

Appendix F

Tonawanda Opportunity Area

Cherry Farm Strategy

**CHERRY FARM PARK
PARK DEVELOPMENT STRATEGY**

Introduction

The Cherry Farm Park, at 4290 River Road in the Town of Tonawanda, is a former landfill. The 55 acre parcel includes half a mile of Niagara River waterfront with exceptional views of both the river and Grand Island.

Currently, the Potential Responsible Parties (PRPs) of site contamination at the property are General Motors, Honeywell and National Grid. The PRPs have implemented required site remediation, capped the landfill and conduct ongoing groundwater treatment at the site. Other maintenance activities such as mowing the grass are also assumed by the PRPs.

The Town of Tonawanda has developed concept plans to build a park at the property to take advantage of its location on, and access to, the Niagara River. Plans include walking trails, parking areas, a pavilion and landscaping.

However, the Town, or a partner, would need to own the Cherry Farm property to develop the park and obtain grants for improvements. Consequently, a park development strategy and economic “business” model needs to be developed for the Town that takes into consideration the following:

- Town acquisition of the property;
- Continued operation and maintenance of the groundwater treatment operation;
- Liability of past environmental conditions at the site;
- Other maintenance costs;
- Loss of property tax revenue; and
- Strategies to offset ongoing maintenance costs with revenue streams.

The PRPs have provided the Town with an initial Term Sheet with the following conditions for transfer of ownership:

- Assume routine operation and maintenance (costs) responsibility:
 - Cap mowing
 - Operate groundwater pumping wells including cost of utilities
 - Pretreat extracted groundwater and accept groundwater into the Town’s system at no cost to the PRPs
- PRP’s would retain responsibility for:
 - Cap/remedy failure
 - Capital/non-routine costs

TONAWANDA OPPORTUNITY AREA NOMINATION PLAN: CHERRY FARM PARK STRATEGY

The primary issue, therefore, with development of the site as a park is defining a future financial model where ongoing maintenance costs are eliminated or reduced for the Town or a partner who owns the park.

Ongoing Maintenance Costs

The Town has met with a representative of the PRPs and determined that the ongoing costs at the site include:

- \$160,000 for groundwater pumping and treatment costs
- \$20,000 for mowing/property maintenance
- \$10,000 for sewer use fees

The Town has requested the most up to date costs for the site from the PRP representative but those have not been provided. Consequently, any financial model will include an annual contingency cost as well as an inflation factor.

Property Tax Revenue

The Cherry Farm site is currently assessed at \$153,710 and the total annual property taxes are approximately \$20,000. The property tax revenue figure includes school, town and county property taxes. If the Town or a non-profit assumes ownership of the site, revenue to offset the taxes will need to be generated.

Needed Revenues

To make the project feasible, at a minimum, the Town (or a partner) cannot incur additional annual operating expenses or liability with the project. In total, the Town (or partner) will need to assume an approximate total of \$210,000 in new annual operating costs. With a 20 percent contingency, the annual cost would be approximately \$250,000 annually.

One strategy is to install a solar array farm at the site or nearby. LaBella Associates has discussed the site with several solar providers and one is interested in the site or a similar site in the Town.

At a minimum, 15 acres is needed to make solar installations financially feasible. To generate revenue, the Town could enter into an agreement with a solar company to pay the Town an annual fee/rental for the property that hosts the solar array. LaBella is currently working on multiple solar array sites for a brownfield site owner and they are proposing \$2,500/acre annually from the solar companies for use of the land. Therefore a minimum of 100 acres is needed to break even on the project.

TONAWANDA OPPORTUNITY AREA NOMINATION PLAN: CHERRY FARM PARK STRATEGY



The proposed Cherry Farm Park Improvement Plan

Strategic Approaches

There are three potential approaches that could potentially work but all would require concessions or assistance from multiple parties. The first two assume the conditions of the term sheet - the PRPs will not pay for ongoing maintenance and operations of the groundwater treatment. The third assumes the PRP's will maintain and operate the groundwater treatment.

Option 1: Place Solar on the NRG Fly Ash Site

The simplest approach is to use another privately owned property such as the 116 acre NRG Fly Ash property west of the site across River Road. With the recent closure of the NRG Huntley Plant nearby, the land is now excess property to NRG.

While the Town would not want to own the potential brownfield property, an agreement with NRG for use of 100 acres of the property, at no cost, would make the Cherry Farm Park a reality. A three way agreement with a solar provider would allow the Town to collect revenues from the solar array via NRG. The concession to donate the land by NRG could be a positive action to counteract the negative impacts the NRG Huntley closing has had on the Town. In addition, the leftover 16 acres on the property could host additional solar panels to produce \$40,000 in revenue annually for NRG.

Option 2: Place Solar on the Former INS Site & NRG Site

The former INS Site at 4111 River Road was recently purchased by the County for the potential use of the site as a regional yard waste recycling facility. At this point the recycling facility is at its early stages and no definite plans or commitments have been made for the site.

However, the site is only 30 acres and would only generate \$75,000 in revenue from solar panels. Therefore an additional 70 acres would be needed to break even. Again, use of the NRG Fly Ash site would be needed.

Option 3: Use Portions of the Cherry Farm Site for Solar

The Cherry Farm Site is 55 acres. The proposed Cherry Farm Park Improvement Plan prepared by the Cecil Group for the Waterfront Land Use Plan envisions using most of the site for park uses. However, a section of the park along River Road is not proposed for park uses under the plan.

If the Town reserved 20 acres along River Road, or a little over a third of the site for solar panels, it could generate \$50,000 annually. The \$50,000 could be used to offset the loss in property taxes and sewer use fees (\$30,000). The remaining \$20,000 could be used for mowing and maintenance at the site which the PRPs would not be responsible for anymore.

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This approach would only be feasible if the PRP’s assumed the \$200,000 in operation and maintenance of the groundwater treatment. As the PRP’s are ultimately responsible for the remediation, this approach seems the most logical approach for them to have control over the treatment of the groundwater. This also avoids potential issues between the PRPs and the Town in the future regarding how the groundwater treatment was implemented.

Pro-forma

The pro-formas below show in spreadsheet format the information outlined for the different options. Options 1 & 2 are on one pro-forma table because they both assume 100 acres of a solar array.

Both options assume, and any agreements with the solar companies should include, a three percent inflation factor. This includes the tax losses as well, but the real “lost taxes” will probably not increase at 3% annually as annual property tax or fee increases is not likely.

PRO FORMA - OPTIONS 1 & 2 - Term Sheet Conditions - 100 Acre Solar Array

Income	1	2	3	4	5	6	7	8	9	10
Solar Panel Income (\$2,500/Acre)	250,000	257,500	265,225	273,182	281,377	289,819	298,513	307,468	316,693	326,193
Operating Expenses										
Groundwater Operation and Maint.	160,000	164,800	169,744	174,836	180,081	185,484	191,048	196,780	202,683	208,764
Mowing & Maintenance	20,000	20,600	21,218	21,855	22,510	23,185	23,881	24,597	25,335	26,095
Property Tax Loss	20,000	20,600	21,218	21,855	22,510	23,185	23,881	24,597	25,335	26,095
Sewer Tax Loss	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048
Contingency	40,000	41,200	42,436	43,709	45,020	46,371	47,762	49,195	50,671	52,191
TOTAL	250,000	257,500	265,225	273,182	281,377	289,819	298,513	307,468	316,693	326,193
Net Operating Income	0	0	0	0	0	0	0	0	0	0

PRO FORMA - OPTION 3 - PRP/Town Partnership & 20 Acre Solar Array

Income	1	2	3	4	5	6	7	8	9	10
Solar Panel Income (\$2,500/Acre)	50,000	51,500	53,045	54,636	56,275	57,964	59,703	61,494	63,339	65,239
Operating Expenses										
Groundwater Operation and Maint.	0	0	0	0	0	0	0	0	0	0
Mowing & Maintenance	20,000	20,600	21,218	21,855	22,510	23,185	23,881	24,597	25,335	26,095
Property Tax Loss	20,000	20,600	21,218	21,855	22,510	23,185	23,881	24,597	25,335	26,095
Sewer Tax Loss	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048
Contingency	0	0	0	0	0	0	0	0	0	0
TOTAL	50,000	51,500	53,045	54,636	56,275	57,964	59,703	61,494	63,339	65,239
Net Operating Income	0	0	0	0	0	0	0	0	0	0