides with other public infrastructure development.

**ARC Strategic Objective 3.4:
Preserve and Enhance Environmental Assets**

Rationale: Cleaning up defunct industrial sites, promoting environmentally sensitive industries, and providing responsible stewardship and use of Appalachia's natural assets can play a vital part in putting the Region on an equal economic footing with the rest of the nation. This includes the reclamation of lands impacted by mining and former industrial sites for viable use.

NYS Selected Strategies:

1. NYS Strategy 3.4a: Raise awareness and leverage support for reclamation and redevelopment of brownfields and lands impacted by extraction industries, and promote sustainable uses or uses that foster opportunities for the production of renewable energy.
2. NYS Strategy 3.4b: Promote infrastructure projects that foster local reliance on sustainable energy or energy efficient technologies.

**ARC Strategic Objective 3.5:
Promote the Development of an Intermodal Transportation Network**

Rationale: Appalachian communities and businesses must continue to strengthen support for intermodal transportation strategies designed to improve access to Appalachia's transportation network (including aviation, local transit systems, railway systems, and inland waterways) and increase the responsiveness of that network to the needs of businesses, communities, and residents.

NYS Selected Strategy:

1. NYS Strategy 3.5: Support the planning and 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

"For Appalachia to compete economically with communities across the nation, it must have a safe and efficient transportation system connecting it to national transportation networks. Because of its difficult terrain, Appalachia was largely bypassed by the national interstate highway system, leaving the Region with a network of winding two-lane roads, which presented a major barrier to development. When ARC was established, Congress, recognizing the importance of overcoming the Region's geographic isolation, authorized the construction of an interstate-quality highway system in Appalachia. The Appalachian Development Highway System (ADHS) was created, and is being built, to enhance economic development opportunities in the Region by providing access to markets for goods, to jobs for workers, to health care for patients, and to education for students."

From ARC's Strategic Plan: "Moving Appalachia Forward 2011-2016"

NYS Condition: 222 of 3,090 ADHS miles eligible for ARC funding are within NYS: Corridors T, U and U-1. Corridor T, also known as NYS Route 17/Interstate 86 (I-86) or the "Southern Tier Expressway", is the only major east-west road traversing the Southern Tier. In NYS, Corridor T's total length is 245.8 miles, of which 213.5 miles are authorized for ARC funding. This corridor is mostly completed, with only small isolated segments unfinished. Corridors U and U-1 link Corridor T to Pennsylvania's (PA's) ADHS network. Corridor U runs from the PA border as NYS Route 328 until it merges with NYS Route 14 and terminates at Corridor T in Horseheads. This corridor also incorporates the Elmira Arterial, a re-routing that has led to significant infrastructure improvement for the city of Elmira. Corridor U-1 extends 12.5 miles from PA's SR 328 near Tioga Junction as U.S. 15 to Corridor T near Corning. 5.8 miles of this corridor are authorized for ADHS funding. The primary element awaiting future ARC funding is a Rest Area and Travelers Information Center (RATIC) between PA and Corridor T.

**** IMPORTANT NOTE:** All projects related to ARC General Goal 4 in NYS are administered by NYS department of Transportation (DOT) via direct FHWA funding assistance, which is a decreasing source of funds as NYS's ADHS corridors near completion. DOT collaborates with DOS, the ARC, and the LDDs for ADHS projects, and DOT provides technical assistance regarding other transportation projects and policies for NYS's Southern Tier.

ARC Strategic Objectives and NYS Strategies Related to Goal 4:

The ARC Strategic Plan specifies the following 6 Strategic Objectives to direct funding under General Goal 4:

- 4.1: Develop Leaders and Strengthen Community Capacity
- 4.2: Promote the Successful Development of the ADHS
- 4.3: Improve Planning to Enhance Multi- Jurisdictional Coordination and Efficiency
- 4.4: Encourage Intermodal Coordination
- 4.5: Enhance the Energy Efficiency of the Transportation System
- 4.6: Develop a Transportation System that Enhances and Preserves the Region's Environmental Quality

In NYS, DOT coordinates all activities immediately related to the ADHS and administers ADHS funding. DOS assists DOT in its interactions with the ARC and with coordination at the local government level. Because the ADHS is nearly completed in NYS, there are no state-specific strategies adapted for the above 6 ARC Strategic Objectives under this General Goal. Instead, DOS and the LDD will solicit projects from eligible applicants that will boost the economic development and infrastructure benefits of the ADHS in Appalachian NYS. The following are some selected NYS strategies that relate to Goal 4 and the above objectives:

- NYS Strategy 1.1: Support programs that foster broad-based civic engagement and support strategic readiness to take advantage of economic opportunities.
- NYS Strategy 1.7a: Support local and regional economic and community-development initiatives that effectively use completed sections of the ADHS.
- NYS Strategy 1.7b: Encourage strategic planning to help direct and select appropriate development along future segments of the system.
- NYS Strategy 3.1: Support programs that develop leaders and effective organizations to strategically collaborate to promote regional infrastructure solutions within Appalachian New York.
- NYS Strategy 3.4a: Raise awareness and leverage support for reclamation and redevelopment of brownfields and lands impacted by extraction industries, and promote sustainable uses or uses that foster opportunities for the production of renewable energy.
- NYS Strategy 3.4b: Promote infrastructure projects that foster local reliance on sustainable energy or energy efficient technologies.
- NYS Strategy 3.5: Support the planning and development of intermodal transportation systems with fast, efficient and dependable access to worldwide suppliers and markets.

Using these strategies, NYS's ARC Program can support collaboration and coordination between transportation and economic development interests to strengthen access to domestic and international markets and to maximize economic and employment benefits to the Region.



Section III: NYS ARC Programs and Policies

This section summarizes the general policies established by New York for the NYS ARC Program, including policies for soliciting, reviewing, and selecting ARC projects, highlighting LDD and citizen roles; matching requirements and funding limits for projects; and other policies or operating procedures that address important administrative issues. These policies guide the preparation of the State's annual Appalachian Regional Investment Package, and were established in consultation with the three LDDs in the NYS Appalachian Region and cooperating state agencies.

A. ARC Program Organization:

As discussed above, the NYS ARC Program is coordinated by DOS. In addition, several state and federal community development agencies assist DOS in developing policies and priorities for the ARC Program. The program is staffed within DOS and is implemented at the local level in concert with three LDDs. The LDDs are participants in the policy development process and each is governed by a board of local leaders and professionals who keep the LDDs tied to the local economic and municipal structure of their constituent counties. This bottom up approach is a principal concept of the NYS ARC Program.

The submission of NYS's Annual ARC Project Investment Package represents an important implementation aspect of the NYS ARC area development strategy. The ARC's area development program has been a tool for generating grassroots interest and regional support for model projects designed to address regional concerns. DOS's responsibility is to work with each of the three LDDs to solicit and develop applications for Area Development proposals. DOS reviews and provides an analysis of projects and makes recommendations for funding submissions.

B. Project Application, Performance and Reporting:

All NYS ARC Program projects must address one of the four Strategic Goals for the Appalachian Region identified in the ARC Strategic Plan and one of the NYS implementing strategies. These strategies are fundamental to tracking the success of projects and justifying expenditure of ARC resources. Potential project sponsors must clearly show that proposed activities will implement one of the strategies.

Because NYS receives many more applications for ARC funding than can be approved, an extensive review process takes place, first at the LDD level and then at the DOS program level, before projects are recommended for transmittal to the ARC. Early in the solicitation/application drafting process, LDDs work closely with project sponsors and determine each applicant's financial need. When the LDDs vote on the applications and score the proposals, financial need is one of the key parts of the scoring rubric. Finally, when determining NYS's project recommendations, DOS considers the rankings of the LDDs and then independently reviews all proposed projects, also following the grant-review rubric.

In addition, all project sponsors are required to identify the outputs and outcomes of the project and the dates by which these measures will be achieved. Output measures quantify a project's immediate products and activities, which have been identified in the project application. Outcome measures assess longer-term results of project outputs by gauging project accomplishments in quantitative terms. Sponsors must formally agree to provide the LDD with project performance information during and after the project for a period of three years.

Performance Measures: As an investor in grassroots economic development, the ARC's performance is in large measure dependent on the achievements of its local, state, and regional partners. To measure its effectiveness, the NYS ARC Program will look at the following five areas of performance:

- **Leverage:** Measured by additional public and private financial and technical support attracted by ARC investments.
- **Jobs:** Measuring both jobs created and jobs retained through job-generating programs.
- **Employability:** Measured by improvements in high school graduation rates, increases in college attendance and graduation rates, the number of participants completing workforce training programs, and the number of children served in early childhood education programs.
- **Infrastructure Development and Connectivity:** Measured by the number of citizens served by new or improved infrastructure, connections made between modes of transportation, particularly between railways and highways, and highway miles opened to traffic.
- **Enhanced Local Capacity:** Measured by the number of communities and local leaders that have been assisted by the program and the regional projects that have been developed due to increased assistance.

In addition, the NYS ARC Program staff will work in conjunction with the ARC, LDDs, other state agencies, county and local governments and the REDCs to help achieve the ARC's General Goals and strategic objectives. It will also work to ensure that the Region's leaders and citizens have the capacity, capability, and resources needed to build and strengthen local economies. The ARC's structure as a federal-state-local partnership and as a regional agency makes it uniquely suited to help guide and foster the local efforts required for positive change.

C. New York State Area Development Policies

This section identifies general policies established by New York to guide the preparation of the NYS Appalachian Regional Investment Package. They were established in consultation with the three LDDs in the NYS Appalachian Region and cooperating state agencies.

1. **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.
2. **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.
3. **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 most projects in NYS, EXCEPT for projects that result from recommendations of a REDC or which have been cited by DOS and the LDD as "regionally significant." In these cases, the ARC funding limit may be raised



to \$300,000 per LDD involved. Sponsors of such projects must document that additional ARC funding is indispensable to project implementation and funding cannot be obtained from other public or private resources.

4. **Matching ARC Resources:** Each Federal Fiscal Year, ARC designates the economic health of each county, and that designation, in turn, determines the match rate for projects in those counties. For the FFY-2013 program year, the fourteen Appalachian Counties in New York State are all designated as "transitional" by ARC. This designation means that projects in "transitional" counties may only request ARC financial assistance not to exceed 50% of the total eligible 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.

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 (CDBG) funds from the U.S. Department of Housing and Urban Development are considered to be local funds for the purposes of matching ARC projects.

5. **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 NYS 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 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 NYS and recommended to ARC for final approval.

6. **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.
7. **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 LDDs as ARC grantees and expenses of participants in ARC Consolidated Technical Assistance Program grants.

8. 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 underrun are subject to recoupment by the ARC.
9. Waiver Policy For Construction/Renovation/Equipment Projects: A waiver of Section 4.5 of the ARC Project Guidelines to permit contracts prior to ARC project approval will be considered for construction, renovation or equipment projects that meet all of the following conditions:
 - a. The request for a waiver must come to DOS directly from the appropriate LDD with a strong recommendation for its approval.
 - b. The project must already have been approved by DOS and transmitted by the Secretary of State to ARC with a recommendation for approval.
 - c. Approval of the project by ARC would 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).
 - d. There must be written assurance from the appropriate federal (and State, if applicable) basic agency of support for 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 execution or other actions at its own risk.

D. NYS'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) 2009 and referencing ASHRAE 90.1-2007 became effective on December 28, 2010, and is more stringent than prior codes. DOS's Division of Code Enforcement and Administration can provide technical support through its administration of the code. In addition, the NYS Energy Research and Development Authority (NYSERDA) provides a number of incentives to foster energy efficiency in construction projects. DOS and the LDDs will continue to work with NYSEDA to help project coordinators exceed the requirements of the energy efficiency codes for ARC projects.

NYS's Renewable Portfolio Standard (RPS) policy is designed to increase the proportion of renewable electricity used by retail customers. It has adopted an aggressive goal of obtaining 30 percent of its electricity from renewable sources by 2015 – referred to as "30 x15". RPS energy targets for the 30 percent goal fall into three groups:



- Main Tier or Large Scale Generators – Large-scaled generators that sell power to the wholesale grid or in some cases generate power for onsite use.
- Customer-Sited Tier – Small-scaled generators such as a photovoltaic (PV) system on a residence
- Other Market Activities - Individuals and businesses that choose to pay a premium on their electricity bill to support renewable energy and state agencies that are subject to renewable energy purchasing requirements through similar policies.

NYSERDA is responsible for administering the Main Tier and the Customer Sited Tier aspects of the program. For a generating facility to be eligible for Main Tier program procurements, it must meet the generation type and fuel source eligibility requirements as defined and clarified by the Public Service Commission (PSC) in its various orders. The PSC orders issued for Case 03-E-0188 are the controlling authority for all determinations of eligibility of projects participating in the NYS RPS. As of April 2010, the PSC established new consumer-sited tier (CST) program goals for the previously approved technologies (photovoltaic, fuel cell, anaerobic gas-to-electric digester technologies, and on-site wind installations), authorized a new CST program aimed at encouraging additional customer-sited installations, and authorized a new CST program focused solely on the deployment of solar thermal energy systems. Customers interested in installing PV or small wind installations can work with one of NYSERDA's eligible installers. Incentives are available through the solar and wind installers. NYSERDA's Solar Photovoltaic (PV) Program Opportunity Notice (PON) 2112 provides cash incentives for the installation by Eligible Installers of new grid-connected Solar Electric or PV systems that are 7kW or less for residential, 25kW or less for not-for-profit and 50 kW or less for commercial sites. The goal of the program is to install 82 MW or 93,806 MWhrs of Solar Electric Power systems. Incentives will be granted on a first-come, first-served basis, and PV incentive applications will be accepted through December 31, 2015, or until funds are fully committed, whichever comes first. (Ref: <http://www.nyserdera.org/rps/index.asp>)

E. Preparation and Implementation Of The NYS Appalachian Regional Investment Package

1. Policies established in the federal ARC legislation, the ARC Code, Project Guidelines and Commission resolutions serve as the framework for the development of NYS policies for the implementation of the ARC non-highway programs, including especially the Area Development Program and 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 NYS 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.
 - 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 including target dates for initial program announcement, receipt of applications from project sponsors by the LDDs, provision of LDD priority recommendations to DOS 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, LDDs submit project applications and develop regional priority rankings based on a scoring rubric known as the joint State-Local ARC Priority Point Rating System. Because NYS receives many more ARC project applications than can be funded, an extensive review process takes place at the LDD and DOS program levels before projects are recommended for transmittal to the ARC. Early in the solicitation/application drafting process, LDDs work closely with project sponsors and determine each applicant's financial need. When the LDDs vote on the applications and score the proposals, financial need is one of the key parts of the scoring rubric. Finally, when determining NYS's project recommendations, DOS considers the rankings of the LDDs and follows the Priority Point Rating System to independently review all proposed projects.
4. DOS will prepare a preliminary draft Investment Package early in the Federal Fiscal Year 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. 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. If during the federal fiscal year any NYS 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 NYS 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.

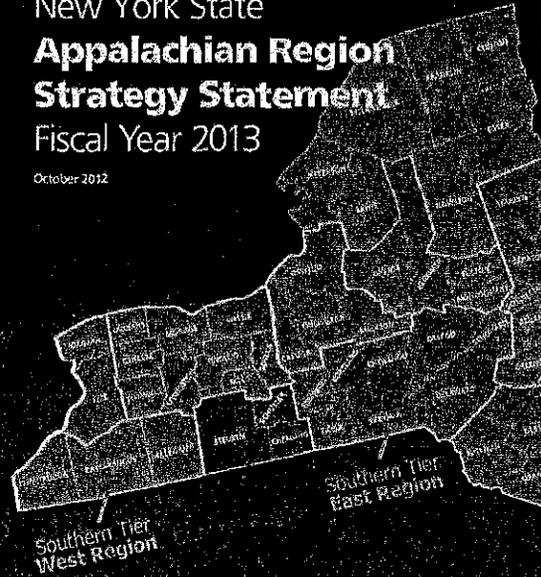






New York State
**Appalachian Region
Strategy Statement**
Fiscal Year 2013

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NEW YORK STATE  DEPARTMENT OF STATE

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