

## H. Lackawanna - RESTORE III - Lackawanna Redevelopment Plan (W840)

January 21, 2010

### General Project Plan

- Grantee:** City of Lackawanna (“Lackawanna” or the “City”)
- Beneficiaries:** Gateway Trade Center  
Our Lady of Victory Our Lady of Victory Renaissance Corporation
- ESD Investment:** A grant of up to \$800,000 to be used for a portion of the cost of asbestos abatement, demolition and building rehabilitation.
- Project Locations:** 1951 Hamburg Turnpike, Lackawanna, Erie County  
830 Ridge Road, Lackawanna, Erie County
- NYS Empire Zone (or equivalent):** Lackawanna Empire Zone
- Project Completion:** December 2010
- Grantee Contact:** Norman L. Polanski, Jr., Mayor  
714 Ridge Road  
Lackawanna, NY 14218  
Phone: (716) 827-6464
- Beneficiary Contacts:** Aimee Gomlak  
291 North Street  
Buffalo, NY 14201
- Patricia Schreiber  
Gateway Trade Center  
2455 Clinton Street  
Buffalo, NY 14224
- Project Team:**
- |                    |                  |
|--------------------|------------------|
| Project Management | Marguerite Greco |
| Affirmative Action | Helen Daniels    |
| Environmental      | Soo Kang         |

### **Project Description:**

#### Background

The City of Lackawanna, founded in 1909, is located in Erie County in Western New York State and borders Lake Erie to the west and the City of Buffalo to the north. Lackawanna’s current population is approximately 17,700. Lackawanna was a center of steel manufacture throughout most of the 20th century. In 1899 all the land along the West Seneca shore of Lake Erie was purchased by the Lackawanna Steel Company and in 1909 the residents of the

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area, known as Limestone Hill, voted to form the city of Lackawanna. The Lackawanna Steel Company was acquired by the Bethlehem Steel Company in 1922. At its peak, the steel plant employed 20,000 people. However, the latter half of the 20th century saw the decline of the steel plant and finally its closure in 1983.

The reduction of the steel operations provided a major economic blow to the community, causing the reverse of the swift growth that Bethlehem Steel had brought in the beginning of the 20<sup>th</sup> Century. As Lackawanna was faced with massive layoffs, it felt the impact socially, as well as economically. The reduction of the steel operations at the plant had a ripple effect and other manufacturing, retail and service businesses closed in Lackawanna and the surrounding region.

One of the City's most famous institutions was Our Lady of Victory Hospital ("OLV"), founded by Father Nelson Baker and the sisters of St. Joseph originally as a maternity hospital to care for the infants and mothers housed at the Our Lady of Victory Infant Home. In 1919, Father Baker converted the Maternity Hospital into a General Hospital which provided a wide range of services to the community until its closing in 1999. In 2002, OLV began a \$27.8 million redevelopment plan for the hospital.

Today, Lackawanna is an economically distressed city as defined by Restore NY criteria, challenged to redefine itself from a city virtually synonymous with the steel industry to a once again, healthy community.

### The Project

The funding of this project will assist two structures. The first structure is the 96,000 sq. ft. former Bethlehem Steel North Office Building currently known as the Gateway Trade Center (1951 Hamburg Turnpike). This commercial building is currently vacant and has been condemned. A \$500,000 grant will assist with the abatement of hazardous materials allowing the City and owners to move forward with a structural analysis and reuse plan to examine possible alternatives to demolition if feasible. An asbestos survey is scheduled to begin in early 2010 after being put out for bid in the Fall 2009. A company for the abatement will then be chosen once the new asbestos survey is completed. This project is expected to be completed in December 2010.

The second structure is the Corcordia Building (830 Ridge Road), located in the Our Lady of Victory Senior Neighborhood Complex. This building is owned by the Our Lady of Victory Renaissance Corporation and is part of a five structure, comprehensive, state of the art living facility for senior citizens. The Corcordia Building does not have residential units, but is used as a "Main Street" area for the Senior Neighborhood where seniors will be able to access numerous services. The building was vacant when Restore III funds were requested. Since late summer 2009, construction began on "Main Street" to include a variety of services for residents of the area such as a beauty salon, pharmacy, gift shop, chapel, cinema, café and laboratory collection site. The Restore III funds will be used for the current

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entrance to the building that is part of a driveway that is on a raised hill with a steep incline of approximately six feet and is not handicapped accessible. As part of this project, the hill will be dropped down and the new entrance will be enclosed to allow for wheelchair and handicapped accessibility through the use of an elevator. The project will serve to stabilize the surrounding neighborhood and business district. The Corcordia Building construction is scheduled be completed by December 2010. The architect is Kideney Architects and the contractor is R.P. Oakhill. The project will be managed by R.P. Oakhill and a team leader from OLV Renaissance Corp.

**Gateway Trade Center:**

Financing Uses	Amount	Financing Sources	Amount	Percent
Asbestos Removal	\$805,000	ESD Grant	\$500,000	62%
		City Equity*	305,000	38%
Total Project Costs	\$805,000	Total Project Financing	\$805,000	100%

\*Source of equity is funds from the Beneficiary.

**Corcordia Building:**

Financing Uses	Amount	Financing Sources	Amount	Percent
Construction	12,356,043	ESD Grant	\$300,000	2%
Site Prep/Infrastrure	325,537	City Equity**	12,638,262	98%
Soft Costs	245,822			
Landscaping	10,860			
Total Project Costs	\$12,938,262	Total Project Financing	\$12,938,262	100%

\*\*Source of equity is funds from the building's owner.

**Financial Terms and Conditions:**

1. At the time of disbursement, the City will reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The City will be obligated to advise ESD of a materially adverse change in its financial condition prior to disbursement.
3. The City will ensure the contribution of at least a 10% match of the grant amount to the Project.
4. **Gateway Trade Center** - Up to \$500,000 will be disbursed to Grantee upon documentation of project costs totaling \$805,000 and upon completion of the project substantially as described in these materials, assuming that all project approvals have been completed and funds are available. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after May 4, 2009 to be considered reimbursable project costs. Previously expended funds may be applied toward match requirements

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retroactive to June 23, 2006, when the Restore New York Legislation was enacted.

**Corcordia Building** - Up to \$300,000 will be disbursed to Grantee upon documentation of project costs totaling \$12,938,262 and upon completion of the project substantially as described in these materials, assuming that all project approvals have been completed and funds are available. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after May 4, 2009 to be considered reimbursable project costs. Previously expended funds may be applied toward match requirements retroactive to June 23, 2006, when the Restore New York Legislation was enacted.

5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$800,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the City and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.
  
6. For a period of five years from the date of the initial disbursement of Grant funds, the Grantee shall not transfer, or if the Grantee is not the owner of the Project, permit the owner to transfer, the Project in whole or in part, by sale, lease, or conveyance of any interest in or with respect to the Project except (a) transfers of minor interests in the Project site, such as utility easements and limited rights-of-way, and (b)(i) the arms-length basis sale or lease of individual condominium units in the ordinary course of business for a condominium development and (ii) the arms-length basis residential or commercial leases in the normal course of business for a commercial, residential, or mixed-use rental development. In the event that such a prohibited transfer by the Grantee or such owner occurs within such five-year period, the Grantee shall pay to ESDC, promptly upon ESDC's written demand therefore, the applicable amount indicated below:

The Recapture Amount is based on the time that has lapsed between when the Grant funds were disbursed and when the transfer occurred. The Recapture Amount shall be calculated by aggregating the Recapture Amount for each disbursement of the Grant, which in each instance shall be equal to:

- (i) 100% of the disbursed amount if the transfer occurred in the calendar year that the disbursement was made, or in the first full calendar year after the disbursement was made;
- (ii) 80% of the disbursed amount if the transfer occurred in the second full calendar year after the disbursement was made;
- (iii) 60% of the disbursed amount if the transfer occurred in the third full calendar year after the disbursement was made;
- (iv) 40% of the disbursed amount if the transfer occurred in the fourth full calendar year after the disbursement was made;

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- (v) 20% of the disbursed amount if the transfer occurred in the fifth full calendar year after the disbursement was made.

### **Affirmative Action:**

ESD's Non-discrimination and Affirmative Action policy will apply. The City of Lackawanna agrees to use its best efforts to include minorities and women in any job opportunities created by the Project and to solicit and utilize Minority and Women-owned Business Enterprises for any contractual opportunities generated in connection with the Project.

### **Environmental Review:**

ESD staff has determined that the approval of funding for asbestos abatement, structural analysis and reuse plan for the former Bethlehem Steel North Office Building constitutes a Type II action as defined by the New York State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation ("NYSDEC"). No further environmental review is required in connection with the project.

ESD staff performed an uncoordinated review for the approval of funding for the rehabilitation of the Concordia Building pursuant to the requirements of SEQRA and the implementing regulations of NYSDEC. This review determined the project to be an Unlisted Action, which would not have a significant effect on the environment. It is recommended that the Directors make a Determination of No Significant Effect on the Environment.

### **Statutory Basis – Restore NY Communities:**

#### Land Use Improvement Project Findings

1. The area in which the project is to be located is a substandard or insanitary area, or is in danger of becoming a substandard or insanitary area and tends to impair or arrest sound growth and development of the municipality.

The project involves the asbestos removal, of a vacant, abandoned condemned commercial building, which has been deemed by the City to arrest sound growth and development in the area. It also involves the reconstruction of the entrance and first floor of a building in order to make it handicap accessible.

2. The project consists of a plan or undertaking for the clearance, replanning, reconstruction and rehabilitation of such area and for recreational and other facilities incidental or appurtenant thereto.

The project involves the demolition/deconstruction/rehabilitation or reconstruction of a site that the City of Lackawanna has included in its overall master development plan of March 2001.

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3. The plan or undertaking affords maximum opportunity for participation by private enterprise, consistent with the sound needs of the municipality as a whole.

The City of Lackawanna published a property assessment list and held a public hearing on the project at the time of application. The City of Lackawanna will ensure compliance with all applicable local laws and regulations.

4. The requirements of Section 10(g) of the Act are satisfied.

There are no families or individuals displaced from the Project area.

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Lackawanna (Erie County) – Lackawanna – RESTORE III –Lackawanna Redevelopment Plan – Restore NY Communities – Determination of No Significant Effect on the Environment

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RESOLVED, that based on the material submitted to the Directors with respect to the Lackawanna – RESTORE III – Lackawanna Redevelopment Plan Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

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