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## 2010 Innovations Awards Application

Deadline: March 1, 2010

ID # (assigned by CSG): **10-E-16NY**

**Please provide the following information, adding space as necessary:**

State: New York State

Assign Program Category (applicant): Infrastructure and Economic Development (Use list at end of application)

1. Program Name: Upstate Regional Blueprint & Downstate Revitalization Funds
2. Administering Agency: Empire State Development
3. Contact Person (Name and Title): Laura Magee, Public Affairs Specialist
4. Address: 95 Perry Street, Buffalo, New York 14203-3030
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6. FAX Number: 716-846-8260
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8. Web site Address: [www.empire.state.ny.us](http://www.empire.state.ny.us)
9. Please provide a two-sentence description of the program.  
New York's Upstate Regional Blueprint Fund (\$120 million) and Downstate Revitalization Fund (\$35 million) seek to promote economic development by financing capital investment in New York State. The Fund invests in projects that advance local development and small businesses, for instance making improvement to industrial parks and providing loans for purchase of equipment, real estate or other needs.
10. How long has this program been operational (month and year)? Note: the program must be between 9 months and 5 years old on March 1, 2010 to be considered.  
The Upstate Fund and Downstate Fund were enacted in 2008, with the first round of awards being announced in October 2009. The two Funds are largely similar with regard to purpose and use, but are distinct with regard to geography between the Upstate and Downstate regions.
11. Why was the program created? What problem[s] or issue[s] was it designed to address?  
The program was created to finance business investment, infrastructure upgrades and downtown redevelopment that will advance New York's economic vitality. The Fund will support projects that help provide a framework for future growth in regions with stymied development. The road to fiscal recovery must focus on spending our resources wisely and making investments that advance businesses, improve our infrastructure and turn blighted areas into inviting town centers. This Fund will help to create the opportunities that create jobs and keep our entrepreneurs, workers and families in New York.
12. Describe the specific activities and operations of the program in chronological order.
  - Funds are allocated in three "Tracks," as follows:

- Business Investment Track (operating businesses)
  - Infrastructure Investment Track (place-based investments)
  - Downtown Redevelopment Track (place-based investments)
- There are three forms of assistance:
  - Subsidized Loans
  - Convertible Loans
  - Grants
- Fund assistance parameters:
  - Minimum assistance level: \$100,000 (*\$250,000 for Subsidized Loans*)
  - Maximum assistance level: \$5 million (*Fund assistance not to exceed 20% of the project budget*)
  - Applicant to provide a minimum 10% equity contribution (*May not be funded by borrowing against any item in the project budget*)
  - Funds may be used for acquisition, hard costs and project-related soft costs (*Acquisition and soft costs are eligible only to the extent they do not exceed 25% of the total project costs*)
  - Funds may not be used for operational expenses, working capital, refinancing, training or residential projects.
- **Application Process**
  - Applicants may submit a request to fund a specific project under only one of the three Tracks at a time.
  - A single applicant can apply for multiple projects.
  - Applications will be scored competitively and applications under each Track will be scored separately.
  - Funding requests for Business Investments will be considered on a rolling basis and funding requests for Infrastructure Investments and Downtown Redevelopment will be considered quarterly.
  - Applicants may request only one form of assistance at a time.
  - An original and five (5) copies of the completed application must be submitted to the ESD regional office by 5:00 p.m. on the application due date.
  - Applicants to the Fund may apply for and receive funding from multiple ESD-controlled and -affiliated sources – even for the same project.
  - Applicants must always disclose whether they are pursuing or intend to pursue multiple ESD funding sources, including loans, grants and tax incentives.
- **Selection Process** *To ensure that each project meets the specific needs of its region, all applications will undergo a competitive review process by ESD’s Regional Office Directors, with the support of central ESD resources. Requests for business investment assistance will be reviewed on a rolling basis, whereas requests for infrastructure and downtown redevelopment assistance will follow a quarterly calendar.*
  - ESD intends to award assistance as follows:
    - Largest amount of assistance will be in the form of subsidized loans
    - Next largest amount of assistance will be in the form of convertible loans
    - Least amount of assistance will be in the form of grants

13. Why is the program a new and creative approach or method?

The program reflects the need to move away from a “one-size-fits-all” approach to economic development and takes advantage of the unique assets in each part of New York to enhance each specific region’s economic. It especially supports projects that help provide a framework for future growth in regions with stymied development. The program will give a preference to requests for loans, with principal repayments able to be recycled for future projects. ESD intends to award assistance as follows: largest amount of assistance will be in the form of subsidized

loans, next largest amount of assistance will be in the form of convertible loans and least amount of assistance will be in the form of grants.

14. What were the program's start-up costs? (Provide details about specific purchases for this program, staffing needs and other financial expenditures, as well as existing materials, technology and staff already in place.)

Project start-up costs were minimal as existing staff, technology, and other resources were deployed in house to implement the program. There were no new purchases, however there have been some postage expenses associated with the distribution of the applications to various ESD staff throughout the state.

15. What are the program's annual operational costs?

There are no dedicated annual operational costs associated with the program. As the State's lead economic development and a major project financing entity, Empire State Development has a dedicated staff who administer hundreds of different grant and loan programs. Approximately 25 percent of the total funding approved by ESD in 2009 was dedicated to Revitalization Funding.

16. How is the program funded?

The program is funded by the sale of economic development bonds authorized by the 2008-09 Enacted NYS State Budget. The bonds are secured by personal income tax revenues.

17. Did this program require the passage of legislation, executive order or regulations? If YES, please indicate the citation number.

Authorization for the program can be found in the 2008-09 NYS Enacted Budget. Documents can be located at <http://www.budget.state.ny.us/pubs/archive/fy0809archive/0809archive.html> under "Transportation, Economic Development and Environmental Conservation Budget Bills." The appropriation bill is Senate 6805-D / Assembly 9805-D and the implementing language bill is Senate 6809-C / Assembly 9809-C.

18. What equipment, technology and software are used to operate and administer this program?

Existing equipment and in-house software were used to operate and administer the program.

19. To the best of your knowledge, did this program originate in your state? If YES, please indicate the innovator's name, present address, telephone number and e-mail address.

Yes. The program was developed by a team of economic development experts including ESD Executive staff involved in program development, legislative affairs, and policy and research in consultation with key Governor's Office and Division of Budget staff.

20. Are you aware of similar programs in other states? If YES, which ones and how does this program differ?

No.

21. Has the program been fully implemented? If NO, what actions remain to be taken?

Yes, although all the funds are not yet fully committed.

22. Briefly evaluate (pro and con) the program's effectiveness in addressing the defined problem[s] or issue[s]. Provide tangible examples.

PRO – These funds have thus far granted \$ 55 million (\$39.9 million to Upstate, \$15.1 million to Downstate) as an investment tool to help attract businesses, improve commerce and revitalize local economies. One example of a project includes nearly \$1.7 million to Richardson Brands Company in New York's Mohawk Valley Region to assist the company in Phase II of a multi-phase expansion plan. The grant will be used to acquire an out-of-state company, relocate equipment to New York State and move the remainder of Richardson Brand's previous acquisition in Connecticut. The fund also granted \$1 million to the Brooklyn Navy Yard to develop a Green Manufacturing Center that will employ 300 full-time workers.

CON – n/a

23. How has the program grown and/or changed since its inception?

- The program has become more efficient in providing early guidance to would-be applicants with an understanding of a project's competitiveness prior to making the application. This is largely due to the numerical criteria and a recent pool of scored and awarded projects.
- Because the program highly rewards the use of loans vs. grants, the agency has had to adapt new systems and policies to allow us to underwrite and commit to more loans. With the agency's focus having been largely grant-driven for the last 15 years, this program allows us to assist in business financing while simultaneously replenishing the available economic development funds.

24. What limitations or obstacles might other states expect to encounter if they attempt to adopt this program?

The greatest challenge has been the volume of applicants coming in all at once. Many aspects of the project need to be evaluated and reviewed, including the applicant's creditworthiness prior to making any decisions.

CSG reserves the right to use or publish in other CSG products the information provided in this application. If your agency objects to this policy, please advise us in a separate attachment.



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## 2010 Innovations Awards Application Program Categories and Subcategories

Use these as guidelines to determine the appropriate Program Category for your state's submission and list that program category on page one of this application. Choose only one.

### *Infrastructure and Economic Development*

- Business/Commerce
- Economic Development
- Transportation

### *Government Operations and Technology*

- Administration
- Elections
- Information Systems
- Public Information
- Revenue
- Telecommunications

### *Health & Human Services*

- Aging
- Children & Families
- Health Services
- Housing
- Human Services

### *Human Resources/Education*

- Education
- Labor
- Management
- Personnel
- Training and Development
- Workforce Development

### *Natural Resources*

- Agriculture
- Energy
- Environment
- Environmental Protection
- Natural Resources
- Parks & Recreation
- Water Resources

### *Public Safety/Corrections*

- Corrections
- Courts
- Criminal Justice
- Drugs
- Emergency Management
- Public Safety

**Save in .doc or rtf. Return completed application electronically to [innovations@csg.org](mailto:innovations@csg.org) or mail to:**

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Lexington, KY 40578-1910

### **Contact:**

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**This application is also available at [www.csg.org](http://www.csg.org).**