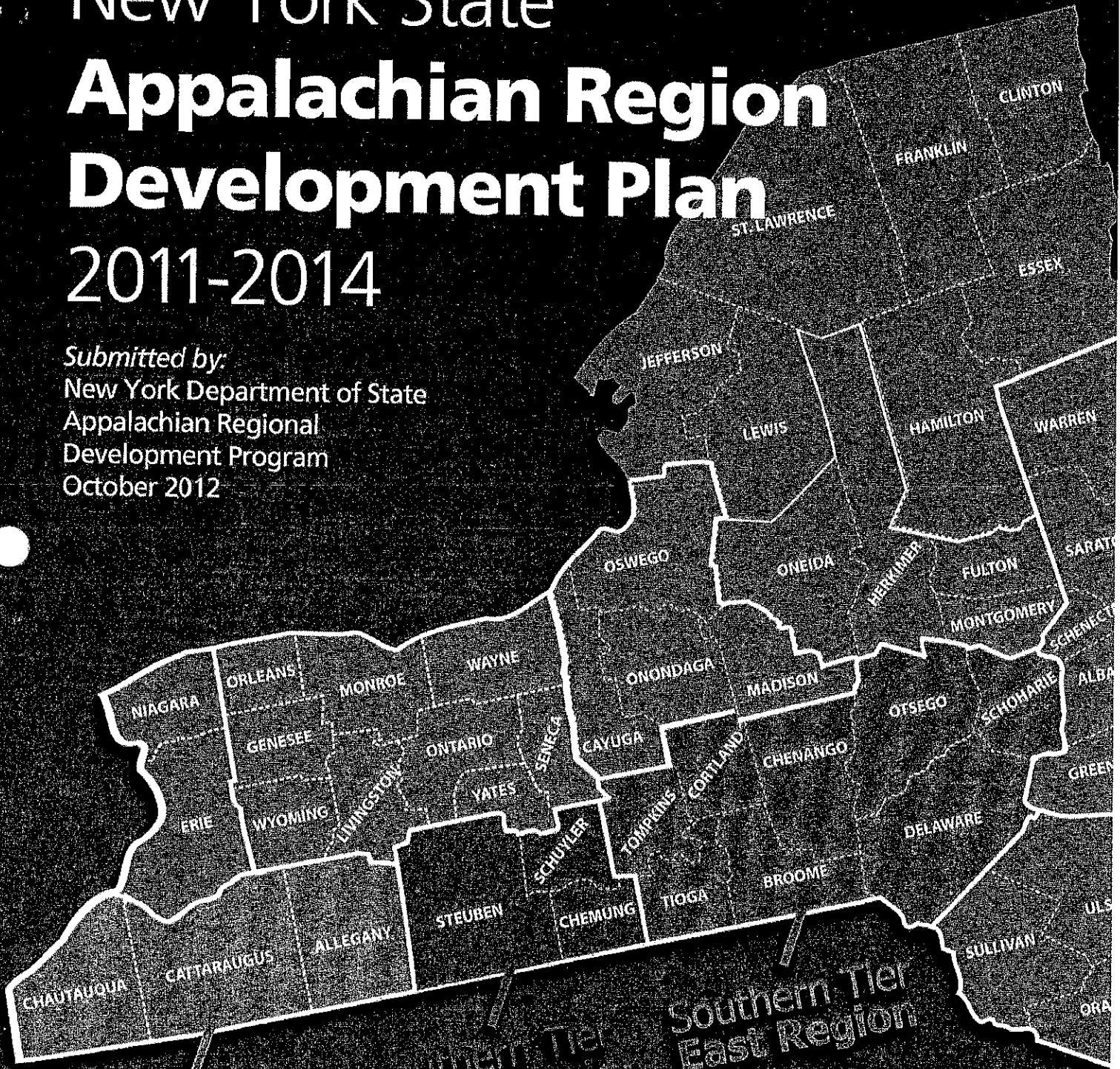




New York State Appalachian Region Development Plan 2011-2014

Submitted by:
New York Department of State
Appalachian Regional
Development Program
October 2012



Southern Tier
West Region

Southern Tier
Central Region

Southern Tier
East Region

Appalachian Regional Commission

The Appalachian Regional Commission ("ARC" or "Commission") is a regional economic development agency representing a unique partnership between federal, state, and local government. Established by an act of Congress in 1965, the Commission is composed of the governors of the 13 Appalachian states and a federal co-chair appointed by the President of the United States. Local participation is provided through multi-county Local Development Districts (LDDs) with boards comprised of local elected officials, businesspeople, and other local leaders. Each year Congress appropriates funds that the ARC allocates among its member states for Commission programs and projects.

The NYS Appalachian Region

The federally-defined Appalachian portion of New York State ("Appalachian New York") contains the following fourteen counties: Allegany, Broome, Cattaraugus, Chautauqua, Chemung, Chenango, Cortland, Delaware, Otsego, Schoharie, Schuyler, Steuben, Tioga and Tompkins. This 11,681 square-mile region, representing almost one-quarter of New York State's total land area, is commonly known as the State's "Southern Tier". Federal census figures from 2010 indicate a population in the Southern Tier of 1,066,421, which represents approximately 5.5% of New York State's population.

The New York State Appalachian Regional Development Program

The New York State (NYS) Appalachian Region Development Program is housed in the NYS Department of State ("DOS" or "Department"). Cesar A. Perales, NYS Secretary of State, is responsible for all of the activities of DOS. Deputy Secretary of State for Local Government Dierdre Scozzafava, who reports to Secretary Perales, is the NYS Alternate to the ARC.

The New York State Appalachian Regional Development Plan 2011-2014

This document, submitted in accordance with federal ARC program requirements and guidelines, is designed to guide investment of Appalachian Regional Development resources in Appalachian NYS for 2011-2014. This plan describes the current needs in Appalachia, the region's assets, and the state's program goals and priorities for the region. This document, which was prepared in consultation with local leaders in Appalachian New York, implements ARC's Strategic Plan, "Moving Appalachia Forward 2011-2016".

New York State Appalachian Region Development Plan 2011 – 2014

A Strategic Plan for Appalachian New York

Table of Contents

Preface	3
Introduction	6
Overview of Appalachian New York State	8
Baseline Goal	17
<i>Develop leaders, strengthen community capacity and foster regional approaches to economic development</i>	
General Goal 1	24
<i>Increase job opportunities and per capita income in Appalachia to reach parity with the nation</i>	
General Goal 2	30
<i>Strengthen the capacity of the people of Appalachia to compete in the global economy</i>	
General Goal 3	35
<i>Develop and improve Appalachia's infrastructure to make the Region economically competitive</i>	
General Goal 4	41
<i>Build the Appalachian Development Highway System to reduce Appalachia's isolation</i>	
Guidelines for NYS ARC Program and Project Development	45
Appendix A: Dictionary of Acronyms	51

TABLE 1: County Economic Status, Fiscal Year 2012: Appalachian New York

	County Economic Status, FY 2012	Three-Year Average Unemployment Rate, 2007-2009 (%)	Per Capita Market Income, 2008 (\$)	Poverty Rate, 2005-2009	Three-Year Average Unemployment Rate, Percent of U.S. Average, 2007-2009	Per Capita Market Income, Percent of U.S. Average, 2008	PCMI, Percent of U.S. Average, 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	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

(Source: http://www.arc.gov/reports/region_report.asp?FIPS=36999&REPORT_ID=37)

ARC's Mission

ARC's mission is to be a strategic partner and advocate for sustainable community and economic development in Appalachia.

ARC's General Goals

General Goal 1:

Increase job opportunities and per capita income in Appalachia to reach parity with the nation

General Goal 2:

Strengthen the capacity of the people of Appalachia to compete in the global economy

General Goal 3:

Develop and improve Appalachia's infrastructure to make the Region economically competitive

General Goal 4:

Build the Appalachian Development Highway System to reduce Appalachia's isolation





*Enchanted Mountains
Cattaraugus County*

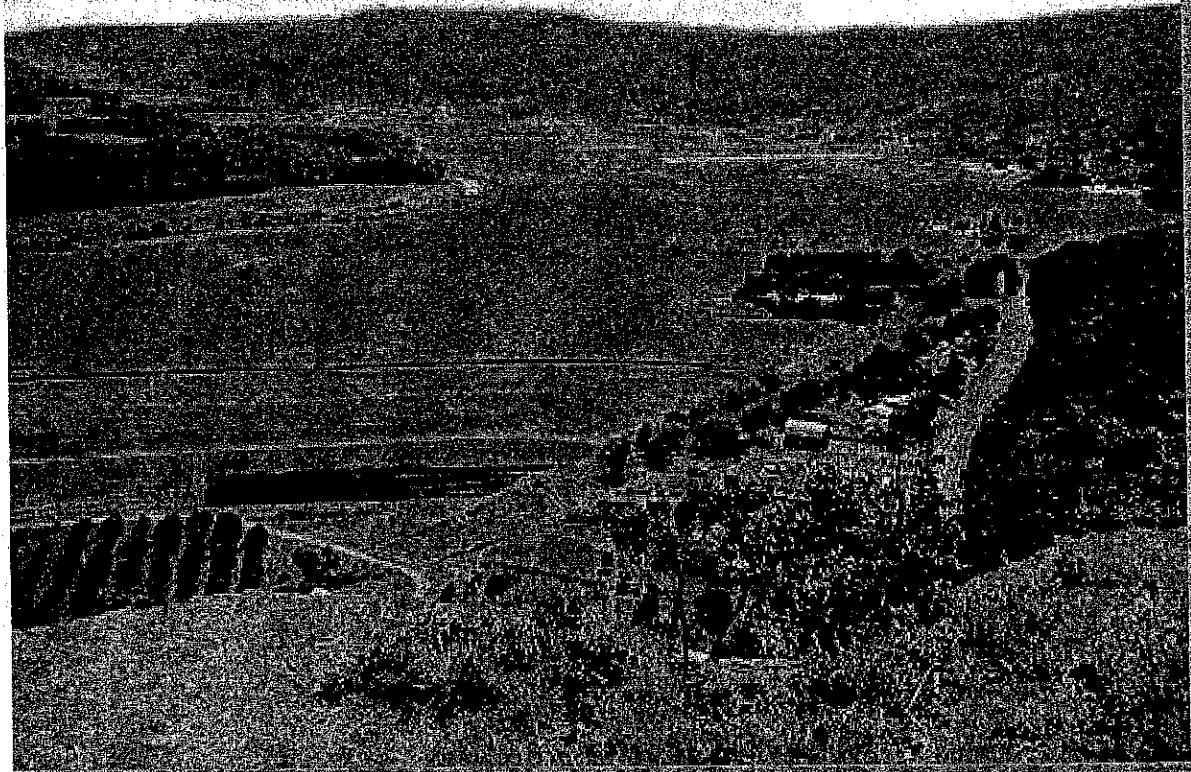
Preface

Since its inception, the NYS Appalachian Regional Development Program has played a key role in helping the people of Appalachia build a better future by creating jobs, fostering business growth, improving community capacity, linking the Southern Tier with national and international markets, supporting the development of an educated, healthy workforce, and contributing to the financing of priority infrastructure projects throughout the region.

Appalachian New York's fourteen counties are each classified by the ARC as "transitional" and are currently performing in either the 2nd or 3rd quartile of US counties when measured against a standardized set of economic metrics related to employment, poverty and per capita market income. Increased global competition and technological advancements demand that Southern Tier communities work collaboratively to reverse the economic stagnation and decline that have impacted many key Appalachian industries.

Governor Andrew M. Cuomo has charged New York State agencies with the task of rebuilding the NYS economy and energizing job creation and appointed ten Regional Economic Development Councils (REDCs) in the Summer of 2011 to function as the cornerstone of statewide economic development efforts. These public-private partnerships, composed of local experts and stakeholders from business, academia, local government, and non-governmental organizations, are charged with developing long-term, locally-driven strategic plans and regional investment priorities for each region. NYS agencies are key partners in this effort that seeks to better align limited state resources, prioritize regionally significant projects, and identify and eliminate obstacles to economic development.

The NYS Appalachian Regional Development Program (or ARC Program) is coordinated by the NYS Department of State's Division of Local Government and works in conjunction with the ARC, other state agencies, county and local governments, and regional planning organizations to help achieve the ARC's General Goals. The NYS Program focuses on ensuring that the region's leaders and citizens have the capacity, capability, and resources they need to build and strengthen their local economies. The ARC's structure as a federal-state-local partnership and regional development agency makes it uniquely suited to help guide and foster the local efforts required to improve and sustain the economy of the region.



*Schoharie Valley farm from Vromans Nose
Schoharie County*





Lacko Family Farm
Schoharie County

Introduction

The Appalachian Regional Commission's Strategic Plan, "Moving Appalachia Forward 2011-2016", articulates four general goals and 26 strategic objectives for the 13-state Appalachian Region. These goals and objectives are prioritized for the NYS ARC Program under this four-year plan and will be further amplified by subsequent NYS Strategy Statements filed annually with the ARC.

As one of 13 member states, NYS participates in the multi-state regional development partnership referred to as ARC, which continuously promotes community capacity and regional planning in the economic development process. The NYS Department of State, under the leadership of Secretary of State Cesar A. Peralas and Deputy Secretary of State for Local Government Scozzafava (NYS Governor's ARC Alternate), is the official agency responsible for administering the Appalachian Regional Development Program in New York State.

In implementing the state's ARC program, DOS works cooperatively in planning and project development with three regional Local Development Districts (LDDs):

- Southern Tier East Regional Planning & Development Board (STERPDB) in Binghamton;
- Southern Tier Central Regional Planning & Development Board (STCRPDB) in Corning;
- Southern Tier West Regional Planning & Development Board (STWRPDB) in Salamanca.

The LDDs are participants in the NYS Appalachian policy development process. Each LDD is governed by a board of local leaders and professionals who meet regularly to review development priorities for each region. The LDDs also play a major part in coordinating economic development priorities across the region, primarily through the drafting of an annual Community Economic Development Strategy (CEDS), a process that results in an assessment of the constituent counties' economic development needs and priorities, and which serves as a baseline for project solicitation for the NYS ARC Program.

The NYS ARC Program works with the LDDs to become aware of major projects that are in need of support from other agencies. As multi-county planning boards, the LDDs are an important component to regional planning, local government capacity building, and inter-agency coordination. DOS's close collaboration with the LDDs and the region's counties can help leverage the broad range of federal, state, local and private resources.

To foster a developmental focus on Appalachian New York, DOS cooperates closely with the following state agencies for the benefit of the region:

- NYS Department of Transportation (DOT), which administers the Appalachian Development Highway System (ADHS) Program in NYS and collaborates with the LDDs and DOS on regional transportation projects and policy;
- NYS Departments of Health (DOH), which coordinates with DOS on rural and regional health programs and policies;
- NYS Empire State Development Corporation (ESD), which assists the NYS ARC Program by providing representation on ARC's Export Trade Advisory Council (ETAC), advising on tourism and asset-based development policies and projects, and providing demographic and economic statistics essential to assessing the condition of the region and prioritizing its needs;
- NYS Environmental Facilities Corporation (EFC), which works with DOS and other agencies on infrastructure issues and assists local governments to finance such projects;
- Office of Community Renewal (OCR), which works with communities on Main Street Grants and Community Development Block Grants (CDBG) programs; and
- NYS Education Department (SED), which works closely with DOS on education issues and is the initial point of contact for the ARC supported Math/Science/Technology Institute held every summer at the Oak Ridge National Laboratory in Oak Ridge, Tennessee.

In addition, the NYS ARC Program coordinates with the following other agencies on a regular basis: NYS Department of Environmental Conservation (DEC), NYS Department of Labor (DOL), NYS Energy and Research Development Authority (NYSERDA), NYS Office of Information Technology Services (ITS), NYS Department of Parks, Recreation and Historic Preservation (OPRHP), and the Office of State Comptroller (OSC). The program also enjoys a close working relationship with the United States Department of Agriculture's Office of Rural Development, and with Appalachian New York's congressional delegation.

A final key to community development efforts in the region is DOS's ability to coordinate the use of internal programs. The Department's Office of Local Government Services and the Office of Communities and Waterfronts provide direct technical and financial community development assistance to the Southern Tier. Programs available include the:

- Local Government Efficiency program, which focuses on implementing opportunities to reduce local government costs through cooperative efforts;
- Land Use Training and Technical Assistance program, which works with the mostly volunteer local government land use review boards to ensure a base level of capacity;
- Local Waterfront Revitalization (LWRP) program, which helps communities maximize the potential of their water resources and waterfront locations;
- Brownfield Opportunity Areas (BOA) program, which helps communities understand and leverage underutilized and vacant properties as resources for community development; and
- Code Enforcement and Administration (DCEA) program, which works with local governments to help ensure the health and safety of all New Yorkers through enforcement and management of the state's Uniform Fire Prevention and Building Code and the State Energy Conservation Construction Code.



In addition to coordinating with other agencies, the NYS ARC Program will coordinate with the four state REDCs that cover Appalachian New York. This leveraging of resources and coordination of programs is a major component in addressing the state's economic challenges.

Accomplishments and Challenges

When the ARC was established in 1965, one in three residents of the U.S. Appalachian region lived in poverty and the region's per capita income was 23% lower than the U.S. average. Since then, the ARC has worked with its 13 member states to reduce the region's geographic isolation and to bring the region toward economic parity with the nation. For more than 45 years, the NYS ARC Program has been responsible for facilitating the submission, approval and completion of more than 1,740 ARC Area Development projects, infusing approximately \$197 million in ARC funds into the region's economy and leveraging over \$487 million in additional public and private funding.

Over the same period, NYS's Appalachian region has also received over \$755 million in federal and state funds for the ADHS. This highway program has been a boost to the region's development. Of the total of 272.0 ADHS miles in NYS, 222.0 miles were eligible for ADHS funding. As of September 30, 2011, 211.6 of the eligible miles were completed.

The NYS DOS and the LDDs have become focal points for regional planning on a wide variety of project types. The NYS ARC Program coordinates activities with industrial development agencies (IDAs), county and local governments, representatives from interested state and federal agencies, and the region's citizens to help spur job creation, economic development, and a spirit of "regionalism" throughout the Southern Tier. In doing this, the NYS ARC Program works to balance the interests of local home rule with the advantages of regional cooperation, and seeks to help local governments become more efficient and focused on projects of regional significance.

Drafting the Regional Development Plan

In drafting this four-year regional development plan, DOS was assisted by the Center for Local Government, College of Community and Public Affairs at Binghamton University, which reviewed over 75 local, state and federal documents related to the ARC program and interviewed 32 individuals, including: LDD staff, local planning and economic development professionals, local administrative and elected officials and other participants in the ARC program in New York. The interviews and analysis by the Center for Local Government provided significant data for establishing a ground-level view of the NYS ARC Program and helped lead to a number of changes to make the program more responsive to community capacity opportunities, to issues that the ARC program can address, and to identify priority needs and strategies for the region.



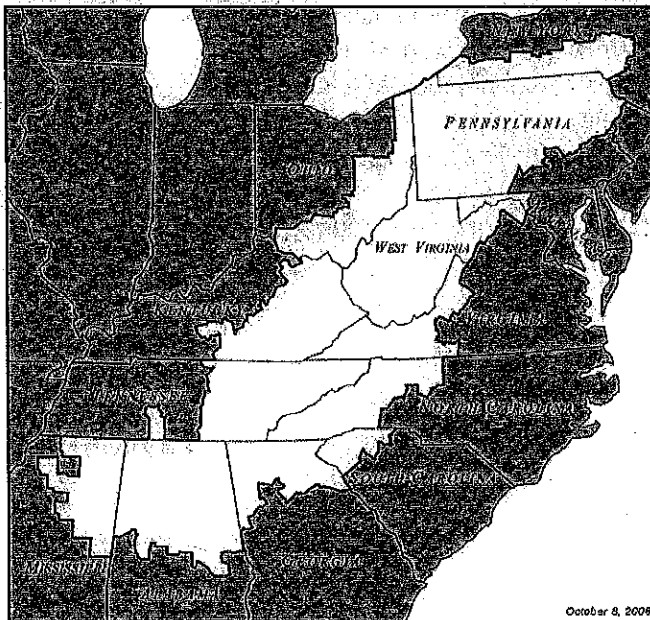
Plane towing a glider at Big Flats
Chemung County

Overview of Appalachian New York State

The NYS Appalachian Region

The federally-defined Appalachian region is a 205,000-square-mile region that follows the spine of the Appalachian Mountains from the foothills of northern Mississippi and Alabama through the Appalachian portions of Georgia, Tennessee, South Carolina, North Carolina, Kentucky, Virginia, West Virginia, Ohio, Maryland and Pennsylvania before terminating in the 14-county Southern Tier of NYS. (Map (1) shows the Appalachian Region.)

Map 1: US ARC Region



Source: www.arc.gov

The NYS federally-designated Appalachian region is an 11,681 square-mile portion of NYS that contains the northern portion of the Appalachian Plateau. This represents 24.8 percent (%) of the state's total land area. It comprises the following fourteen counties: Allegany, Broome, Cattaraugus, Chautauqua, Chemung, Chenango, Cortland, Delaware, Otsego, Schoharie, Schuyler, Steuben, Tioga and Tompkins. The region stretches 285 miles from east to west, from the Town of Esperance in northeastern Schoharie County to the Town of Clymer at the southwestern corner of Chautauqua County. It spans nearly the entire New York/Pennsylvania border and extends on average about 50 miles northward from the state line.

Sparsely populated, with just over 1 million residents, Appalachian New York is influenced by other larger population centers across NYS. Map (2) depicts the region's 14 counties and the main metropolitan areas in upstate New York including Buffalo, Rochester, Syracuse, Albany, and Binghamton (in the ARC region). In addition, New York

City has a great impact on development and resource use in the easternmost portion of the region. The region is also strategically located for international commerce with Canada and its major industrial presence in proximity to Toronto.



Physical Features and Climate

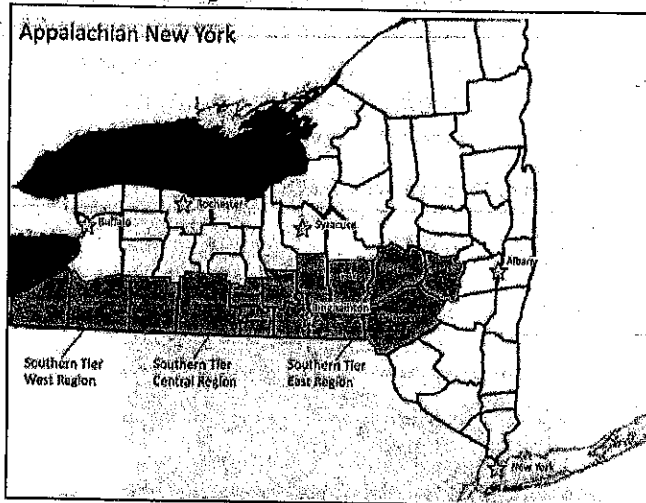
The physical topography of Appalachian New York is similar to the rest of Appalachia. The western and eastern portions of the region are marked by high hills (the Catskills to the east and the Allegheny Highlands in the region's west). Most of the area in the center is a plateau that has evolved over time into a series of rolling hills and valleys. (Maps (3) and (4) show the relative elevations and topography of NYS and the Southern Tier.)

The Southern Tier also contains some of the prime headwaters of major rivers of the northern Middle Atlantic States. The New York City Watershed and the headwaters of the Delaware River and the Susquehanna River are located mainly in the Southern Tier's Eastern and Central regions. The Finger Lakes and part of the Lake Ontario drainage basin begins in the Central region. The Genesee River and the Allegheny River branch of the Ohio River drainage basin begins in the Western region. (Map 5 depicts the location of the watersheds of NYS.)

A significant limitation to development in the Southern Tier is the relative shortness of the agriculture and construction seasons as compared to the rest of Appalachia. While the summer climate is generally mild, winter can be a challenge to the economy. In many parts, first frost is in mid-September and the last frost is often in mid-May. Single digit winter low temperatures are another adverse factor. According to the NYS Climate Office at Cornell University, snowfall maximums of 150 to 180 inches per year prevail in the Allegheny Highlands of Cattaraugus County, attracting skiers from Southern Ontario and nearby Great Lakes states. Seasonal snowfall of 40 to 50 inches is normal for the Chemung and mid-Genesee River, while the uplands of the Eastern region (especially Cortland, Chenango, Otsego, and Delaware counties) average from 100 to 120 inches of snow per year. This climate pattern has both a positive and negative effects on the region and requires special attention from the ARC and program administrators in planning and approving projects that require outdoor construction. In addition, the potential for severe flooding after heavy precipitation and snow melt is an issue in the region; many Southern Tier communities experienced major damage due to flooding of local streams and rivers in the wake of tropical rainstorms in 2011. The possible impact of adverse weather on the region's infrastructure, local government services and economy must always be considered in project development.

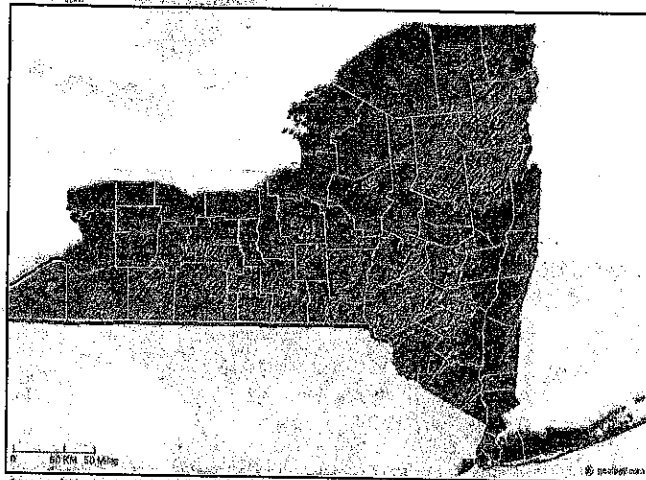
Another factor with potentially significant economic and

Map 1: US ARC Region



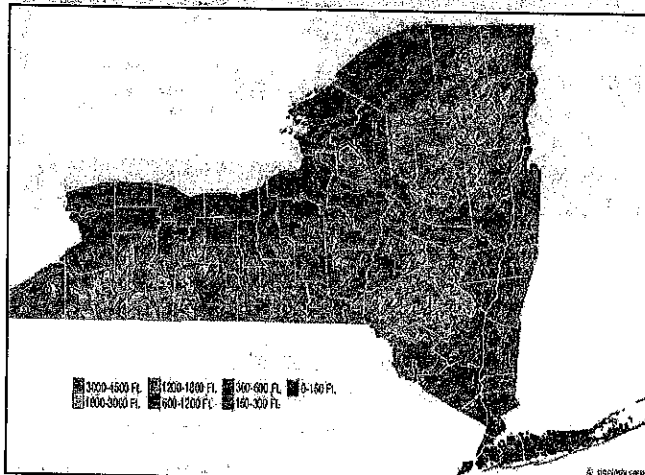
Source: NYS DOS (2012)

Map 3: Topography of NYS



Source: <http://geology.com/state-map/new-york.shtml>

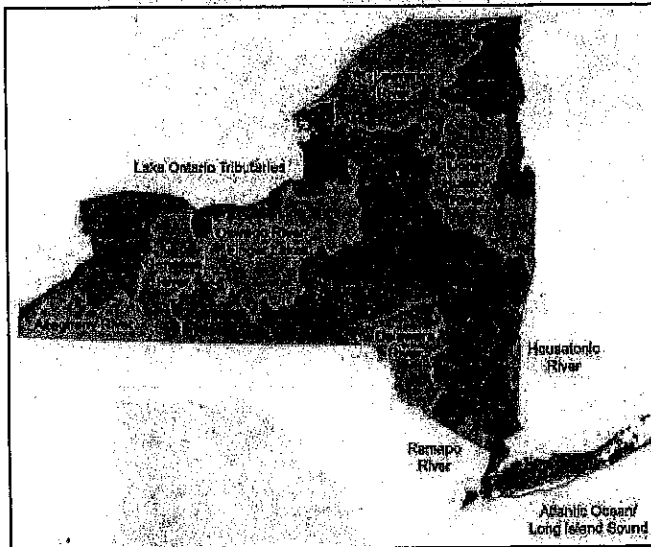
Map 4: Elevations of NYS



Source: <http://geology.com/state-map/new-york.shtml>

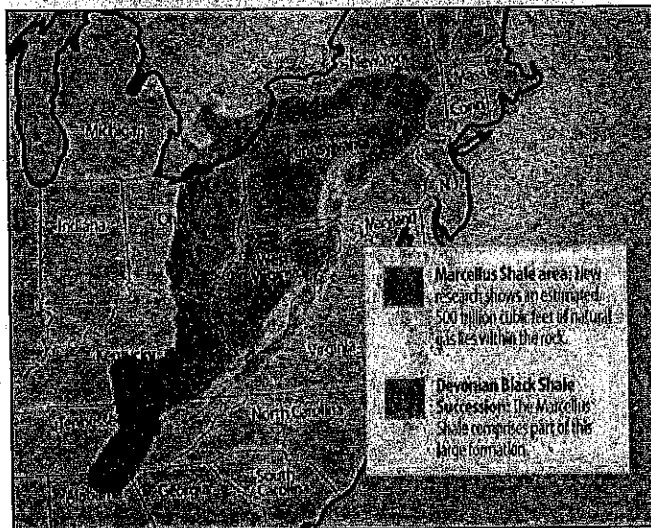
community development effects is the use of the region's natural resources. The most significant new development relates to vast reserves of natural gas within the region. Across most of northern Appalachia, natural gas-laden shale deposits are stored in a tight formation of stratigraphic (blanket-like) accumulations approximately 5,000 to 7,000 feet below ground surface. These natural gas reserves, once thought impossible to tap due to the cost, have now become more accessible through the development of horizontal drilling and hydraulic fracturing techniques. As a result, energy extraction companies have become interested in the northern Appalachian region.

Map 5: Major Watersheds of NYS



Source: <http://www.dec.ny.gov/lands/60135.html>

Map 6: Marcellus Shale and Devonian Black Shale



Source: <http://www.valuewalk.com/2011/06/marcellus-oil-field/>

Currently, the most accessible layer of natural gas-bearing shale in northern Appalachia is the "Marcellus Shale." Below that are other layers of shale that extend further north, which could be extracted in the future. Map 6 shows the extent of the Marcellus deposits in Appalachia, a geological coincidence that highly correlates to the boundaries of Appalachia and to the NYS Southern Tier.

NYS DEC and NYS DOH are analyzing environmental and health impacts associated with high volume hydraulic fracturing prior to issuing regulations regarding the regulation of hydraulic fracturing in New York State. The potential impacts of drilling in the Marcellus Shale, both positive and negative, are concerns for the local governments and the LDDs that are examining the subject from a number of perspectives. While the NYS ARC Program has not taken a position on the subject, it is nonetheless committed to working with communities in the region to help them assess their role in managing the related community development concerns.

The Man-Made Setting

Map 7 shows the 2010 population density of all of NYS by census tracts. The NYS Southern Tier remains one of the least developed areas of the state, with the most sparsely populated tracts located in southern Delaware County, southern Schoharie County, eastern Otsego County, and portions of Chenango, Steuben and Allegany counties. Small portions of the region are densely populated, and these are generally surrounded by suburban census tracts. By comparison, only the Adirondack Region and the Tug Hill Plateau are more sparsely populated.

Transportation

Although the Southern Tier is in relatively close driving range to major urban areas in the U.S. and Canada, its historical development pattern followed the region's waterways. Unfortunately, the Southern Tier never experienced the economic booms that accompanied the building of the Erie Canal and, later, the NYS Thruway and linking communities from the Great Lakes to the Hudson River. Without convenient east-west transportation routes, Southern Tier communities historically became linked more strongly to

their larger neighbors to the north and south, rather than to each other across the region.

Until the designation of ADHS Corridor T, vehicle transit through the Southern Tier was limited to conventional highways (not controlled-access and with at-grade intersections) and local roads. The primary east-west motor route through the Southern Tier was State Route 17, which connected Western NYS to the New York City metropolitan area. ADHS Corridor T (I-86/NYS Route 17) is a limited access interstate highway from Binghamton to the Pennsylvania border near Erie, PA that will be formally completed in 2013. This highway has been a boon to the region's economy, mitigating the east-west isolation of the region and uniting the Southern Tier's three LDDs around regional transportation priorities. In addition, ADHS Corridors U and U-1, which connect to Corridor T at Elmira and Corning, respectively, link the Southern Tier and Central New York to the rest of the US interstate highway system via Central Pennsylvania.

The impact of the ADHS on the region is a key component of current and future economic development opportunities in the Southern Tier. These limited access alternatives have brought significantly more commercial and private traffic to the region, making it considerably more convenient and attractive for commerce and tourism. With a strong commercial economy in Canada, ADHS Corridors T and U-1 and U have the potential to foster international commerce and economic growth in the Southern Tier.

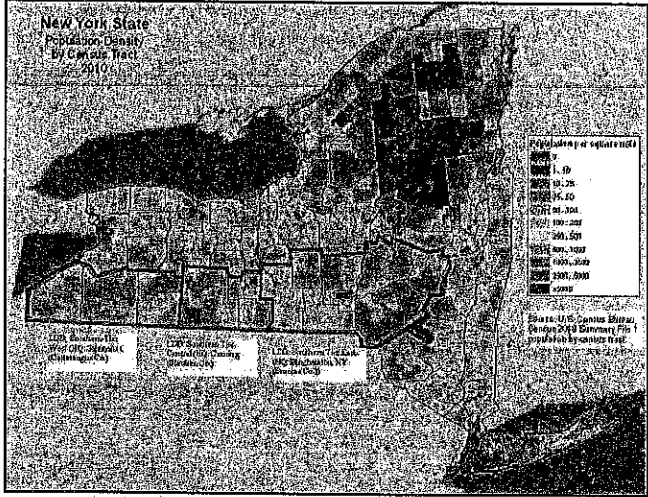
The benefit of the ADHS in the Southern Tier is amplified by the region's network of short-rail transportation lines that have been locally supported to encourage heavy industries to remain in the region. Several employers have stayed in the region because of inter-modal linkages between rail and highways. Other opportunities for intermodal transportation planning exist with respect to the region's airports and waterways. A limited number of major passenger airlines serve the region from commercial airports located in the Greater Binghamton area, Horseheads (a suburban town located between Corning and Elmira), and Ithaca. In addition to these, several smaller local airports are dispersed across the region, serving a variety of commercial and recreational purposes. Finally, although most of the region's canals are no longer functional, many of the region's waterways are of high recreational value and have potential to encourage asset-based development.

New York State Appalachian Regions

The NYS ARC Program is broken into three geographic regions:

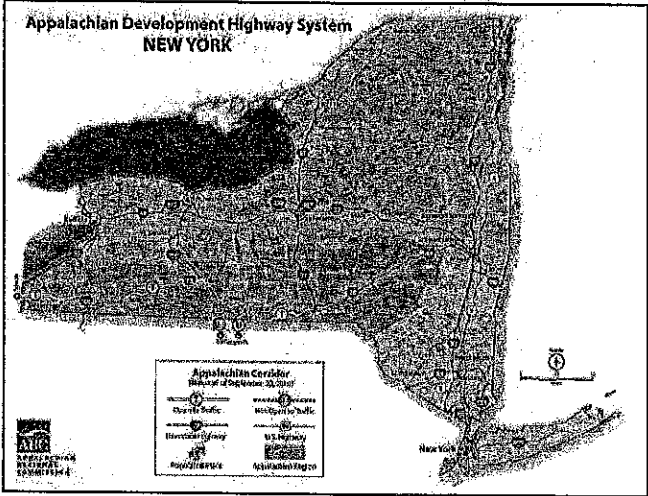
1. Southern Tier East (STE): Broome, Chenango, Cortland, Delaware, Otsego, Schoharie, Tioga, and Tompkins;
2. Southern Tier Central (STC): Chemung, Schuyler, and Steuben; and
3. Southern Tier West (STW): Allegany, Cattaraugus, and Chautauqua.

Map 7: Population Density of NYS by Census Tracts



Source: U.S. Census Bureau 2010 / Adapted by NYS Empire State Development

Map 8: ADHS Corridors and Interconnections in NYS



Source: NYS DOT for NYS DOS

Each region is directly supported by a Local Development District (LDD) that operates as a Regional Planning and Development Board, a special purpose unit of government created under the NYS General Municipal Law as a joint undertaking by member counties. LDD members are typically locally elected public officials and representatives from the business, education and the community service sectors.

1. Southern Tier East (STE)

The STE region, supported by the Southern Tier East Regional Planning and Development Board (STERPDB), is an eight-county area that covers 6,159 square miles, making it larger than the states of Rhode Island and Connecticut. Delaware County, with a land area of just under 1,450 square

miles, makes up nearly a quarter of the region's territory. While comprising mainly large wooded hills and rural agricultural areas, the region contains significant urban concentrations, including the Binghamton and Ithaca Metropolitan Statistical Areas (MSAs), the smaller cities of Cortland, Oneonta, and Norwich and the larger villages of Cobleskill, Delhi, and Cooperstown.

In 2010, the STE region had a population of 596,090, of which Broome County accounted for approximately one-third, with just over 200,000 residents. Countering the previous trend, the region's total population has increased modestly since 2000. Tompkins and Schoharie counties grew more rapidly, followed by more

modest growth in Otsego, Broome and Cortland counties. Chenango, Delaware and Tioga counties experienced slight declines in total population.

The region lies at the headwaters of two major river systems, the Delaware and the Susquehanna. Delaware and Schoharie counties are also home to a portion of the New York City Watershed, including the Schoharie, Pepacton and Cannonsville Reservoirs. This Watershed is the world's largest unfiltered drinking water supply, serving over 9 million people in metropolitan New York.

Over the last few decades, the economy of the STE region has been marked by the decline of traditional agricultural and manufacturing employment, and the rapid expansion of the service sector. The transformation of the aerospace and electronics industries has had especially strong repercussions for the Binghamton metropolitan area. The downsizing or departure of IBM, CAE-Link and other major high-technology employers has forced much of the region's economy into a state of transition. By contrast, Cornell University's continuing role as a nationally recognized research center has helped to sustain Ithaca's economic position. In the smaller cities of the region, development has been supported either by local colleges (Oneonta), a group of nationally focused industries (Norwich) or a combination of college and industry (Cortland). Locally-based enterprises are an important part of the economic landscape in the more rural portions of STE, as are agriculture, forestry and fisheries. The STE region also benefits from a substantial secondary and post-secondary educational infrastructure and numerous recreation and tourist attractions.

Map 9: Southern Tier East



Source: Southern Tier East Regional Planning and Development Board

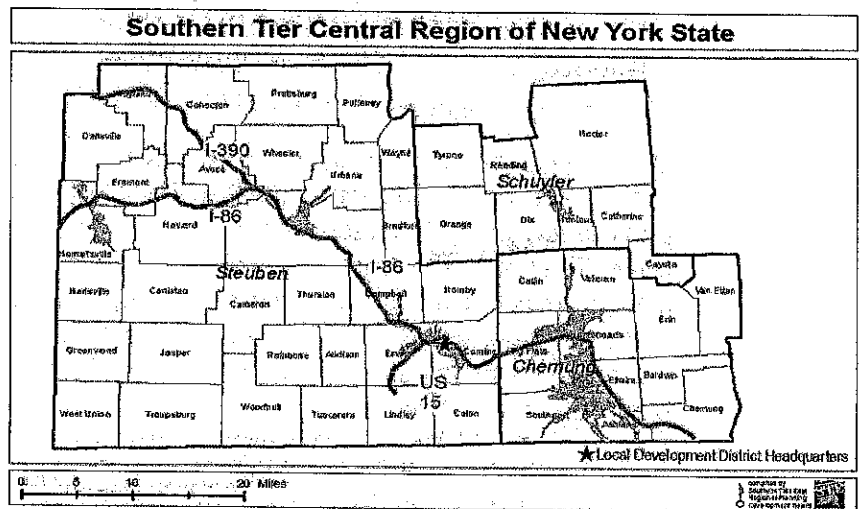


2. Southern Tier Central (STC)

The three-county STC region is supported by the Southern Tier Central Regional Planning and Development Board (STCRPDB), and includes the southerly portion of the Finger Lakes, extending southward to the Pennsylvania border. Most of its 2,136 square miles are within the Chemung River arm of the Susquehanna River Basin. The landscape is characterized by rolling hills and steep slopes which rise almost 2000 feet above sea level. The hilltops, representative of the Appalachian Plateau, are generally level and often crowned by fields or pasture. Mixed deciduous forests cover the hillsides while the most valuable agricultural lands are found in the valley floors and on selected hilltops. Most urbanized areas are limited to the river valleys.

This three-county region is settled at a low to moderate average density, with a 2010 population of 206,163, following a continued downward population trend and out-migration pattern over the last several decades. Since 1990, the region's population has fallen by 3.2%. The principal cities in the region are Elmira, Corning and Hornell. The Elmira area includes all of Chemung County as an MSA, while Corning was designated an MSA in 2003. There are three additional urban centers: Watkins Glen-Montour Falls, Bath and Wayland. These six urban areas constitute about one-third of the total population but cover only 2.5 % of the total land area.

Map 10: Southern Tier Central

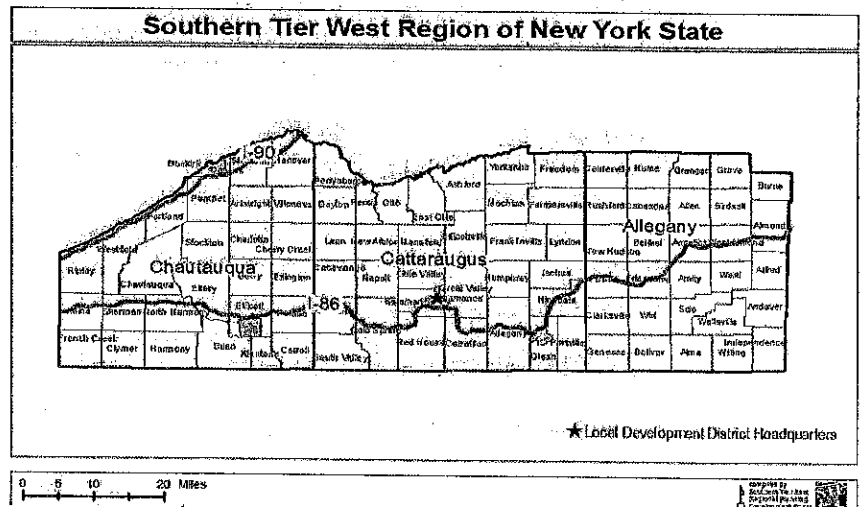


The STC region maintains a relatively strong manufacturing base with a trend toward increased employment in the service sector. The manufacturing sector has evolved from reliance on traditional "bolt-on" production to technology-driven enterprises. Schuyler and Steuben counties have more agriculturally-oriented economies than Chemung County, although Steuben County is home to Corning Incorporated and related manufacturing and research facilities. STC's agricultural sector includes extensive dairy and livestock production, and is home to the southern portion of New York's Finger Lakes Wine Country. Partially capitalizing on this attraction, the local tourism industry remains strong. The physical and historic aspects of STC's region also continue to be important economic resources.

3. Southern Tier West (STW)

The Southern Tier West region, including Chautauqua, Cattaraugus and Allegany counties, is located in the far western corner of NYS. It is supported by the STW Regional Planning and Development Board (STERPDB) and is bordered by the Commonwealth of Pennsylvania to the

Map 11: Southern Tier West



south and west, Lake Erie, metropolitan Erie County and rural Wyoming and Livingston counties to the north, and by rural Steuben County to the east. The total land area of the three counties is approximately 3,467 square miles.

This three-county region is predominantly rural. In 2010, the STW region's population dropped to 264,168, a 4.5% decrease from 1990, and a 3.5% reduction from 2000. While there is variation across the three counties, the trend of out-migration and population decline has continued into the current decade. Allegany County, dotted with small villages and rural agricultural towns, is the least industrialized and developed county in this region. Cattaraugus County is in the middle of the region, both geographically and in the degree of infrastructure and industrial development. Two small cities, Olean and Salamanca, are located in the southern part of Cattaraugus County. Chautauqua County is the most urbanized of the three counties and contains the region's largest industrial center, the City of Jamestown. The City of Dunkirk and Village of Fredonia, located in the northern portion of Chautauqua County, together form another large industrial base and commercial center. There are also reservations of the Seneca Nation of Indians in the region.

Over one-half of the STW region is covered by forests and woodlands, with less than 28% remaining in active agriculture and a little more than 7% in urbanized areas. The region's soil and climate help produce several highly prized species of hardwood timber, including maple, ash, red oak and black cherry. This region also possesses a plentiful supply of surface and ground water, as well as residual amounts of petroleum and natural gas. Agricultural activity continues to account for a significant portion of regional employment, although the rolling hills and native soils of the area limit the size and types of agricultural operations. Forestry goods, dairy and grapes are the major agricultural products of the STW region.

The STW regional economy has long been impacted by outside forces and trends, including the loss of furniture industry jobs to the Southeastern U.S., the decline of the domestic steel and automobile industries and the growing competitiveness of international markets. One of the results has been the gradual restructuring of the regional economy away from manufacturing and toward the service and trade sectors.

Population Patterns in Appalachian New York

Overall, Appalachian New York experienced a small population decline (-0.6%) over the last decade, compared with modest growth in New York State (+2.1%), the US Appalachian Region (+6.8%) and the total US (+9.7%). Within the region, STE experienced growth of over of 1.0%, while STC and STW saw declines of 1.4% and 3.5%, respectively.

Between 1990 and 2010, Appalachian New York has had population increases in a handful of its counties: Tompkins (+7.9%); Otsego (+2.9%); Schoharie (+2.8%); Delaware (+1.6%) and Cortland (+0.8%). The dominant population centers in these counties are influenced by colleges and universities, while Schoharie County also benefits from being in commuting range to the City of Albany, home of NYS government. The counties with the greatest population loss over the past 20 years were: Chemung (-6.7%); Broome (-5.4%); Chautauqua (-4.9%); Cattaraugus (-4.7%); and Allegany (-3.0%). These counties are either more rural in nature or are declining urban centers impacted by the region's loss of manufacturing.

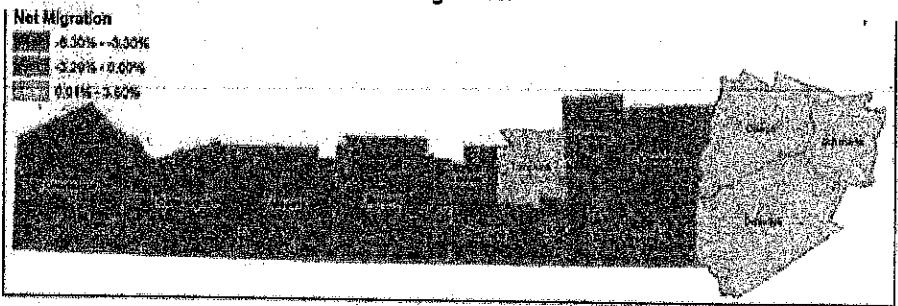
Net Migration

Net migration, the difference between in- and out-migration, is an important factor in assessing economic opportunity within the region. Recent studies have shown that the rates of out-migration from Upstate NYS do not differ significantly from most other areas of the country. What is different,

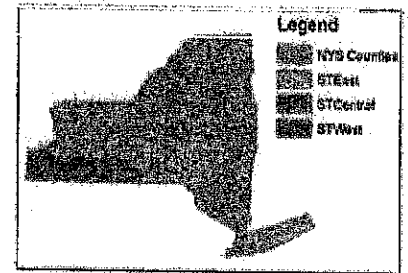


however, is the rate at which newcomers migrate to the region. When young adults are asked about regions in which they would like to settle, job environment and local amenities are listed as highly important factors. Tompkins County, home to the highly regarded Cornell University in Ithaca, a small city with many cultural and which newcomers migrate to the region. When young adults are asked about regions in which they would like to settle, job environment and local amenities are listed as highly important factors. Tompkins County, home to the highly regarded Cornell University in Ithaca, a small city with many cultural and recreational amenities, does well in attracting and retaining newcomers. The city has become a hub for growth and has experienced a "brain gain" that other parts of Appalachian New York hope to emulate.

Map 12: Appalachian New York Out-Migration



Source: Binghamton University



Map 12 summarizes net migration by county between the years 2000 and 2010. During this period, the eastern most portion of Appalachian New York and Tompkins County experienced modest in-migration of population. In-migration into the central portion of the region was mixed, while the STW region experienced higher rates of out-migration than in-migration.

Appalachian New York: A Citizen Perspective

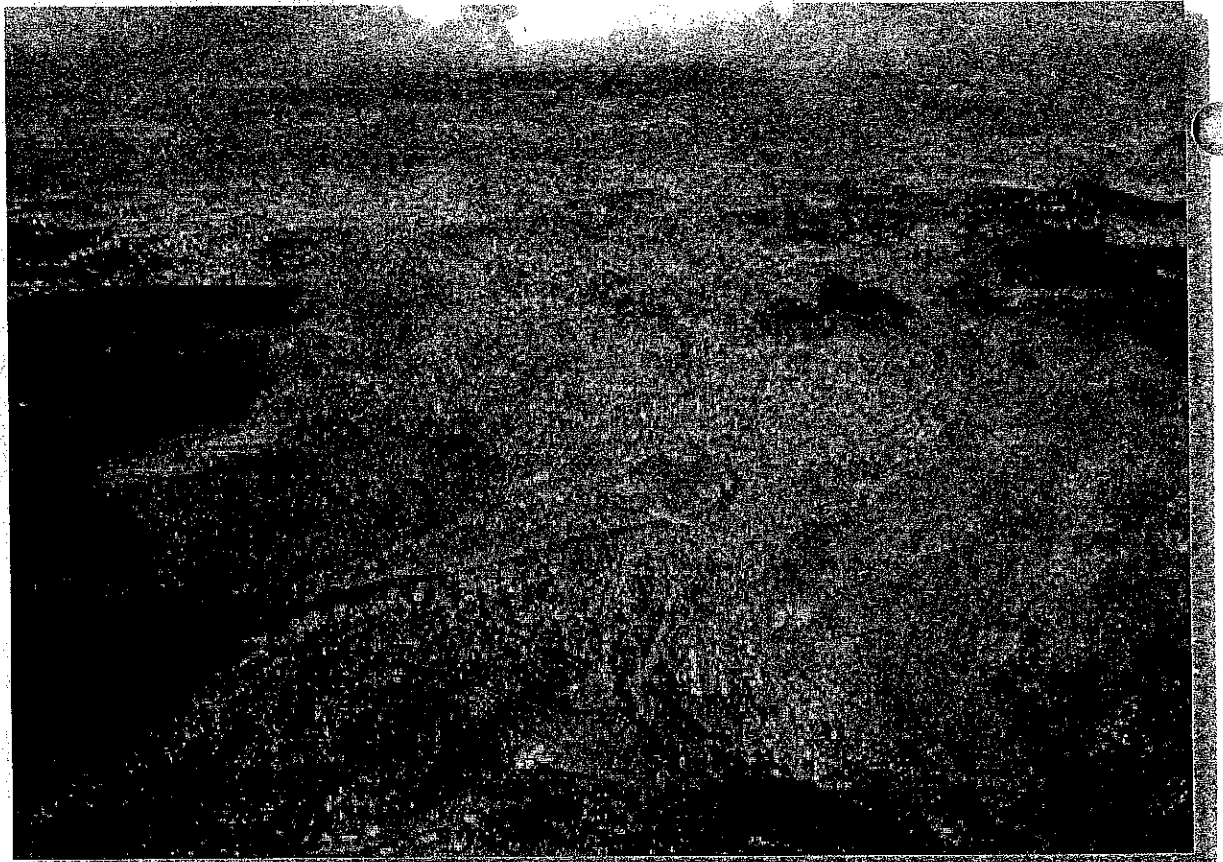
Another important dimension of Appalachian New York is its civic setting and its residents' views on local economic and social issues. In the Spring of 2011, the Community and Regional Development Institute at Cornell University conducted a citizen survey, the State of Upstate Survey, of 600 upstate New Yorkers. This survey explored issues of concern to citizens regarding community and economic development. Roughly one of six upstate survey respondents resides within Appalachian New York. The following are some key observations:

- Economic issues are on the minds of both Appalachian New York residents and upstate New Yorkers. Citizens within Appalachian New York consider the following to be substantive local issues: employment (25%), economic growth (20%), municipal budgets (15%), and out-migration (10%). Upstate residents as a whole view the following as priority issues: employment (29%); taxes (16%) and economic growth (13%).
- A lack of available jobs was cited by over 70% of both groups as the biggest economic challenge in their community, while the groups differed on the second biggest challenge. For Upstate residents generally, more education and/or training was viewed as important (14%), whereas in Appalachian New York, the availability of daycare facilities for children (16%) was a concern to finding jobs in the community. Further research shows that many regional employers report that the pool of available workers often does not meet their requirements.
- Citizens were asked to rank four economic development priorities in order of importance. These rankings were converted, through the creation of an index, into an overall ranking of four strategies. "Creating local jobs" was narrowly deemed as the most important priority in Appalachian New York, followed by "improving quality of life," "reducing poverty," and "increasing the tax base."

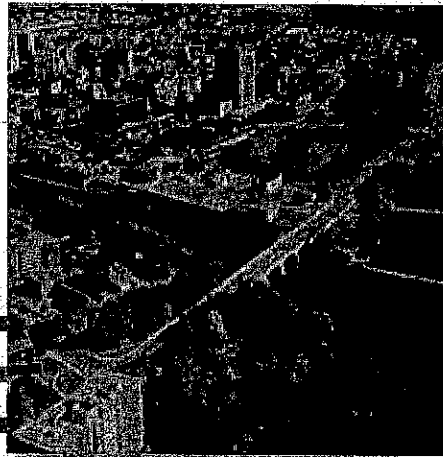
- Over two-thirds of the residents in Appalachian New York and Upstate New York expressed satisfaction with community environmental preservation.
- Residents within Appalachian New York expressed a slightly lower level of satisfaction with community health care than citizens from Upstate New York. Less than half of respondents in the ARC region (47%) expressed some level of satisfaction, compared with just over half (52%) of all Upstate respondents. This is generally in line with expected survey results on the matter since the Southern Tier has a significant number of federally-designated health professional shortage areas due to its relative geographic isolation.
- By a two-to-one margin, Upstate respondents and those in Appalachian New York believe their local leaders are either prepared or very prepared to serve the local community.

Overview Summary

Appalachian New York is a region of diverse geography, urban influence, economic opportunity, population dynamics and civic capacity. Its citizens support a balanced approach to development that focuses on job creation and improving the quality of life while alleviating poverty and enhancing the local employment base. New job creation and attention to efficient local government are important to fostering growth within the region. Looking ahead, the NYS ARC program needs to help local leaders develop solutions to their common challenges and capitalize on the region's indigenous strengths to improve and sustain their communities.



*Elmira, NY
Chemung County*



Binghamton, NY

Baseline Goal

Develop Leaders, Strengthen Community Capacity and Foster Regional Approaches to Economic Development

Successful regional economic development is a function of several community capacity factors including: building and sustaining effective community leadership and organizations, leveraging the critical mass provided by inter-municipal cooperation, and promoting projects of regional significance. Communities with a strong government structure and/or well-organized civic participation have a greater capacity to access the community development resources available to them and are more resilient than those that lack these intangibles. These communities are strengthened by grassroots involvement to resolve community issues and to plan ahead to capitalize on local and regional assets.

The ARC encourages member states to foster broad citizen involvement and collaborations among business, government, nonprofit, and philanthropic organizations. In keeping with this formula, the ARC's first strategic objective for each of its four General Goals is: "Develop Leaders and Strengthen Community Capacity". This commitment to developing regional approaches for common challenges has helped communities leverage resources to help them compete more effectively in the global economy and appropriately measure the performance of public investments.

Capacity building also supports local and county governments' role as strategic planners and/or implementers of regional plans. It is also a tool to foster cooperation across municipal boundaries, as well as state, federal and local agencies to promote local government efficiency. Long-term strategic planning by local and regional leaders is critical to taking full advantage of the economic and community-building opportunities across the region.

The NYS ARC Program aims to leverage its role and that of the LDDs in regional development to expand community capacity programs across the Southern Tier, and to serve as hubs for regional planning, common problem solving and community economic development. This baseline goal is a practical priority for the NYS ARC Program to leverage the modest annual ARC funding allocations (anticipated to be about \$2 million per year for NYS). By supporting broad civic engagement projects, the NYS ARC Program can help communities prepare to take advantage of economic opportunities and to develop home-grown cadres of visionary leaders and effective organizations that can strategically mobilize their communities toward regional goals.

Community and Local Government Capacity Overview

Local government and community institutions are critical in developing “bottom-up” approaches to economic development. However, the Southern Tier varies tremendously in its communities’ capacity to access resources, explore alternatives, and manage change. The effectiveness of the NYS ARC Program and its LDDs in a given community are highly influenced by the administrative and local government setting within the region.

The NYS Constitution guarantees “Home Rule” rights to local governments that are independent of state government.¹ Four types of multi-purpose local governments possess “Home Rule” authority: counties, cities, towns, and villages. While NYS is committed to preserving the autonomy of these governments, it has been long recognized that inter-municipal cooperation is a key to preserving service capabilities while generating economies of scale that increase government efficiency.

¹ NYS Local Government Handbook, 6th Ed. Reprinted 2011; Chapter 4: Local Government Home Rule Power, pp. 29-38, available at: http://www.dos.state.ny.us/ig/publications/Local_Government_Handbook.pdf

TABLE 2: 20-year Population Statistics

Municipal Type	New York State (NYS)		Appalachian New York	
	Number	Total Population	Number	Total Population
Counties*	62	11,202,969	14	1,066,421
Towns**	932	8,958,225	268	835,812
Villages**	551***	1,896,593	110***	183,505
Cities (except NYC)	61	2,235,187	12	230,608
NYC*	1	8,175,133	---	---
Total	1,607	19,378,102	404	1,066,421

* Note: Counties are administrative municipalities that include cities, towns and villages, except in the case of NYC, which is composed of 5 additional counties.

** Note: Villages are independent sub-units of towns; population figures for towns are town-wide, inclusive of village populations.

*** Note: On 1/1/2012 the following villages were dissolved into their surrounding towns: Perrysburg, Randolph, East Randolph, and Seneca Falls.

Source: NYS Office of the State Comptroller

The Local Government Environment

An important indicator of capacity building needs is the number and relative size of local governments in the region. Roughly 25% of New York’s 1,607 general purpose municipalities are located in Appalachian NYS. (Table 2). While this matches the region’s portion of the state population, the Southern Tier has a large number of relatively small governments, with part-time leadership, and therefore fewer staffing and administrative resources to manage and support decision-making by local governing board members, highlighting the need to continue capacity-building efforts across the region.

Each of the Southern Tier’s 404 general purpose municipal units of local government (comprising 14 counties, 268 towns, 110 villages and 12 cities) has varying “Home Rule” powers. In addition, the local government picture includes various corporate entities that serve single purposes. Appalachian



New York has 130 school districts and 168 fire districts, accounting for only a portion of the region's 1,170 "special purpose units" of local government. This number of autonomous and semi-autonomous units of local governments represents a sizeable pool of sponsors for area development projects but also presents a challenge for identifying true regional priorities.

Effective cooperation among local service providers is vital to developing a coordinated approach to community development. To facilitate cooperation and coordination among the communities, county governments can be important partners. They have the potential to address some of the capacity needs of the communities within their borders. However, a county's capability to facilitate community capacity depends on a number of factors, including its size, relative wealth, and commitment to this role. County planning and other departments vary in their capacity to assist cities, towns and villages, leading to an uneven landscape for the LDDs.

NYS counties are generally limited to an advisory role in regional planning, as only towns, villages and cities generally have land use regulatory powers. Counties have fiscal capacity for and authority over a limited range of services, including law enforcement, public safety, highway maintenance, social and health services (such as Medicaid), and education (special needs and community colleges).

Further, the authority and form of county government varies from county to county within NYS, and more centralized forms of county governments can lead to a greater level of inter-municipal cooperation within such counties and facilitate intra-county project prioritization. For example, within Appalachian New York, the counties of Broome, Chautauqua, Chemung, and Tompkins have approved charters that grant greater authority to county government for inter-municipal planning and coordination. Voters in the first three of these counties have opted to have an elected executive as the primary focal point for coordinating county government. In other counties, the county legislature or the board of supervisors has chosen a county administrator or manager to help manage the routine operations of county government; Cattaraugus, Allegany, Cortland, Schuyler, and Steuben counties have done so and, in all but Cortland and Schuyler counties, the County Administrator serves as the chief county administrative official. In Cortland and Schuyler counties, the Chair of the Legislature is designated the chief administrative official. Table 3 summarizes the range of types and forms of county governments within The NYS Southern Tier.

The relationship between counties and their autonomous constituent municipalities is an important consideration for The NYS LDDs. Even though the LDDs are regional hubs for county and inter-municipal planning and prioritization, the capacity and functions of their constituent counties varies. These differences are evident in the approaches taken to regional issues and planning articulated in each LDD's CEDS and in the projects that are solicited and approved by each district board. Part of The NYS Baseline Goal is to help the LDDs leverage their regional focus to help county and local governments better and more economically serve their communities and identify regionally significant projects.

Table 3: Leadership Type for Southern Tier Counties

LDD	COUNTY	County Executive / Administrator	Legislative Body
STE	Broome* (1966)	County Executive	County Legislature
STE	Chenango	Chair of Board	Board of Supervisors
STE	Cortland	Administrator**	County Legislature
STE	Delaware	Chair of Board	Board of Supervisors
STE	Otsego	Chair of Legislature	County Legislature
STE	Schoharie	Chair of Board	Board of Supervisors
STE	Tioga	Chair of Legislature	County Legislature
STE	Tompkins* (1968)	Administrator	County Legislature
STC	Chemung* (1973)	County Executive	County Legislature
STC	Schuyler	Administrator**	County Legislature
STC	Steuben	Administrator	County Legislature
STW	Allegany	Administrator	County Legislature
STW	Cattaraugus	Administrator	County Legislature
STW	Chautauqua* (1974)	County Executive	County Legislature

* Charter County (year enacted)
 ** Cortland and Schuyler counties hired County Administrators but the Chief Administrative Official is the Legislative Chair
 Source: NYS DOS Local Government Handbook, p. 51
http://www.dos.state.ny.us/lg/publications/Local_Government_Handbook.pdf

Community Capacity Development Priorities

The NYS ARC Program has historically helped enhance community capacity through the technical assistance provided by the LDDs and DOS and through targeted projects to help communities leverage ARC funds into strategic plans that can facilitate regionally significant projects. For example, an ARC-funded technical services project for the Watkins Glen Lakefront Redevelopment Area resulted in an effort that has transformed the Watkins Glen lakefront into a tourism and commercial destination. The ARC also underwrote part of the expenses to create the Southern Tier West Development Foundation, a non-profit organization with the capacity to partner within the region and help fund regional projects with contributions from civic donors. The NYS ARC Program has also supported regional telecommunications initiatives, inter-municipal infrastructure studies, regional GIS mapping projects, and other significant economic and community development plans and studies. These projects demonstrate that modest community capacity efforts often reap large benefits in facilitating regional development.

New York is unique among many of the ARC states, in that it annually invests additional ARC Area Development funds to buttress the LDDs' administrative grants from the national ARC office. This direct investment in LDD capability enhances local capacity-building and technical assistance to facilitate project development and targeted area-use planning and assist communities in meeting environmental regulations. NYS supports leveraging the ARC Program to expand community capacity to develop leaders and strengthen community capacity.

The effective analysis of community and regional needs must be augmented through a dynamic data collection and analysis program. This includes expanding the GIS capabilities currently offered by the LDDs within Appalachian New York. Over the next four years, the NYS ARC Program must ensure that these deployment efforts and strategic application of data analysis are used to create regionally



significant projects and meet regional needs. The NYS ARC Program can help improve the capacity of Southern Tier municipalities through funding GIS projects for communities that would ordinarily not be able to afford or appropriately utilize these services alone.

Given the sparse population of many of Appalachian New York's municipalities, single-municipality approaches to common local challenges are often inefficient. Approaches involving regional planning, however, better leverage the talents and resources of multiple municipalities toward common tasks and purposes. Such cooperation can be between a limited number of local governments or across many municipalities. The NYS ARC program will support the earnest efforts of local governments to plan across municipal boundaries to make public services and solutions more efficient. Similarly, when multiple governments convene to identify projects of regional significance, the NYS ARC Program will support expanded funding as a priority for the region's future growth and development. In addition, DOS's Local Government Efficiency grants program will be leveraged to foster regional planning and cooperation, and to provide technical assistance and training of leaders across the region.

The CEDS drafting process is also one of the NYS ARC program's opportunities to convene county leadership to strategically assess the strengths, weaknesses, opportunities and challenges facing multiple county districts within Appalachian NYS. While the ARC Program cannot fund all projects that the CEDS process identifies, it can help the LDDs work with other agencies across NYS and at other levels to bring resources to bear on the region's issues. As DOS and the LDDs become aware of major projects that are in need of support from other agencies, or that are benefiting from other state programs, the NYS ARC Program will work to support such inter-agency cooperation.

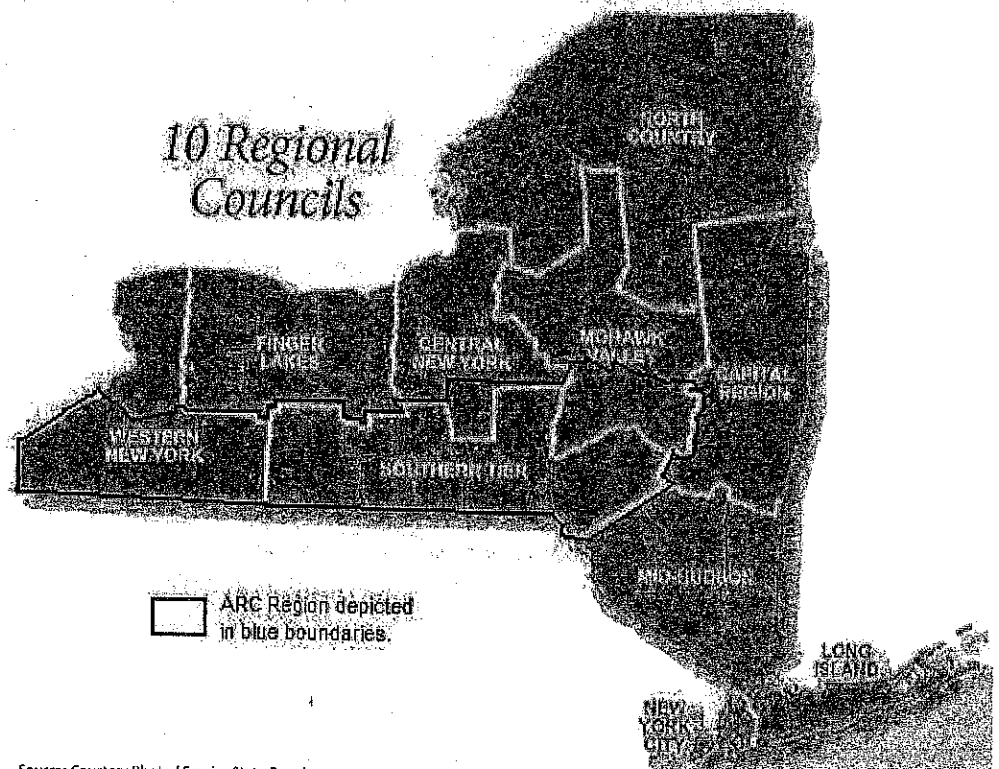
Supporting the Regional Economic Development Councils

As mentioned earlier, the NYS commitment to a bottom-up approach to economic development has been demonstrated by the creation of ten REDCs in 2011. The REDCs are new parties to the regional planning process that can help identify paths to economic growth and employment at each regional level. These public-private boards were established to develop regional strategies and implementation actions to revitalize the statewide economy and increase employment. The NYS ARC Region spans four REDCs, but lies predominately within two (see Map 13). 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 CEDS and opportunities to support REDCs' priorities.

In the Fall of 2011, each REDC submitted strategic plans, setting out strategies and

Map 13: New York State Regional Economic Development Councils



Source: Courtesy Photo / Empire State Development

priorities to match the conditions and opportunities present within the Council's local region. The REDCs will meet throughout 2012 and beyond to implement and update their strategic plans, which have set a tone for development that builds on local assets, including the ADHS and other Interstate corridors, leveraging the industrial presence of the regions, developing their strengths in health care, higher education, and technology, revitalizing the agriculturally based economy, and strengthening the economic development backbone. The REDCs have also focused on implementing overarching development policies to stimulate the economy in the desired directions. These include:

1. Job Growth and Job Readiness - ensuring that each strategy is focused on job creation and retention, preparing the residents of the state with the appropriate skills for employment, and strengthening the connections between the "P-12" system, higher education, and business.
2. Smart Growth – urging investments in the underlying strengths of NYS, including existing communities, urban centers, brownfields, neighborhoods and rural places, to make them attractive to people and businesses.
3. Entrepreneurship – nurturing business development through innovation and risk taking by providing better access to venture capital, granting relief from regulations that can limit business creation and expansion, and offering a range of practical services that new businesses need.

The General Goals of ARC are consistent with the development approach of the REDCs that considers the health of a region to be a function of promoting local economies, developing a workforce that is healthy and well educated, and modernizing the region's basic infrastructure to attract people and businesses. As the REDCs proceed to implement their strategies, the NYS ARC Program is well positioned to leverage the regional orientation of the LDDs to assist the REDCs work to transform their regions through identification and delivery of regionally significant projects.

Defining Regional Significance

In prior years, the ARC identified a limited number of regional priorities for additional emphasis, such as asset-based development, telecommunications and entrepreneurship. While the ARC has now incorporated specific regional priority funding into each state's area development allocation, NYS believes that a regionally focused economic development program such as ARC can best make transformative impacts when funding is focused on identifying and supporting "regionally significant" steps toward economic transformation. In conjunction with building community capacity, the process of defining regional significance and prioritizing regionally significant projects is core strategy.

The NYS ARC program will work to complement the strategies chosen by the REDCs and will emphasize funding of "regionally significant projects" identified by the REDCs and by the NYS ARC program and partners. Many regionally transformative projects involve multiple stages that often far exceed the funding otherwise available through the ARC. Nevertheless, the role that the LDDs and the ARC program have in assisting the region's plan for growth and economic development is highly important to setting priorities and determining where the ARC's modest financial support may have the greatest positive economic effect and future benefits. In this sense, the program can produce greater benefits by providing technical assistance and bringing together the region's interested parties than its funding stream might suggest. In addition, The NYS ARC Program must define, promote and assist regionally significant projects to ensure that it plays the role needed to overcome parochialism and local government inefficiencies.

Regional significance is to be broadly defined. A project could be regionally significant because it has a sizeable and /or sustained benefit to a large sub-region, such as a water or sewer infrastructure project that enables further economic development in a county subarea or links two or more areas.



The area impacted by a project of regional significance could be as small as a single municipality if the surrounding municipalities or sub-region share the benefits or it develops a model program that may be replicated in other areas. Similarly, projects that leverage the capacity of community participants to broaden civic engagement across the region in consensus-driven regional planning and project funding may also be regionally significant. Such a project, when implemented, can facilitate the region's economic advancement by leading to the completion of infrastructure or programs that significantly benefit the regional economy.

Regionally significant projects may also be those that augment regional priorities advocated by other state or federal partners. Projects that coordinate the efforts of multiple agencies toward a common and significant improvement are likely to have a high degree of value. In the final evaluation, however, the regional significance of a proposal may be determined by looking at its ultimate long-range regional benefits in relation to the costs involved with the proposal.

Although the process of identifying regional significance is subjective, NYS LDDs and their local partners already do a major part of the process in annually compiling a potential regional and county workplan as part of the annual CEDS drafting process. The LDDs, as active participants in the REDC's economic development planning process, are expected to help find consensus that will lead to development of a prioritized list of steps and supporting projects to reinvigorate and stimulate the NYS economy from the local level up.

An example of a regionally significant replicable project was prototyped by the Town and Village of Hamden in 2003. The "Hamden Wastewater Management Pilot Study" completed designs for an alternative community wastewater treatment system for the Village and wrote generic documents to assist other communities pursuing similar efforts. The project's output generated model documents for other communities in the NYC watershed area and beyond. This project ultimately helped the region's villages and hamlets work through the process of determining need and evaluating technical alternatives for sewer and water infrastructure investment. The approach and materials were then applied in other communities in Delaware County, further leveraging ARC funding and program effort across a large part of the region.

In northwestern Chautauqua County, a project involving nine municipalities is developing an implementation plan for the creation of the Chadwick Bay Regional Water District to assist businesses in these communities, including numerous grape producers, wineries and juice makers, by addressing serious water quality and supply problems. The project will fund the initial planning phase and help communities identify additional funding sources for infrastructure investment, thereby leveraging ARC and local government resources to improve services for residents and businesses in multiple communities.

Allegany County is developing a project plan for the intersection of I-86 and NYS Route 19, known as the "Cross Roads Project," which will include tourist-oriented retail (hotels and restaurants), commercial and industrial elements that will have regional and multi-community impacts. This project has been articulated in the county master plan, and has long been supported as a significant step in the economic development of Allegany County. In a similar vein, a coalition of NYS Route 7 corridor communities in Schoharie County are seeking funding to plan for a multi-community water infrastructure project to expand the commercial viability of the region and to build upon the area's local attractions to help it become a multi-season recreational destination.

While not exhaustive, these examples demonstrate the types of ARC projects that have been "regionally significant" to Appalachian New York. Looking ahead, the NYS ARC Program will continue to leverage the strengths of the region's people and places through technical and financial investments to spur regional economic growth and development.



R160 subway cars destined for NYC, being assembled at Alstom's Hornell factory Steuben County

General Goal 1

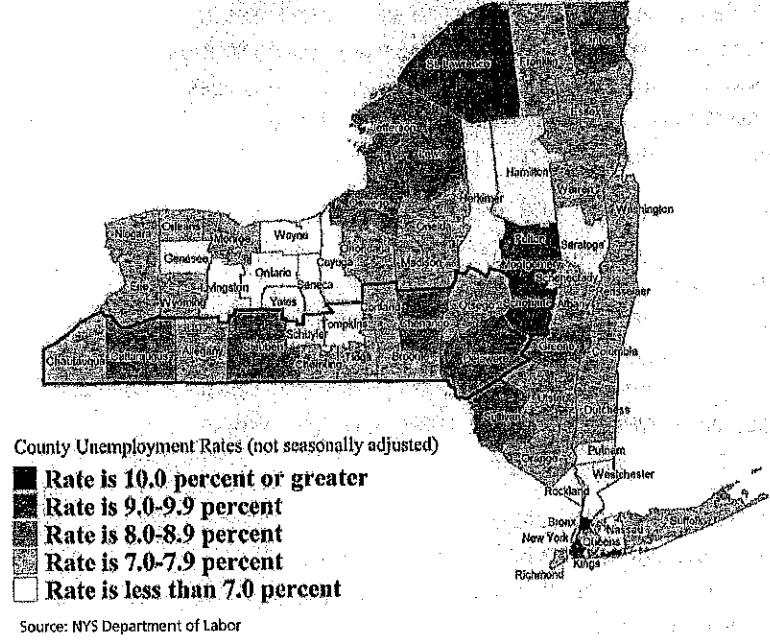
Increase Job Opportunities and Per Capita Income in Appalachia

Approaches to Economic Development Shifting economic conditions continue to present challenges to the region's traditional manufacturing and agriculture employment base. To overcome these challenges, the NYS ARC Program works in partnership with other agencies to help local and state leaders build the capacity of three interdependent elements: individual leaders, organizations, and the community as a whole, to achieve strategic readiness to take advantage of economic opportunities. This coordinated approach will help build prosperity and stability for Appalachian New

York communities by helping them to find new business and economic opportunities that leverage the region's strengths, develop support for business incubators, provide entrepreneurial training, create local homegrown economic opportunity, increase foreign direct investment, encourage business partnerships with federal and private-sector research labs, research universities, and other technology organizations and plan for appropriate development along segments of the ADHS system.

Map 15: NYS Unemployment Rates by County

Unemployment Rates by County, New York State, September 2011



Economic Conditions Overview

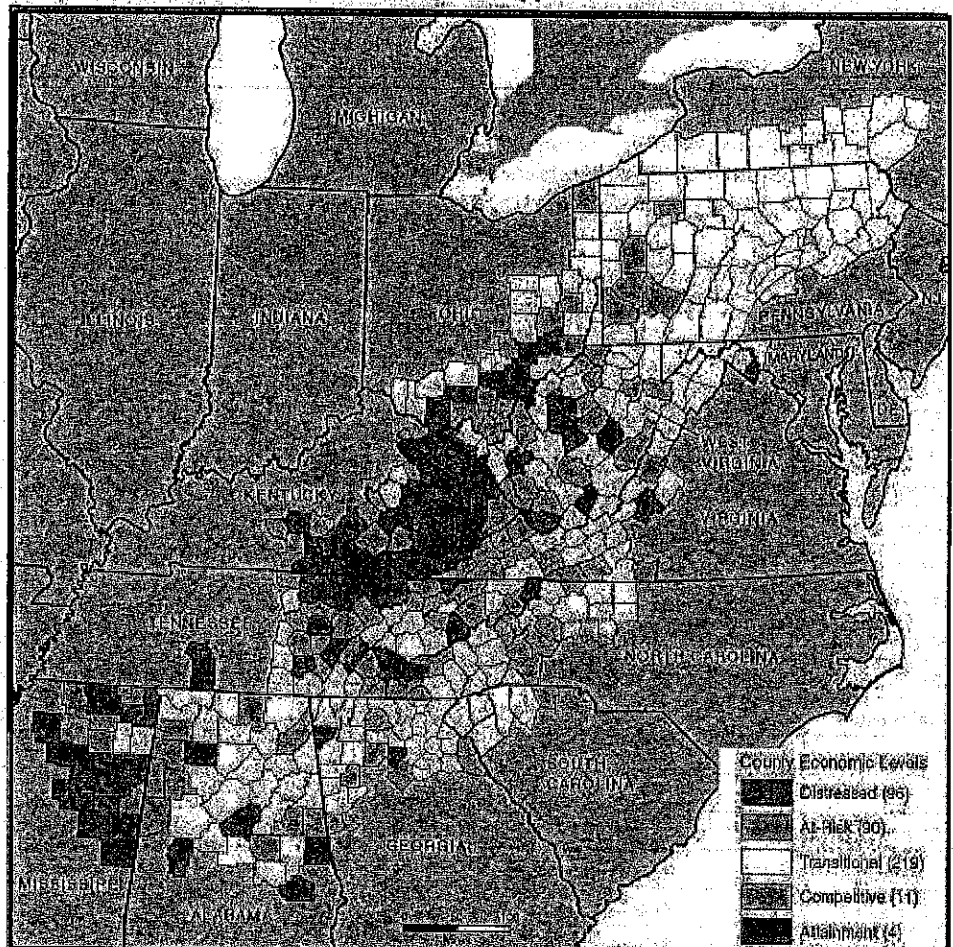
The NYS Southern Tier combines some exceptional quality-of-life attributes (cultural and natural) with historically strong school systems, a productive workforce, and a network of training institutions that offset some challenges to business recruitment within the region. The region's competitive advantage includes: a clean and low-crime environment, attractive cultural and recreational assets, and small-town lifestyles. Ample natural resources,

including forest products, natural gas, oil, gravel, soil and water, also present opportunities for economic development. The Southern Tier's location is particularly advantageous for the manufacturing, tourism, and distribution industries, with good access to the Northeast, the Midwest, and Ontario (a center of Canadian economic activity).

More than a century of manufacturing expertise across the region has imbued the local workforce with a strong work ethic and skills for a variety of industries. Additionally, while the labor force is generally well-educated and highly skilled, labor costs in the region are lower than those in larger metropolitan areas.

As ranked by the ARC's comparative economic metrics on unemployment, per-capita market income, and poverty, all of 14 Appalachian New York counties are considered "transitional" and are ranked in the middle 50% of the nation's counties in economic strength (Map 13). Despite this, 7.6%, or more than 76,000 of Appalachian New York's residents live in distressed census tracts distributed among the counties as follows: Broome, 25,725; Chautauqua, 21,915; Chemung, 19,007; Steuben, 5,216; Cattaraugus, 3,243; Tompkins, 1,214. These "pockets of distress" are largely found in the region's more densely populated areas. (See Table 4).

Map 14: Comparative Economic Status of US Appalachian Counties



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, FPLS, 2005
 Poverty data: U.S. Census Bureau, American Community Survey, 2005-2009
 Effective October 1, 2011 through September 30, 2012

Level	Description
Distressed	Distressed counties are the most economically depressed counties. They rank in the worst 10 percent of the nation's counties.
At-Risk	At-Risk counties are those at risk of becoming economically distressed. They rank between the worst 10 percent and 25 percent of the nation's counties.
Transitional	Transitional counties are those transitioning between strong and weak economies. They make up the largest economic status designation; transitional counties rank between the worst 25 percent and the best 25 percent of the nation's counties.
Competitive	Competitive counties are those that are able to compete in the national economy but are not in the highest 10 percent of the nation's counties. Counties ranking between the best 10 percent and 25 percent of the nation's counties are classified competitive.
Attainment	Attainment counties are the economically strongest counties. Counties ranking in the best 10 percent of the nation's counties are classified attainment.

Source: www.arc.gov

Another concern is the general trend toward population decline or, at best, slow population growth. Most counties have experienced a net population outflow that coincides with the long-term decline in manufacturing jobs. While the region's out-migration was approximately proportionate to other

Table 4: Appalachian New York Distressed Census Tracts

Southern Tier Distressed Census Tracts (2011-2012)								
County	Census Tract Number	Median Family Income (\$) 2005-2009	Median Family Income as a Percent of the U.S. Avg. 2005-2009	Poverty Rate, 2005-2009	Poverty Rate as a Percent of the U.S. Avg. 2005-2009	Population, 2005-2009	Land Area (sq. miles)	Pop. density
Broome	1	39,898	64.0	33.4	247.9	2,494	0.347	7,179.8
Broome	3	31,298	50.2	25.6	190.4	3,398	1.243	2,732.7
Broome	5	28,750	46.1	40.1	297.7	1,737	0.472	3,678.4
Broome	6	30,192	48.4	37.5	278.5	2,276	0.607	3,750.0
Broome	11	17,917	28.7	47.7	354.2	1,459	0.353	4,122.5
Broome	12	20,958	33.6	50.2	372.7	976	0.225	4,346.0
Broome	13	19,384	31.1	46.9	348.2	2,523	0.272	9,284.1
Broome	18	30,774	49.3	27.7	205.7	4,321	0.891	4,829.3
Broome	139	34,194	54.8	23.1	171.3	1,547	0.365	4,203.8
Broome	139	32,216	51.7	26.2	194.9	2,004	0.384	5,214.2
Broome	140	29,924	48.0	39.2	291.3	3,002	0.256	11,732.9
Cattaraugus	9617	41,188	66.0	26.0	193.1	3,243	0.919	3,533.3
Chautauqua	301	36,222	58.1	25.5	189.3	3,696	1.185	3,118.1
Chautauqua	303	28,542	45.8	29.9	221.8	2,171	1.057	1,302.6
Chautauqua	305	30,645	49.1	37.4	278.0	3,206	0.637	5,033.6
Chautauqua	308	27,016	43.3	35.1	260.6	4,039	1.445	2,784.2
Chautauqua	354	33,214	53.3	34.4	255.1	2,780	0.654	4,249.3
Chautauqua	355	31,875	51.1	28.0	208.0	3,134	0.957	3,274.2
Chautauqua	357	36,189	58.0	29.1	215.7	2,889	1.099	2,628.0
Chemung	1	29,526	47.3	36.5	270.8	2,584	1.846	1,570.2
Chemung	2	37,027	59.4	28.6	212.4	2,586	0.566	4,415.0
Chemung	6	23,896	38.3	43.9	326.8	4,693	0.436	10,754.9
Chemung	7	11,719	18.8	45.8	340.4	301	0.274	1,100.2
Chemung	8	10,370	16.8	57.5	427.1	2,365	0.682	3,473.9
Chemung	10	26,250	42.1	25.8	191.5	2,918	0.499	5,848.5
Chemung	108	34,901	56.0	21.3	157.8	3,557	1.931	1,841.6
Steuben	9608	39,398	63.2	24.6	182.6	3,063	1.132	2,708.7
Steuben	9625	39,567	63.4	23.2	172.1	2,153	0.921	2,337.7
Tompkins	1	35,909	57.6	29.3	217.7	1,214	0.205	5,927.1

(Source: ARC) Note: Yellow highlighted tracts are the region's most distressed.

regions of the country, the aging of the population has led to a higher gross mortality, and in-migration has been insufficient to counteract these trends. As mentioned earlier, Tompkins County, with its small, university-city lifestyle, has bucked the Southern Tier's negative or slow growth trend and has become an example of an environment that can attract in-migration from the rest of the country and world.

Although unemployment has not hit the NYS Southern Tier as badly as other parts of the country, the NYS ARC Program seeks to mitigate the effects of years of economic recession. Most severely affected has been Schoharie County with over 9% unemployment, and Cattaraugus, Chenango, Delaware and Steuben counties with over 8% unemployment. These counties are particular targets for workforce development strategies. Conversely, Tompkins and Schuyler counties have weathered the downturn better, with less than 7% unemployment. (See Map 15).

Another regional concern is that property and income taxes, energy costs, and other business expenses (including unemployment and workers compensation insurance) are comparatively higher in NYS, posing a challenge for the Southern Tier in competing with Pennsylvania's Northern Tier and other locations in attracting manufacturers and other new businesses. Concurrently, as the region's productive 18-to-65-year-age group shrinks, the burden on local governments to support income assistance and health care programs increases.



Despite these challenges, many economic opportunities are present in Appalachian New York. Community-backed short-line rail networks, coupled with the near-completion of the ADHS, present opportunities for inter-modal transportation and strategic nodal development, which encourages concentrating any "greenfield" development to regionally-identified areas ("nodes") to leverage intermodal transportation connection points and proximity to clustered development. Coordinated transportation planning can help the region capitalize on its location and assets. The primary industry clusters include defense, distribution, insurance, agriculture and manufacturing. In addition, the region has world-class research facilities for several high-technology fields, including ceramics and electronics. Within the region, major universities drive global innovation and produce researchers with specialized skills, particularly in electronics and engineering, creating a pool of home-grown, highly-skilled labor that also attracts potential businesses.

Economic Development Priorities

• Promote Community Revitalization and Asset Based Development

The revitalization of existing communities and urban centers is a priority within Appalachian New York. Vibrant, competitive communities are often able to create economic growth through re-investing in their cores and maximizing the positive impacts of their indigenous assets. Over 7.6% of the NYS Southern Tier's population lives in pockets of economic distress, and most of these are within urban communities. The NYS ARC Program will work to mitigate the causes of lower incomes, poverty and unemployment in these distressed census tracts and to facilitate programs that can have significant impacts. Through the LDDs, this will include technical support to community and local government leaders in these areas to educate and inform them about other programs that can lift the economic status of their communities.

A broad range of NYS community revitalization programs dovetail with the ARC Program's economic development goals. For example, the NYS DOS Local Waterfront Redevelopment Program utilizes a comprehensive land and water use planning process that reflects local conditions and coordinates State and federal resources to assist communities in taking full advantage of their waterfronts. The Brownfield Opportunity Areas program, also within the NYS DOS, assists communities in planning for the restoration of dormant, blighted and under-utilized lands to productive use. The NYS Smart Growth program seeks to emphasize infill development and walkable communities as a way to sustain the natural environment surrounding higher-density communities across the state. In addition, the NYS Office of Community Renewal's NYS Main Street program provides financial resources and technical assistance to local governments, business improvement districts, and other not-for-profit organizations to revitalize historic downtowns, mixed-use neighborhood commercial districts, and village centers.

The Southern Tier region is also rich in history, and its agricultural, natural and cultural resources present opportunities for economic growth. Tourism provides dual benefits by generating both economic activity and appreciation for the region's natural and historic assets among visitors and residents, which also strengthens community capacity. The NYS ARC Program will work with the LDDs and other organizations to coordinate the use of programs that leverage local and regional assets to promote economic development.

• Assist Entrepreneurs and Encourage New Business Development

Entrepreneurship is particularly important to Appalachia's economic future. Locally-owned businesses play an important role in creating sustainable local economies and improving quality of life, especially in communities which are not of sufficient size to attract large major-scale operations. Small businesses make up over 75 % of all places of business in more than half of the counties in the region. The NYS ARC Program has long encouraged entrepreneurial and managerial skills training

projects. The program, via the LDDs and the Small Business Development Centers in the Southern Tier, has utilized ARC resources to help implement strategies that provide technical assistance on management, marketing, technology transfer, strategy development, and other business activities. In addition, NYS has recognized the need for capital financing for prospective business owners and has facilitated the expansion of revolving loan funds coordinated by the LDDs.

The ARC-led Appalachian Capital Policy Initiative, which is supported by NYS, is working to increase access to capital and credit, lack of which is one of the major factors limiting business creation, expansion, and growth in the Appalachian region. Just 1.3% of professionally managed venture capital is invested in Appalachia annually. To counter this low rate of capital investment, the initiative has four objectives:

1. Attract new capital to Appalachian Community Development Financial Institutions (CDFIs);
2. Build entrepreneurial ecosystems (i.e., integrated networks that spawn and encourage entrepreneurs);
3. Expand bank lending in the region; and
4. Initiate research and ARC activities to better understand the capital and credit gaps.

• **Assist Farmers and Encourage Agri-Business Development**

Agriculture can play an important part in expanding the economy of Appalachian New York. It generates revenues of over \$4.5 billion annually, statewide, yet the family farmer faces a challenging business climate. The NYS ARC Program has worked to support agriculture and to help farmers become more productive and profitable. An emerging trend favors the production of locally grown and raised food, and presents an opportunity for NYS farmers to find new markets. To build on this, the NYS ARC Program has supported projects that inform local farmers about new marketing and production strategies to tap into the demand for locally grown and/or organic foods. Research and development is an additional priority for the state's agriculture industry that has been supported by the NYS ARC Program. Looking ahead, emerging technologies and alternative energy sources can create new opportunities for farmers. The NYS ARC Program will work with research organizations, entrepreneurs, the counties and other agencies and non-profit organizations to facilitate projects that can provide local farms with access to these technologies. In addition, the ARC's infrastructure goal supports expanding broadband connectivity for Southern Tier farmers and other rural residents to help speed their integration into the world economy.

An ancillary focus of the NYS ARC Program related to agriculture is ARC's "foodways" initiative. This concept – that local food and sustainable agriculture is a strategic resource to help revitalize local economies – coincides with an increased demand for locally grown food, especially in nearby urban communities. The USDA indicates that this demand helps keep a greater share of income and wealth circulating in local economies and builds stronger linkages between consumers and local food producers. The NYS ARC Program and the LDDs will work with diverse stakeholders – including funding partners such as philanthropic organizations and USDA – to spark creative ideas and galvanize momentum around food and agriculture programs and projects. NYS will introduce foodways as an economic development tool, disseminate information on best practices and foodways research, and strengthen existing successful programs. This effort is anticipated to spur entrepreneurship, food distribution, infrastructure development, and agricultural education and awareness throughout the region.

• **Leverage the Appalachian Development Highway System for Economic Development**

The Appalachian Development Highway System (ADHS) has three corridors in NYS (T, U, and U1; see



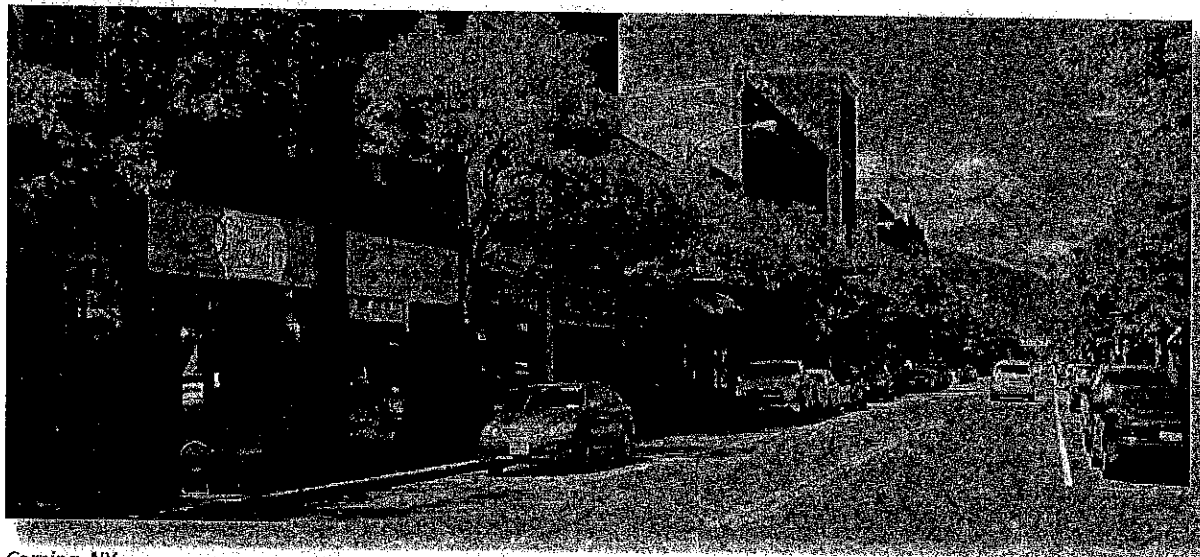
Map 5). ADHS Corridor T (also known as NYS 17/I-86), scheduled for completion in 2013, spans the Southern Tier from Binghamton to Erie, Pennsylvania, and has opened up the region and its attractions to travelers from metropolitan centers such as Cleveland, Toronto, Boston, New York City and Philadelphia. The near completion of I-86 has advanced the region's ability to connect efficiently to large markets, bringing renewed economic optimism to the Southern Tier. Regional leaders are now promoting the region as a crossroads, highlighting connections to I-81 and to larger markets nearby. In addition, the ADHS Corridors have boosted and helped retain manufacturing in the region and stimulated tourism. County economic development organizations and the LDDs have worked to capitalize on the economic potential of the ADHS and stimulate interest in intermodal connections. The NYS ARC Program will continue to support these efforts and encourage nodal development along the ADHS corridors that create new opportunities for employment and sustainable development.

• Foster International Export Trade

Home to many corporate innovators, the NYS Southern Tier has played a major role in innovative product creation that contributed to statewide merchandise exports in 2010 of \$67.7 billion. The NYS volume of international trade ranks third among states in exporting, behind only Texas (\$206.6 billion) and California (\$143.3 billion). Still, significant competitive challenges face NYS exporters. The NYS ARC Program is working with NYS Empire State Development (ESD, the state economic development agency) and the ARC to help the region's industrial base develop effective international market entry strategies. The ARC's Global Appalachia Export Initiative offers dollar-for-dollar matching funds to NYS and the other ARC states for support of small-to-medium size businesses within the region seeking to expand exports. The NYS ARC Program and the LDDs will work collaboratively with ESD, the ARC, and the REDCs to promote international commerce between the region and the rest of the world.

General Goal 1 Summary

All of the ARC's strategic objectives for ARC General Goal 1 are consistent with the NYS plan for economic development in the ARC Region. The counties, communities and LDDs in Appalachian New York are working collaboratively with their new REDCs to address the current economic conditions and to revitalize the region and labor markets. Looking ahead, the NYS ARC Program will continue to leverage the region's strengths with the resources of the ARC to help Southern Tier communities overcome economic obstacles to attract new businesses and jobs into the region.



Coming, NY
Steuben County
(Courtesy: Gaffer District & www.fingerlakeswinecountry.com)



*Manufacturing Technology Institute
at Jamestown Community College
Chautauqua County*

General Goal 2

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

The NYS ARC Program is committed to working with the region's communities and LDDs to ensure that the Appalachian New York workforce is ready to compete in the world economy. Workforce capacity and training has also been identified as an issue by the REDCs as they work with business and community leaders to develop a competitive labor pool. This includes enhancing skills through training and education, improving access to quality child care to enable parents to fully participate in the regional economy, working to increase educational attainment and achievement, and enhancing access to affordable, high-quality health care. In pursuing these objectives, the NYS Appalachian Regional Development Program will collaborate with a broad range of programs, partner agencies, and local public and private leaders.

Workforce, Education and Health Overview

Workforce Conditions:

In 2010, Appalachian New York's civilian labor force was 520,663, or roughly 49% of the region's population. For much of the past century, the Southern Tier was a hub for manufacturing, but eventually many of these manufacturing jobs became obsolete or were outsourced to other parts of the world. As a result, the Southern Tier's labor force began to transition from high-skill, high-wage, unionized jobs toward relatively lower-skilled, lower-wage service and commercial sector jobs. Within just the past 20 years, manufacturing fell from the top ranking jobs category in the region to the 4th largest category, employing just 9.9% of civilian workers. Healthcare is now the largest occupational category, employing 16.6% of the region's workforce. Educational services ranks second (from fourth in 2000) employing 12.9% of the civilian labor force. Retail trade employs 12.0%, maintaining its decade-long rank as the 3rd largest occupational category. Together, these four jobs categories (healthcare, education, retail and manufacturing) employ just over 51% of the region's workforce. Two additional categories, tourism and food services (7.6%) and public administration (7.1%) are also significant industries within the region.

Among these top job categories, manufacturing and technology careers have tended to have the largest contribution to the regional economy. The NYS ARC Program, the LDDs and the REDCs



are all focused on reversing the downward trend of manufacturing jobs in the region. Statewide, the regional economic development plans issued by the REDCs focus on the following workforce development priorities: improving the science, technology, engineering, and mathematics components of education in the regions, creating educational collaborations between workforce training agencies and employers, and taking steps to stem the out-migration of the region's well-educated secondary and post-secondary graduates.

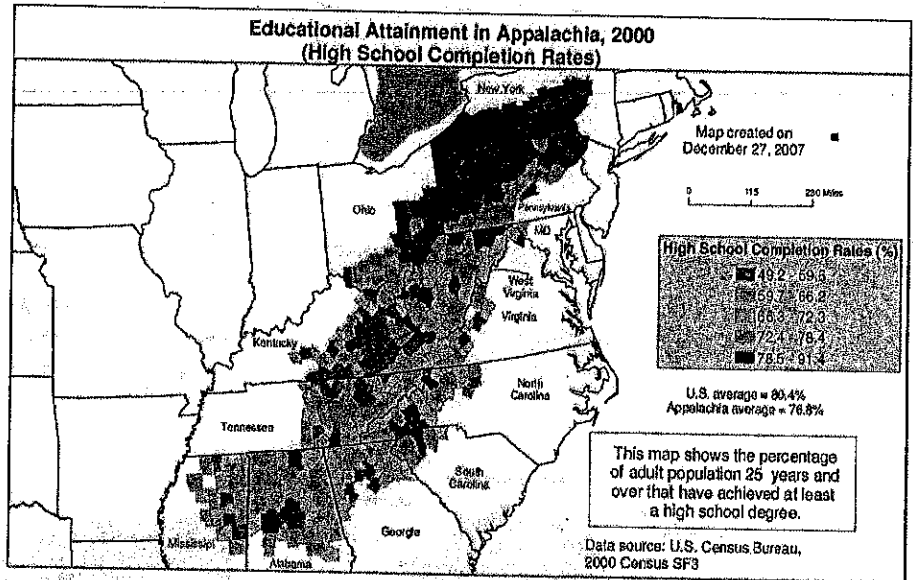
Educational Attainment:

The status of educational attainment across the Southern Tier is generally good. Compared to the rest of Appalachia, Appalachian New York ranks toward the top in educational attainment and high school completion rates. (See Map 16). However, prospective employers seek workers who are better prepared for current career openings. Technology education is a priority to meet the needs of the region's employers. In addition, daycare services have been cited by the LDDs and by potential employers as an important regional concern. Some qualified job seekers are discouraged from entering the labor force because they cannot find adequate daycare facilities to safely care for children during working hours.

Across the secondary and post secondary spectrum, NYS educational infrastructure is geared towards job skills training. Cornell University and Binghamton University of the State University of New York (SUNY) rank among the nation's top university centers. SUNY also has a number of other highly ranked colleges across the region, including campuses at Fredonia, Alfred, Oneonta, Delhi and Cobleskill. In addition, there are several private colleges (including St. Bonaventure University, Houghton College, Elmira College and Ithaca College), six two-year community colleges and many specialized technical institutes located across the Southern Tier. The region's two-year community colleges offer a wide array of vocational and technical training programs and tend to focus on skills-based education. The flexibility, community focus and partnerships with business, labor and public schools of community colleges give students an opportunity to gain the applied skills they need to land good jobs and help displaced workers transition to new careers. These schools have been, and will continue to be, regular partners with the NYS ARC Program for workforce development training projects.

When companies relocate away from the region, many displaced formerly working adults find it difficult to secure new employment without significant retraining and education. The NYS workforce training infrastructure is further supported by Boards of Cooperative Educational Services (BOCES) that are formed by local public school districts to serve vocational education and other special needs of secondary-level students and adults. BOCES organizations are key links in the school-to-work chain for many Southern Tier New Yorkers. Appalachian New York's 14-county area is served by eleven BOCES districts, five of which are headquartered within the region. Like the community colleges, NYS BOCES districts have often relied on the ARC for project funding.

Map 16: Educational Attainment

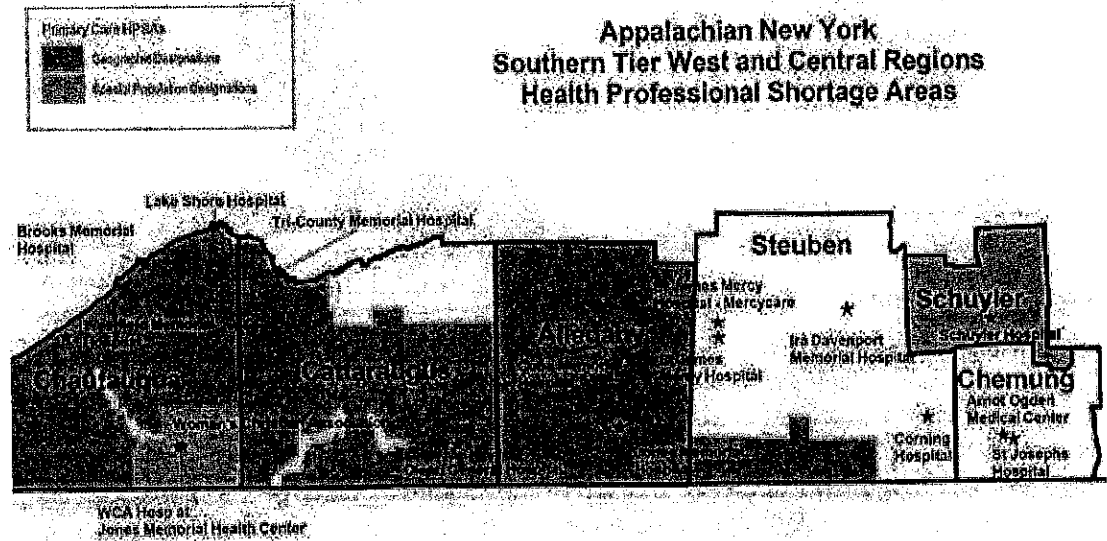


Source: ARC

Primary Healthcare

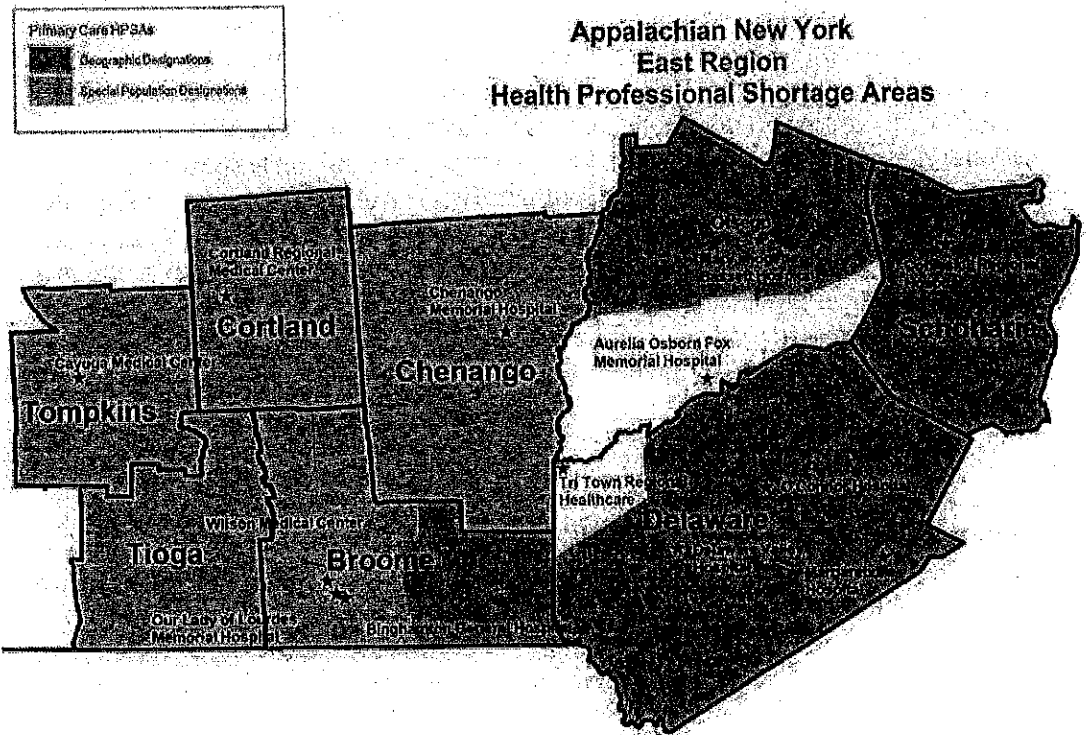
A final component to strengthening the ability of the region's workforce is improving access to affordable and reliable healthcare. The NYS ARC Program has worked with the NYS Department of Health's Office of Rural Health on healthcare issues and policies in the Southern Tier. Maps 17 and 18 show the boundaries of Federally-designated primary care Health Professionals Shortage Areas (HPSAs) across the Southern Tier, as well as the location of hospitals within the region. The NYS ARC

Map 17: Health Professional Shortage Areas in STW and STC



Source: NYS Department of Health

Map 18: Health Professional Shortage Areas in STE



Source: NYS Department of Health



Program is also concerned with a shortage of dental care providers and ensuring that the region's students are receiving adequate dental care before they become part of the workforce.

Regional Workforce, Education and Health Priorities:

1. Increase Employer-Oriented Workforce Development and Education for 21st Century Careers

Many Southern Tier employers report that the region's job-seekers often lack the skills required for available job openings. Regionally relevant workforce development efforts should be tied to the region's economic opportunities and needs. Training initiatives that build skills for the jobs where employers need workers, especially in targeted industry clusters like advanced manufacturing, electronics, high technology, green technology, and health care services, are essential. The NYS ARC Program will coordinate efforts with the REDCs, Workforce Investment Boards, and the LDDs to implement strategies that support this priority.

The NYS ARC Program has long been committed to collaborating with the NYS Education Department (NYSED) to increase educational attainment. Relevant projects range from early childhood education initiatives to technical and vocational training at all levels of education. As in the past, the NYS ARC Program and the LDDs will seek ways to make education at all levels relevant to the 21st Century careers.

As a special initiative, the NYS ARC Program will continue to work with the ARC and NYSED to encourage participation in the annual science and math internship for high school and middle school students and teachers at the Oak Ridge National Laboratories (ORNL) in Tennessee. This annual summer program provides student and teachers from across Appalachian New York with a unique exposure to the world of applied sciences and has the potential to spur careers and advanced education in the sciences.

2. Improve Access to Healthcare and Health Technology

Rural counties like those in the NYS Southern Tier face greater challenges in providing quality health care to their residents compared to more urbanized counterparts. The primary challenges include the long distances between medical practices and the difficulty in recruiting new health care professionals into areas where the population density is low and where access to larger cities and major medical facilities is limited. Coordination with NYSDOH has helped the NYS ARC Program focus on the regional health issues, particularly for those related to the availability of affordable, high quality health care across the Southern Tier and rural health care policy. NYS has also designated a health care professional from Appalachian New York to serve on the ARC's Appalachian Health Policy Advisory Council (AHPAC).

Data indicates that the NYS Southern Tier averages 5% fewer physicians per 10,000 population than the entire 13-state Appalachian Region. Recruiting and retaining health professionals in rural areas can be difficult where salaries may not be competitive, and where average caseloads are considered heavy. Exacerbating the shortage of medical practitioners across Appalachian New York is the prospect that many physicians currently practicing in rural New York are nearing retirement age. In addition, the financial challenges of the Southern Tier's rural hospitals reflect a nationwide crisis and a crucial need to support cooperative health care networks that can generate efficiencies to make health care access for the region's underserved residents economically viable.

NYS has incorporated several strategies to increase the availability of affordable, high quality health care throughout Appalachian New York, where physician practices are unevenly distributed. Mobile medical and dental resources and telemedicine and tele-health technologies have also been

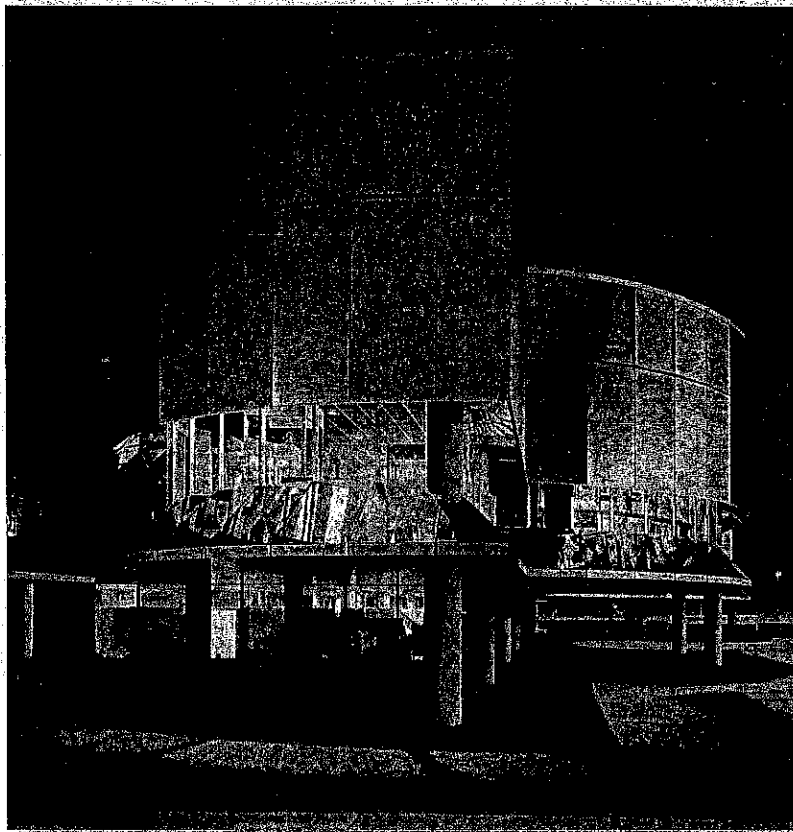
supported. Building on these efforts, the NYS ARC Program will continue working with the LDDs to find ways to help the region's health care providers reach into the most rural and underserved parts of the region.

The NYS ARC program has also supported health practitioner training courses at the state's educational institutions, with a particular emphasis on training and re-training residents for careers in nursing. This field is not only a means to help reduce health care discrepancies in the Region, but also an opportunity for the development of a productive career for students.

ARC's J-1 Visa waiver program, which helps reduce health care isolation, is also an opportunity to increase the number of physicians. J-1 visas are given to students to attend school in the United States for a period of time and require them to return to their home countries after completion of their studies. As a federal agency, the ARC can submit requests for waivers of the home residency requirement that, if granted, allow foreign physicians who have been training in the U.S. on J-1 visas to remain in the U.S., provided they agree to practice for a set period of time in an HPSA in an ARC state. The NYS ARC Program will continue to work with NYSDOH to coordinate the placement of primary care physicians on J-1 visas in HPSAs in Appalachian New York (see Maps 17 and 18).

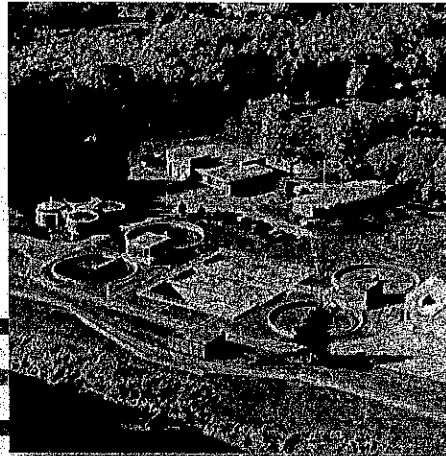
General Goal 2 Summary

ARC's General Goal 2 is highly correlated to Appalachian New York's own economic development plans. Given the importance of a well educated and healthy workforce, each of the region's REDCs are emphasizing workforce development as a key strategy for economic development. The NYS ARC Program will collaborate with the LDDs, relevant state agencies and the REDCs to meet prospective employer workforce needs and to create opportunities to make all Southern Tier residents productive participants in the global economy.



*Corning Museum of Glass
Steuben County*





*Clean Waste Water Treatment Plant
Cattaraugus County*

General Goal 3

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

Affordable and efficient physical infrastructure is necessary for effective community development and competing in the global economy. Such infrastructure includes modern telecommunications systems, upgraded or new water and wastewater systems, and efficient connections to global transportation networks. Hilly terrain, low population density, and constrained municipal finances present obstacles to modernizing basic infrastructure in Appalachian New York. The NYS ARC Program will seek to prioritize infrastructure investments that leverage federal, state, private, and local capital for construction that directly supports regionally significant economic development or addresses public health concerns.

Infrastructure Overview

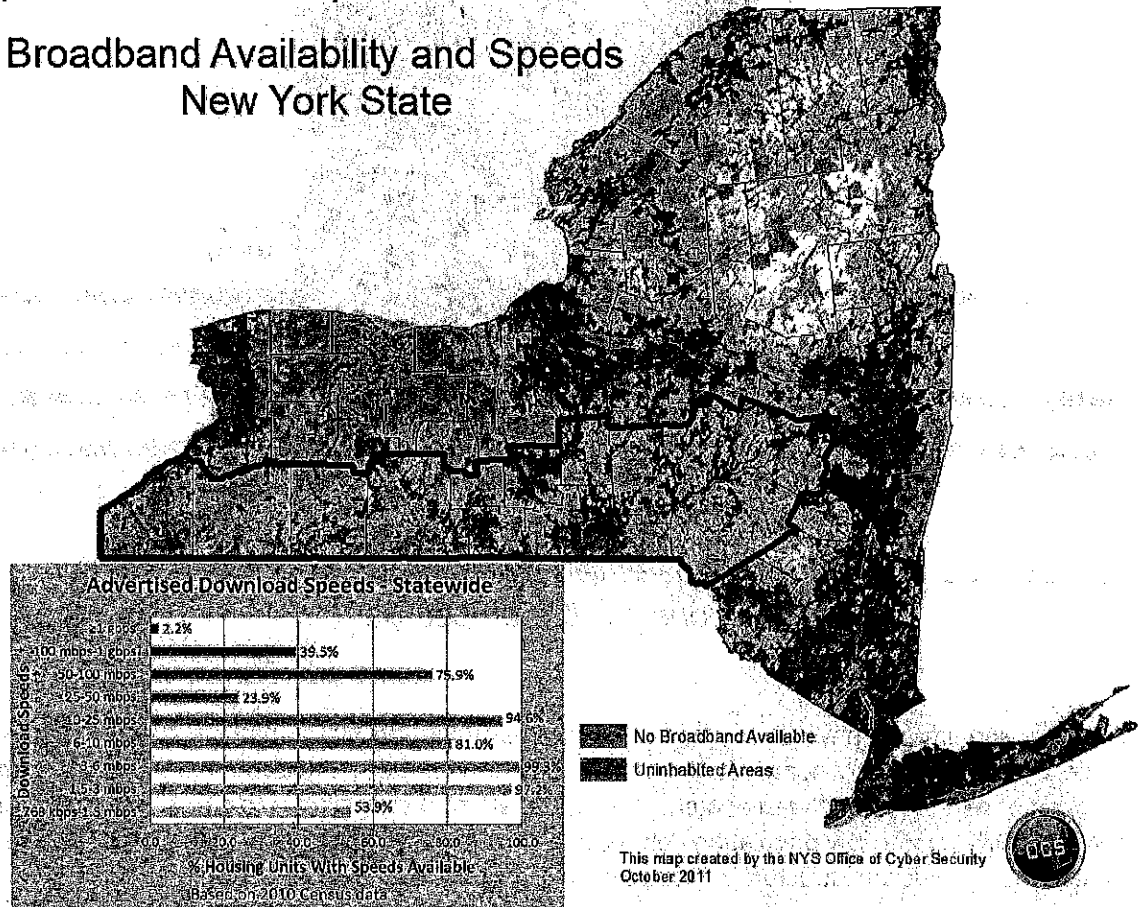
Many state infrastructure funding programs focus on implementing projects that modernize the infrastructure of the state's rural and financially distressed areas. For example, the NYS Environmental Facilities Corporation (EFC) Clean Water and Drinking Water Revolving Loan Funds include a funding metric based upon affordability and community wealth. The state Department of Transportation works with county and local highway departments to help maintain roads and bridges statewide, and provides local highway funding assistance to rural communities. The NYS Office for Technology (OFT), now the Office of Information Technology Services (ITS), has worked to expand universal broadband access to affordable, high speed Internet service to upstate cities and rural towns.

Despite these partnerships, the Southern Tier shares common problems with rural America and other parts of Appalachia. Many of the region's communities that are most in need of critical infrastructure upgrades are those that are least able to pay for them. In low tax base communities, deferred maintenance of infrastructure is a growing concern. The NYS ARC Program works to inform potential Southern Tier project sponsors about funding streams that can help facilitate infrastructure modernization projects.

Due to the high-cost nature of infrastructure projects, the NYS ARC Program is adopting a policy that favors regional infrastructure planning projects over specific infrastructure construction projects except in the most dramatic cases where such projects are regionally significant, and where the ARC's

Map 19: Broadband Connection Speeds Across NYS

Broadband Availability and Speeds New York State



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

contribution is essential. The NYS ARC Program's technical assistance and community capacity role has its greatest leverage impact where infrastructure construction requires financial backing from the ARC and projects have been identified by the REDCs or the LDD's CEDS as regionally significant. Furthermore, the NYS ARC Program will place the highest emphasis on projects with an important projected economic development impact.

Telecommunications/Broadband

Appalachian New York is one of the largest parts of the state with significant pockets of slow or no broadband availability. (See Map 19). The highest-speed connections are in highly trafficked corridors between major population areas. Sparsely populated rural areas like Appalachian New York are not nearly as well-connected, reducing the region's competitiveness in retaining businesses, families and young adults. Encouraging strategic investments in affordable high-speed broadband infrastructure that increases local and regional connectivity is one of the region's highest priorities. The NYS ITS Broadband Program Office administers the NYS Universal Broadband Initiative, which seeks to ensure that every New Yorker has affordable, high-speed access to the Internet.

Several telecommunications initiatives have been started through ARC assistance. For example, after completing a needs-summary with ARC resources, the local LDD (STCRPDB) has partnered with Corning, Inc. to build a broadband fiber backbone covering the entire 3-county subregion. Here, Chemung, Schuyler and Steuben counties, ECC Technologies, Inc. and Corning formed the Southern Tier Network (STN), a partnership with the mission to address the broadband needs of un-served areas, to improve services in underserved areas, and to enhance telecommunications services. STN is



expected to be a catalyst for future economic development, and construction of the 235-mile optical fiber backbone ring is slated to be completed by late 2013.

In the Southern Tier West (STW), the LDD has partnered with local providers to take another innovative approach to connecting the region by using its ARC-supported GIS capacity to help constituent counties and municipalities effectively locate wireless broadband transmission towers to maximize coverage. Major portions of the planning and implementation of this proposal have been funded through the ARC. The NYS ARC Program will continue to aggressively pursue opportunities for broadband deployment and technology use through these joint public and private efforts.

The NYS ARC Program has worked to complement the work of ITS in facilitating a comprehensive broadband strategy for infrastructure build-out and digital literacy, economic development, and expanded use of online government services within the Southern Tier. The overall strategy is to ensure that major industrial and commercial users are connected, and that more "e-citizens" (those who are digitally literate) have affordable Internet access so they can participate in the information age. In addition, since agriculture and tourism are important aspects of the region's economy, the NYS ARC Program will continue to plan for bringing affordable broadband to the region's farms and tourist destinations. Future projects will use ARC funding to develop strategies that use telecommunications funding for educational excellence, community capacity and economic development.

Brownfields and Underutilized Properties

The Southern Tier possesses a number of under-used or abandoned industrial and commercial sites. The strategic restructuring of the region's economy relies in part on preserving and restoring obsolete and/or abandoned properties such as brownfields.

NYS encourages local governments to implement sustainable community economic development policies. NYS's Smart Growth Public Infrastructure Policy Act of 2010 ("Smart Growth Act") requires state agencies and authorities that approve or fund infrastructure projects to ensure those projects are consistent with statutory smart growth criteria. The Act promotes development in "municipal centers," including downtowns, main streets, central business districts, brownfield areas, local waterfront revitalization areas, environmental justice areas, hardship/low-income areas and transit-oriented development areas. In that course, it supports in-fill development and nodal land-use, and requires consideration of natural resource protection, mobility and transportation choices that reduce car-dependence, and regional partnerships promoting cost-effective delivery of services.

While Southern Tier offers new employers and prospective employees a high quality of life, companies considering relocating to the region also look for shovel-ready sites at intersections of existing transportation networks, many of which are not necessarily located in "municipal centers". In many of these cases, such development aligns with the "nodal development" strategy adopted by the Southern Tier's I-86 Coalition, which has identified some of the most attractive sites for future development along new ADHS corridor nodes linked to intermodal networks.

NYS's ARC Program aims to reconcile any potential conflicts between economic development and smart growth priorities. All regional development construction projects proposed for funding through NYS's ARC program will be reviewed by DOS's Smart Growth Committee; a collaborative process meant to ensure economic development initiatives maximize opportunities to revitalize cities, villages and hamlets, and develop locations strategically tied to the economic development of "municipal centers". In addition, NYS's ARC Program encourages local collaboration with other agencies and programs that foster community revitalization and the redevelopment of obsolete and/or abandoned properties into productive community assets.

The revitalization of the Southern Tier's urban and village centers is also a priority supported by the NYS Office of Community Renewal (OCR), the Environmental Facilities Corporation's Co-Funding Initiative and by other state programs, such as the BOA program and the LWRP administered by the Department of State. Another partner is NYSERDA, which promotes green solutions and technology development throughout NYS. As required by the ARC, NYS's ARC Program, will encourage energy efficiency in planning, design, coordination, and construction practices for all NYS infrastructure projects. While not directly required by NYS's ARC Program, LDDs and local governments have been encouraged to leverage these funding programs to advance regionally significant revitalization projects that support goals identified by the regional CEDS or REDCs.

Water/Wastewater Infrastructure

Economic contraction within the Southern Tier over the past 50 years has led to deterioration in the region's municipal tax base and a decline in resources available for maintenance and modernization of infrastructure. The funding of costly repairs and mandated upgrades to drinking water and wastewater treatment systems is a major challenge. Of particular concern are communities with significant health and safety problems due to inadequate or non-existent water and sewer systems. Many municipalities are forced to rely on obsolete infrastructure that must be upgraded to protect public health or to comply with federal and state regulations.

In NYS, water and wastewater infrastructure is largely monitored and regulated by DOH and DEC, while the EFC is the primary state funding agency for these infrastructure projects related to the repair or replacement of these systems. The NYS Office of Community Renewal and the United States Department of Agriculture Rural Development (RD) 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 ARC also participates on the NYS Water and Sewer Infrastructure Co-Funding Committee, which focuses on improving the coordination of funding for water and sewer infrastructure projects. The committee also includes representatives from DOH, DEC, DOS, OCR, EFC, NYSERDA, the Office of the State Comptroller, and USDA-RD.

The NYS Drinking Water State Revolving Loan Fund (DWSRF) is an important funding source for water systems upgrades and provides subsidized low-interest loans to municipalities for drinking water infrastructure improvements. Financially limited communities may qualify for interest-free loans or hardship grants. Similarly, the Clean Water State Revolving Fund (CWSRF) provides subsidized low-interest long term financing and interest-free short term loans for municipally-owned point source and nonpoint source water pollution control and prevention projects. These programs have been a great boost to the region. Over the past 20 years, the DWSRF and CWSRF have provided over \$500 million in long term financing to 200 communities in the 14-county Appalachian region.

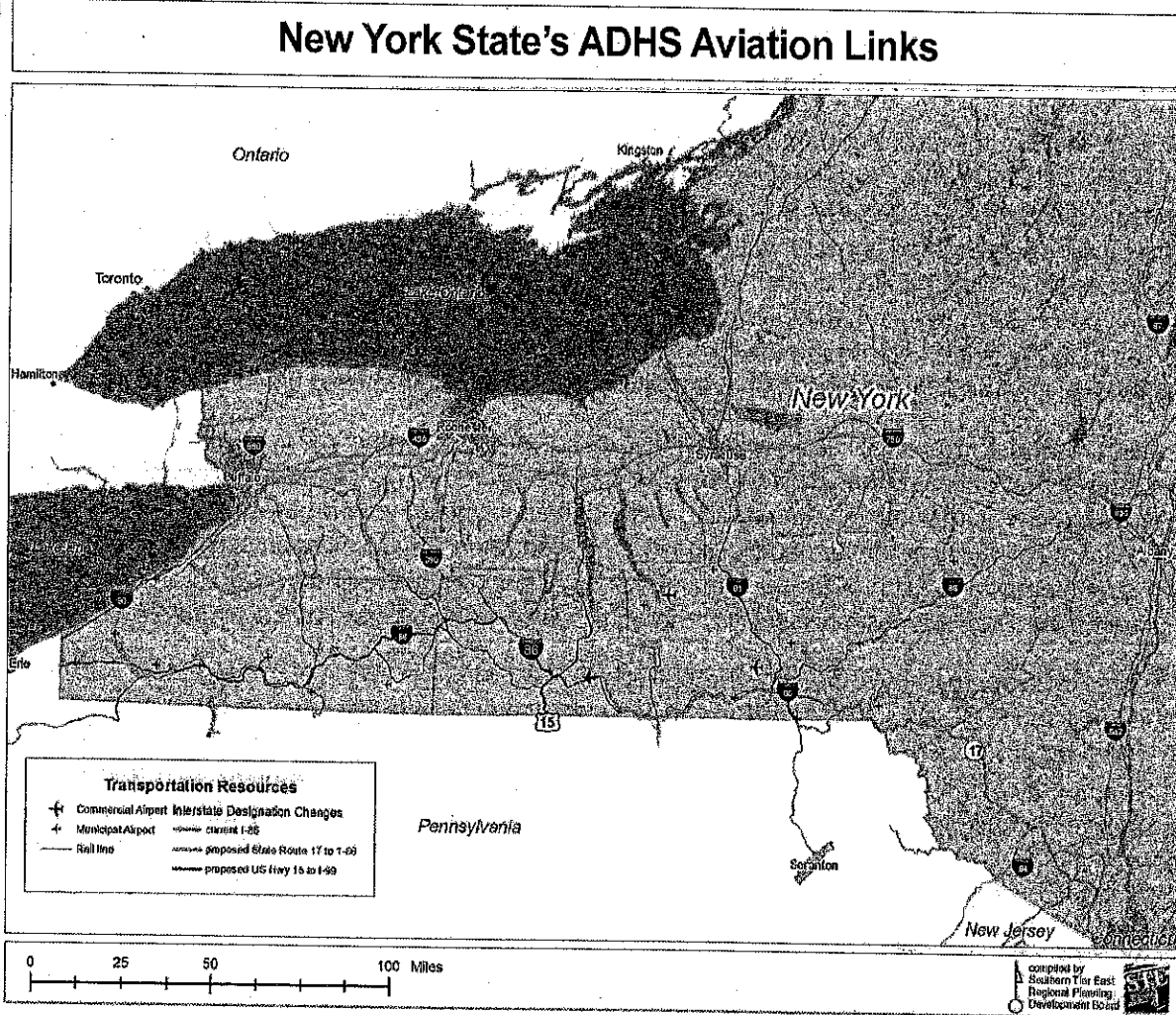
The NYS ARC program can best leverage its funds through projects that provide technical assistance for infrastructure during the planning stages. In the past, The NYS ARC Program limited ARC investment for infrastructure construction projects to \$150,000 per project, making the program's overall impact to the total funding stream relatively minor. Looking ahead, the NYS ARC Program will increase the funding limit for infrastructure projects cited in the CEDS or by the REDCs as regionally significant priorities, and where such a level of support is essential for the project's completion. In the meantime, The NYS ARC Program will work with the LDDs and project sponsors to support co-funding arrangements to assist the municipalities finance their infrastructure investments.

Transportation and Intermodalism

Supporting improvements in intermodal transportation is another commonality between strategies of the NYS ARC Program and the REDCs' for providing the region's businesses with fast, efficient,



Map 20: Intermodal Connections Map; Airports, Highways and Rail Links



and dependable access to worldwide suppliers and markets. All transportation networks including highways, rail systems, inland waterways, aviation, local roads and transit systems, are potential resources to facilitate regional commerce.

Although the conversion of NYS Route 17 to I-86 greatly improved regional mobility and the attractiveness of the Southern Tier for commercial purposes, further transportation enhancements are needed to fully leverage the ADHS improvements. These include the improvement of north-south highways, such as NYS Route 60 and U.S. Route 219, to better connect to I-90 and the Buffalo region. Local roads and bridges are also integral to mobility within the region to foster industrial growth and tourism and provide residents with access to services. While many of the region's bridges and roads are in working condition, any type of economic expansion, particularly natural gas drilling, has the potential to result in considerable wear-and-tear on this infrastructure. In preparation for the potential influx of heavy vehicles associated with natural gas exploration, the LDDs are using ARC grants to partner with their constituent counties and municipalities to establish a baseline analysis of local roads and bridges for use in monitoring condition changes over time.

The air service in the Southern Tier is characterized by low frequency flight departures and arrivals and high fares at the commercial airports in Jamestown, Elmira, Ithaca and Binghamton, increasing the importance of access to larger airports such as Syracuse and Buffalo. Businesses, colleges and universities along the I-86 Corridor have expressed a need for improved access to these airports

to support their operations. Local airports, such as the Elmira Corning (Horseheads) Regional Airport, support private industry aircraft, and should be considered as potential hubs for intermodal development. Map 20 shows the location of the Southern Tier's primary commercial and local airports, and their relation to major highways and rail links across the region.

The region, like the rest of upstate New York, has a great need to expand, upgrade and repair rail systems, particularly the short-line freight rail systems that have been instrumental in attracting and retaining commercial enterprises. It is important to note that the region lacks intercity or commuter passenger rail service to connect it with other key regions of the state, and bus service within the region is also limited. While the addition of commuter rail service seems impractical due to the high costs and low demand, the development of an "inland port" for moving freight from ports to an inland customs and distribution location is a planning concept that has worked elsewhere in Appalachia, particularly in Virginia, and has had some appeal within the region.

Intermodalism also involves linking communities and commerce by other means. In the Southern Tier, waterways have been historically important paths of transportation. Most notably, communities with access to Seneca, Cayuga and Keuka Lakes are tied to an inland waterway network that links to the Erie Canal and the Great Lakes and Hudson River. The Southern Tier also has an extensive network of recreational trails that provide pedestrian linkages throughout the region by foot, bicycle and snowmobile. From a tourism perspective, these trails serve a distinct asset-based economic niche.

As the ADHS approaches completion in Appalachian New York, the NYS ARC Program will work with the LDDs and REDCs to support enhancements to intermodal connectivity throughout the region. While these are important and often costly projects, the NYS ARC Program will seek to compile a current prioritized inventory of "regionally significant" intermodal transportation projects that are supported by the counties, the LDDs and the REDCs and will facilitate commerce within and beyond the region. The NYS ARC Program will support projects that have significant positive impacts on the regional economy and where such support is essential to the completion of the project.

Environmental Assets

The pristine nature of Appalachian New York is a strong quality-of-life asset for the region. The Allegany and Catskill highlands in the west and east, respectively, are recreational lands of considerable environmental value. The Finger Lakes region in STC and part of STE provide an important economic and tourism asset. The region is also home to significant forests and well-tended agricultural tracts, and possesses a dramatic natural environment that draws tourists from all over the world. Further, the aquifers and headwaters of the region provide fresh drinking water to a significant number of New Yorkers, and the rivers and creeks that start in the NYS Appalachian Region are major players in the environment of some of the Northeast's most critical watersheds. The health of these waterways affects the lives of millions who live beyond the borders of NYS. According to the NYS DEC, which is responsible for monitoring these waters, the condition of these watersheds is good, and protecting these resources from potential harm and fostering responsible stewardship is a high priority for the NYS Program.

General Goal 3 Summary

Although infrastructure projects can have a valuable impact on a region's growth potential, they tend to be costly to local governments. The NYS ARC Program and the LDDs have been ardent proponents of infrastructure modernization throughout the Southern Tier. But rather than focusing on physical construction projects for infrastructure improvement, the NYS ARC Program will continue to emphasize infrastructure planning-type projects, readying communities to seek larger investments. Construction projects are more likely to be financially supported when they are consistent with NYS's Smart Growth Act and identified as "regionally significant."





I-86 at Cuba, NY
Allegany County

General Goal 4

Build the Appalachian Development Highway System to Reduce Appalachia's Isolation

The successful completion of the ADHS in NYS is an essential step in providing the Southern Tier with a safe and efficient transportation system connecting it to the rest of the nation. In NYS, DOT is the primary state agency for action regarding ADHS construction. DOS collaborates through DOT and the LDDs for planning purposes and as a liaison with the ARC on ADHS concerns. Most ARC Area Development projects solicited at the local level that relate to transportation are normally submitted under other ARC General Goals. Looking ahead, the NYS ARC Program will continue its cooperation with DOT and the ARC on the ADHS, and will work with the LDDs, the REDCs and other potential local sponsors to facilitate intermodal connections between the ADHS and rail, waterways, and aviation to help make the Southern Tier an important link in the global supply chain.

Overview of the NYS ADHS Corridors:

Of the 3,090 ADHS miles eligible for ARC funding support throughout Appalachia, 222 miles are within Appalachian NYS. As discussed previously, three ADHS corridors are in NYS: Corridor T, Corridor U and Corridor U-1. (See Map 21)

ADHS Corridor T

NYS Route 17/Interstate 86 (I-86, also known as ADHS "Corridor T", or the "Southern Tier Expressway") is the only major east-west road that traverses the Southern Tier from Binghamton westward. The total length of Corridor T in NYS is 245.8 miles, of which 213.5 miles are authorized for funding by the ARC. I-86 in NYS currently exists in two federally-designated segments: the longer of the two begins at the Pennsylvania state line and ends at an interchange with NYS Route 352 in Elmira, New York, while the second extends from I-81 east of Binghamton to NY 79 in Windsor. When projects to upgrade the existing NYS Route 17 to Interstate Highway standards are completed, I-86 will extend from I-90 near Erie, PA, to the NYS Thruway (I-87) in Woodbury, NY. The current and future alignment of I-86 is known as the Southern Tier Expressway west of I-81 in Binghamton and as the Quickway east of I-81. The still-undesignated portions of Corridor T's Southern Tier Expressway are located in Chemung and Tioga Counties and a section in Broome County at Prospect Mountain near Binghamton.

At Binghamton, Corridor T is linked southeastward to New York City's metropolitan area via the non-ADHS portion of NYS Route 17/I-86, and northeastward to the Albany-Schenectady-Troy MSA by I-88. To the north and south, I-86 and I-88, are linked by I-81 in Binghamton, an interstate that provides surface access to the Canadian border via Cortland County, Syracuse and The NYS Northern Tier, and south to northeastern Pennsylvania's Scranton area.

Corridor T has generated substantial commercial traffic that continues to increase. This corridor has helped corporations already located within Appalachian New York remain competitive and has encouraged the development of new retail and industrial sites. Corridor T has also opened up the region and its attractions to travelers from metropolitan centers such as Boston, New York and Philadelphia, providing residents of the Southern Tier with additional economic, social and cultural opportunities.

ADHS Corridors U and U-1

ADHS Corridors U and U-1 connect Appalachian NYS to the rest of the ADHS and interstate networks to the south. Corridor U runs along the path of U.S. 15 from Williamsport, PA and I-180 to U.S. 15's junction with PA State Route 328, where it veers northward as PA State Route 328 for 13.2 miles until it crosses the state line. In NYS, it continues north as NYS Route 328 until it intersects with NYS Route 14, which connects with Corridor T at Horseheads, NY. Most of Corridor U is composed of U.S. Route 15 in Pennsylvania. The northern portion of Corridor U, however, veers east off U.S. Route 15 on SR 328 to the Elmira Arterial. A rerouting of the original plan brought the northern tip of the Corridor through the center of the City of Elmira as an arterial for its last few miles, the construction of which has resulted in positive impacts.

Corridor U-1 extends 12.5 miles as U.S. Route 15 from Pennsylvania's SR 328 near Tioga Junction, PA, to Corridor T in the Painted Post area near Corning. In NYS, 5.8 miles of this corridor are authorized for ADHS funding, the first mile of which is already open to traffic from the Pennsylvania border to Watsons Creek Road in Lindley, NY. Corridor U-1 will support the economic expansion in the Town of Erwin and adjacent areas. Congress has recognized the importance of Corridor U and U-1 to accommodate interstate and international travel by defining U.S. Route 15 as a high priority corridor and designating it part of the future interstate system as an extension of Interstate 99, which runs north-south through central Pennsylvania and will eventually interconnect the Pennsylvania Turnpike with I-80 (which runs east-west through central Pennsylvania) and I-86.

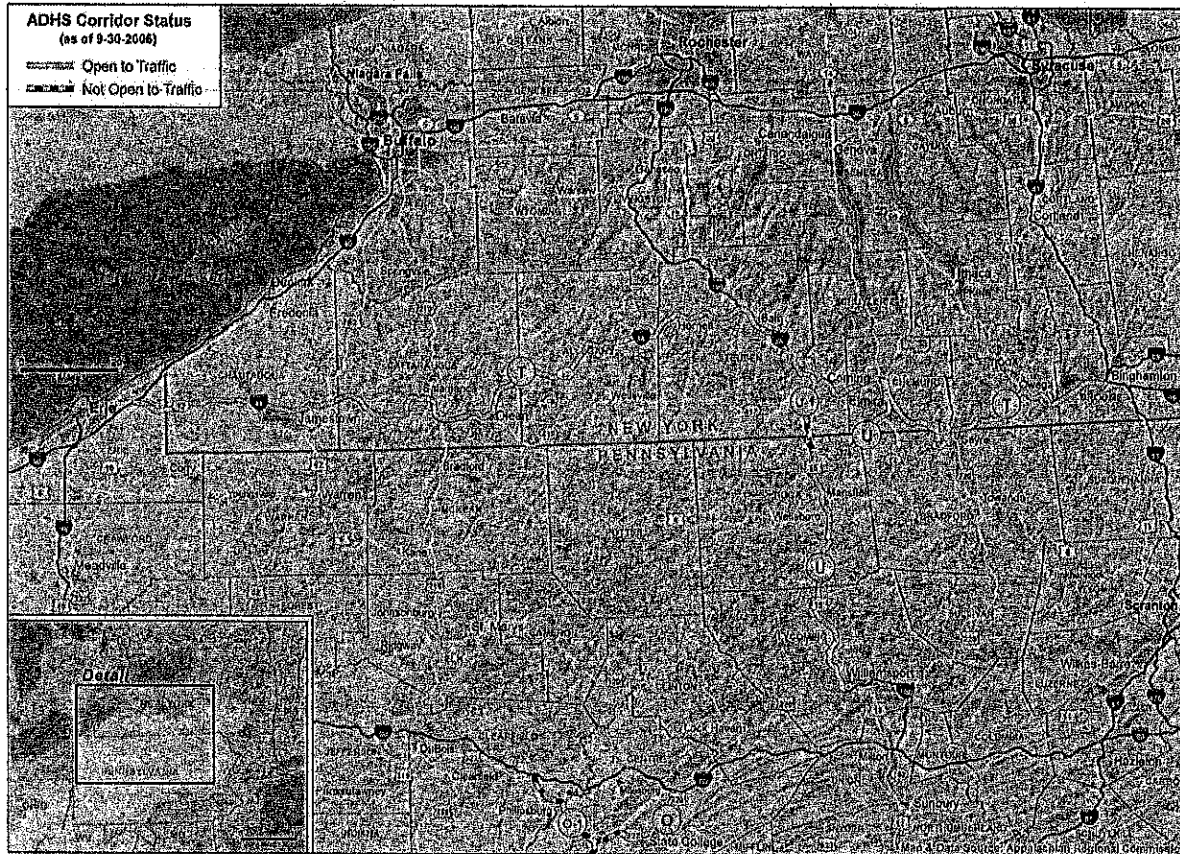
Effects of the ADHS on Appalachian NYS

Conversion of NYS Route 17 to an interstate highway has increased mobility and tourism across the Southern Tier, while reducing costs and expanding the labor market for the region's businesses. As a result of market accessibility improvements, Appalachian New York is estimated to gain \$2.1 billion in economic activity annually by 2035. The proposed linkages with Corridor U and U-1 are expected to amplify the beneficial effects of the ADHS on the Southern Tier's economy. Construction of the ADHS has already had the following positive impacts on regional industries:

- **Manufacturing:** I-86 has allowed for development of industrial corridors that include: ceramics and advanced materials from Alfred to Corning, rail equipment and diesel engines from Jamestown to Elmira, and an aerospace corridor from Elmira to Binghamton that includes helicopter manufacturing in Owego and Elmira and simulators and avionics (aircraft control equipment) in Binghamton. Local economic development officials estimate that 25-40% of the large manufacturers in the region would have relocated if not for the ADHS improvements.
- **Tourism:** As an east-west travel alternative to the NYS Thruway (I-90) to the north and I-80



Map 21: NYS and Adjacent ADHS and Interstate Corridors



Source: www.arc.org

to the south, I-86 has increased through traffic and spurred travel to area attractions such as the Chautauqua Institution (160,000 visitors per year), Peek'n Peak Resort (400,000), Allegany State Park (1 million), Seneca Allegany Casino (over 1 million), the Holiday Valley/Ski areas (1.2 million), Corning Glass Museum (350,000) and the Finger Lake and Lake Erie Wineries. Jamestown's economic development officials describe I-86 as a boon to their area and a key to future plans to redevelop the waterfront area into a major recreational facility that will attract thousands of people annually. In addition, the Corning-Horseheads-Elmira region is seeing increased demand for commercial sites to capitalize on access to the ADHS.

New hotels and restaurants are being built along the I-86 Corridor to accommodate tourists and increased through traffic. In addition, the ADHS has helped support tourism in other parts of the region that are not directly within the ADHS corridors of development. Ellicottville, Cattaraugus County's preeminent ski destination, is one such village that is experiencing a rise in tourism and tourism related investment. The Village of Watkins Glen has leveraged its improved access into the Finger Lakes region to become a vacation destination. Residents of metropolitan areas such as Cleveland, Toronto and New York City no longer bypass the Southern Tier and are now participating in its tourism economy because of the ADHS in NYS.

• **Distribution and Logistics:** Corridor T's interconnection of major Eastern and Midwestern markets has helped grow and attract several of the largest distribution companies in the United States to the Southern Tier, as well as the logistics operations of some of the country's best-known retailers. This includes the distribution of food products along the entire Eastern Seaboard and consumer electronics for the Northeast. Several of these companies have made very large

investments in Southern Tier locations in recent years, underlining their commitment to remain and expand within the region.

Health and Education: Due to the ADHS expansion, both of these social services have become more accessible. Major new healthcare facilities are being built on sites immediately adjacent to the interstate, and educational institutions are expanding in similar locations as well.

ADHS Development Priorities:

- **Completion of the ADHS:** Looking ahead, the NYS ARC Program will work with state DOT to complete the ADHS corridors within NYS in a timely manner. Corridor T is expected to be completed in 2013. The eligible portions of Corridor U in NYS are now completed; however an appropriate connection between Corridor U and Corridor T in the Horseheads area will eventually be made with non-ADHS funds. This work and other improvements to the non-ADHS-eligible miles of the NYS portion of Corridor U (now NY Route 328) will be done when the economic development potential warrants or when Pennsylvania's DOT begins corresponding improvements. Corridor U-1's pavement portion is expected to be completed by fall of 2012, and the bridge portion is expected to be completed in the winter of 2015. Finally, Corridor U-1's rest area portion is expected to be completed during the fall of 2018. Corridor U-1's planned Rest Area Travel Information Center (RATIC), currently estimated to cost between \$15 and \$20 million, is a key aspect of DOT's vision for the corridor and the final project on the ADHS in NYS.

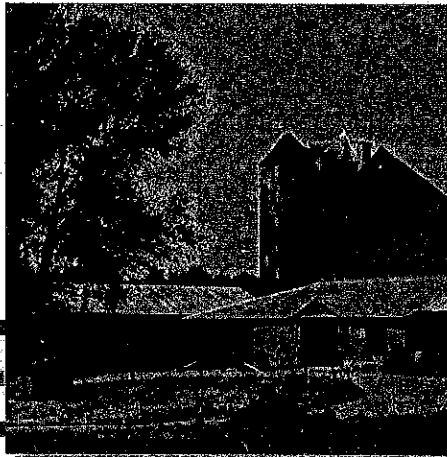
- **Promote Transportation-Related Economic Development:** The NYS ARC Program will continue to advocate the expansion of entrepreneurial initiatives that leverage the increased access provided by the ADHS, as well as opportunities for revitalization of the region's downtowns and neighborhoods.

- **Promote Intermodal Transportation Linkages:** The NYS DOT's 2009 Statewide Rail Plan, along with its 2008 Rail Needs Survey, identifies tens of millions in investments needed to keep short-line freight operations functional in the Southern Tier. Freight movement is also congested in the Binghamton area. Capital projects funded by NYS DOT have begun to address these challenges, funding the construction of new crossovers, relocation of existing track connections, and the addition of more yard tracks for assembling trains. In addition, planned upgrades and expansion of Stewart Airport in the Hudson Valley create added potential for economic development in areas linked to the Southern Tier by the ADHS and I-86 projects. Where such intermodal strategies are consistent with the NYS ARC Program, projects will be supported under other ARC Strategic Objectives.

General Goal 4 Summary

The ARC's strategic objectives related to ARC General Goal 4 are accompanied by an underlying need for a transportation-based development approach that preserves the cultural and natural resources of the region and supports the region's environmental health while enhancing economic opportunity. The NYS ARC Program will work to both promote the completion of the ADHS network in NYS and to ensure that the economic development impact of the highway is maximized.





Cattaraugus County
Amish country barn

Guidelines for NYS ARC Program and Project Development

1. ARC Program Organization And Process Overview:

The NYS Appalachian Regional Development Program is coordinated by DOS's Division of Local Government. Governor Andrew M. Cuomo's Alternate to the ARC is Dierdre Scozzafava, Deputy Secretary of State for Local Government. According to Article 6-B, Section 153 of NYS Executive Law the Department of State is:

"To act as the official agency of the state for the purpose of administering, carrying out and otherwise cooperating with the provisions of the federal Appalachian Regional Development Act of 1965 as heretofore and hereafter amended [40 U.S.C.A., Appendix]; to apply for, accept, and expend funds made available by the federal government pursuant to such federal acts and enter into any necessary contract or compacts in connection therewith, and to take any further action which may be required under the terms of any such federal act."

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

The NYS ARC Program is responsible for the following activities:

- **Drafting the NYS 4-Year Appalachian Region Development Plan:** According to Section 5.3 of the ARC Code, "The governor of each Appalachian state shall submit a State Appalachian Development Plan within 10 months after taking office. The plan may be made effective for the entire term of the governor or for such shorter term as the governor deems appropriate, except that an approved plan shall remain effective until such time as it is amended or a new plan is approved by the Commission."

This current version of the NYS Appalachian Region Development Plan establishes the policy framework and provides guidance for the investment of ARC resources in Appalachian New York.

The plan includes overviews of the region, and program administration as well as information on its economic and social status, development challenges, and a general plan for development within the region. DOS's responsibility includes drafting the plan and coordinating with the Governor's Office in reviewing and transmitting this 4-Year Plan to the ARC.

- **Drafting the NYS Federal Fiscal Year (FFY) Strategy Statement:** Section 5.4 of the ARC Code requires that "prior to December 15 of each year, the governor of each state shall submit a Strategy Statement describing the state's program for achieving the goals and objectives contained in its state Development Plan." The Strategy Statement shall describe the areas of emphasis for the use of ARC funds during the fiscal year; explain approaches to achieve goals with resources other than ARC grant funds and set forth the process for solicitation and cost-sharing of projects for the fiscal year. DOS's responsibility includes preparing the statement and coordinating with the Governor's Office in reviewing and transmitting of the annual State Strategy Statement to the ARC.

- **Preparing the NYS Annual ARC Investment Package:** The ARC's Area Development program has been an exceptional 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 submission by the Governor or the Governor's Alternate.

- **Preparation for ARC Meetings:** Throughout the year, a number of actions need to be taken and voted upon by the ARC. Section 3.1a of the ARC Code states, "Except as otherwise specified, the affirmative votes of a majority of the state members and the affirmative vote of the federal co-chairman are required for the Commission to take any action, including the rescission of any prior action." The ARC generally only holds one meeting each year where a quorum of governors is required to attend. DOS's responsibility, includes and providing an analysis of materials for all ARC meetings and coordinating with the Governor's Office regarding attendance and appropriate action on agenda items.

- **Facilitating Voting and Actions of the Commission by Mail Ballot:** Section 3.2b of the ARC Code states that, "Commission actions shall be taken only at meetings; however, the federal co-chairman or his/her alternate and a majority of the governors may agree at a Commission meeting to determine the Commission vote on agenda items of a Commission meeting by mail or telegraphic ballot which will be conducted by the Commission Secretary (executive director)." Mail ballots are accompanied by a resolution approved by the ARC Alternates for consideration by the governors. These ballots need to be expeditiously completed and transmitted to the ARC. DOS's responsibility includes providing analysis of mail ballot resolutions, making recommendations to the Governor, and coordinating transmittal of completed ballots to the ARC.

- **Expediting ARC J-1 Visa Waiver Requests:** J-1 visa waivers allow foreign medical graduates to remain in the United States after completing residency/fellowship training in exchange for a three-year commitment to provide health care services in a Primary Care Health Professional Shortage Area (HPSA) or Mental Health Professional Shortage Area (MHPSA) as identified by the U.S. Public Health Service. This program has been instrumental in improving the health care shortage in the state's Southern Tier region, and is widely favored by local leaders. DOS's responsibility includes coordinating with DOH and the Governor's Office in reviewing applications, preparing responses, and transmitting the Governor's endorsement of waiver requests to the ARC.



• **Legislative Outreach and Liaison:** The ARC's States' Office provides daily representation for the ARC states and coordinates much of the outreach for the states on Capitol Hill. However, that office occasionally requests that the State ARC program reach out to New York's Congressional delegates. In addition, the program's grassroots approach to area development requires regular interaction with local elected officials and legislators at the LDD level. DOS's responsibility includes facilitating interaction between the federal ARC programs staff and the State's legislators.

II. 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 strategies identified in the most recently approved NYS ARC Program Strategy Statement. These strategies are fundamental to tracking the success of projects and justifying expenditure of ARC resources. Potential project sponsors must clearly show that the activities they propose 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 the project will achieve 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. The LDDs collect performance data for each project for use on a Semi-Annual Status Report form developed by DOS. Annually, DOS compiles a performance report that lists aggregate outputs and outcomes for each ARC Goal and NYS Strategy. It includes measures used solely by NYS to supplement ARC's own performance measures and provides a more complete appraisal of project performance.

1. 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 four areas of performance:

- Leverage. ARC will measure additional public and private financial and technical support attracted by ARC investments.
- Jobs. ARC will gauge its involvement in job-generating programs by measuring both jobs created and jobs retained.
- Employability. ARC will measure 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. ARC will look at 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.

2. Performance Goals

Assuming ARC's annual funding remains at its current level, the NYS ARC is committed to the following four-year performance goals:

- Projects will produce a final return on ARC investments at a ratio of 3:1.
- 5,000 jobs will be created or retained.
- 5,000 households will be served with new or improved water and sewer infrastructure.
- 5,000 citizens of the Region will benefit from enhanced education and job-related skills.
- 10,000 households will have the ability to obtain low-cost broadband services.
- 30 communities will be served with enhanced local capacity.

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 they need to build and strengthen their 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 required local efforts.

III. New York State Area Development Policies

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

A. Eligible Project Activities: All projects from New York receiving ARC resources under the Area Development Program must clearly implement one of the NYS Strategies.

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 most projects in NYS, EXCEPT for projects that are sponsored by a REDC or which have been cited by DOS and LDDs as "regionally significant." In this case, 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 cannot be obtained from other public or private resources.

D. Matching ARC Resources: Each Federal Fiscal Year, ARC designates the economic health of each county. The classification of each county determines the match rate for projects in the county. For the FFY 2011 program, ARC designated all fourteen Appalachian Counties in NYS as "Transitional". This designation means that projects in such counties may only request ARC financial assistance not to exceed 50% of the total eligible project cost.

Funds used to match an 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, "rental" charges for the following types of office space are NOT ACCEPTABLE as in-kind matching contributions: (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.

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 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, for example, hiring and training staff, setting up offices, developing administrative policies, and renovations for child care or vocational education facilities.

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 the NYS 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.

I. 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 LDD with a strong recommendation for its approval.

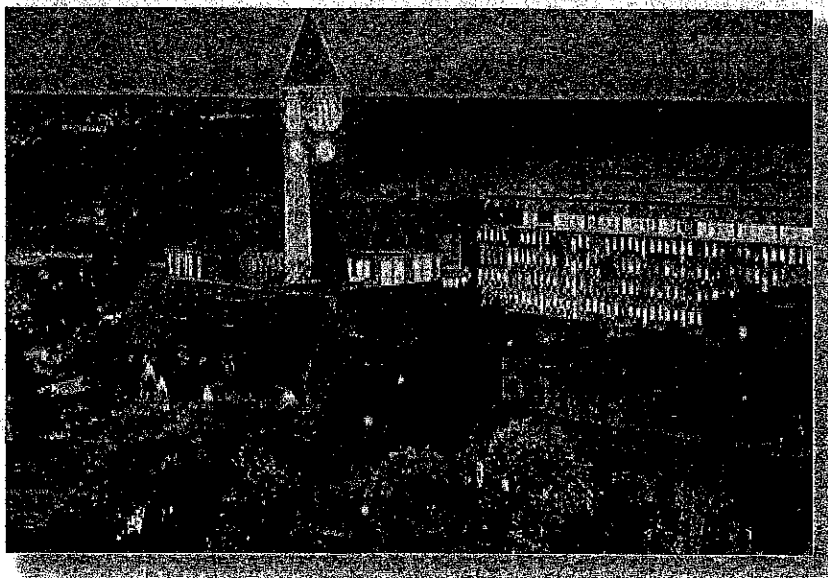
2. The project must already have been approved by DOS and transmitted by the Secretary of State to ARC with a recommendation for approval.
3. Approval of the project by ARC must be held up beyond normal ARC processing time (at least 45 days) because of circumstances beyond the project sponsor's control. (Such as a delay in required action by the State Legislature, or a State or federal agency. 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.

IV. 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 the 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, as well as certification programs to community leaders, elected officials, planners, developers, contractors, educational institutions, and LDDs.

The Energy Conservation Construction Code of New York State, based on International Energy Conservation Code 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 is responsible for administering the code and providing technical support related to code interpretations and variances. By legislative authority, the Secretary of State may promulgate regulations to amend the code. In addition, NYSERDA provides a number of incentives to promote energy efficiency in construction projects. DOS and the LDDs will continue to work with NYSERDA to assist project coordinators with exceeding energy efficiency codes for ARC projects.

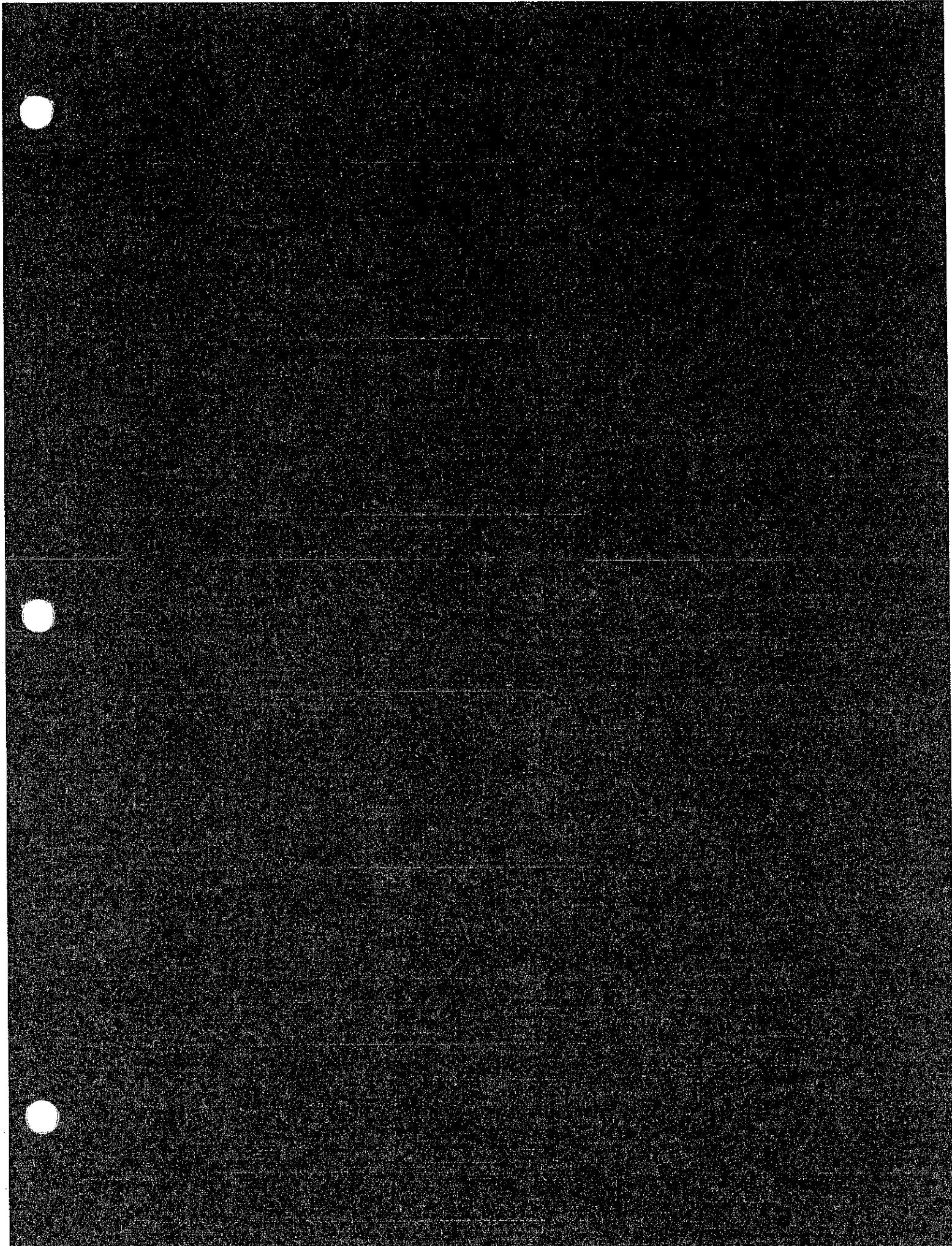


Ithaca, Cornell and Cayuga Lake at night



Appendix A – Listing of Acronyms

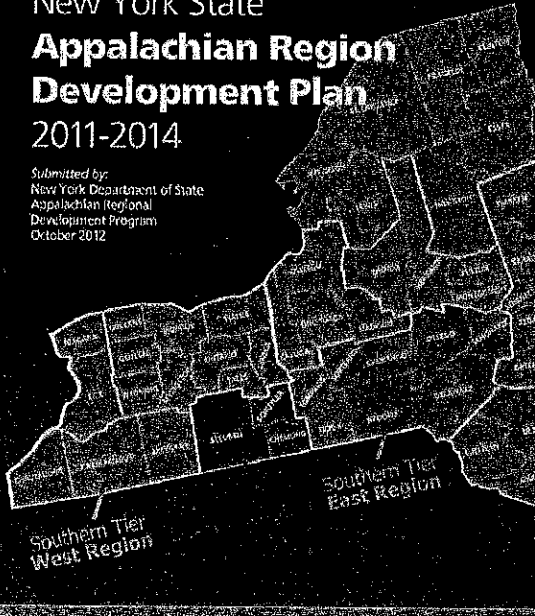
ADHS	Appalachian Development Highway System
ARC	Appalachian Regional Commission
BOA	Brownfield Opportunities Area
BOCES	Boards of Cooperative Educational Services
CDBG	Community Development Block Grants
CEDS	Comprehensive Economic Development Strategy
CWSRF	Clean Water State Revolving Fund
DEC	NYS Department of Environmental Conservation
DOH	NYS Department of Health
DOS	NYS Department of State
DOT	NYS Department of Transportation
DWSRF	Drinking Water State Revolving Loan Fund
EFC	NYS Environmental Facilities Corporation
EPF	NYS Environmental Protection Fund
ESD	NYS Empire State Development
FFY	Federal Fiscal Year
FHWA	Federal Highway Administration
GIS	Geographic Information System
HPSA	Health Professional Shortage Area
IDA	Industrial Development Agency
LDD	Local Development District
LWRP	NYS Local Waterfront Revitalization Program
MHPSA	Mental Health Professional Shortage Area
MSA	Metropolitan Statistical Area
NTIA	National Telecommunications and Information Administration
NYC	New York City
NYS	New York State
NYSERDA	NYS Energy and Research Development Authority
OCR	NYS Office of Community Renewal
OFT	NYS Office for Technology
OSC	NYS Office of the State Comptroller
PCMI	Per Capita Market Income
RD	U.S. Department of Agriculture -- Office of Rural Development
REDC	NYS Regional Economic Development Council
SGEIS	Supplemental Generic Environmental Impact Statement
STC	Southern Tier Central
STCRPDB	Southern Tier Central Regional Planning & Development Board
STE	Southern Tier East
STERPDB	Southern Tier East Regional Planning & Development Board
STN	Southern Tier Network
STW	Southern Tier West
STWRPDB	Southern Tier West Regional Planning & Development Board
WNY	Western New York





New York State
**Appalachian Region
 Development Plan**
 2011-2014

Submitted by:
 New York Department of State
 Appalachian Regional
 Development Program
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NEW YORK STATE  DEPARTMENT OF STATE

Appalachian Regional Development Program

One Commerce Plaza, 10th Floor
 99 Washington Avenue, Albany, NY 12231
 Telephone: (518) 473-3355
 Toll-Free Local Government Helpline: (800) 367-8488
www.dos.ny.gov
 E-mail: LGEProgram@dos.ny.gov

Andrew M. Cuomo
 Governor

Cesar A. Perales
 Secretary of State

Dierdre Scozzafava
 Alternate, Deputy Secretary of State for Local Government



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