

**COMMUNITY DEVELOPMENT BLOCK GRANT
DISASTER RECOVERY (CDBG-DR) PROGRAM
SUBSTANTIAL AMENDMENT 2013-02
NYS CDBG-DR 2013 ACTION PLAN
PUBLIC COMMENT PERIOD ANNOUNCEMENT**

In 2011 and 2012, New York State was hit hard by several natural disasters including Hurricanes Sandy and Irene, and Tropical Storm Lee, which caused significant damage to homes, businesses, and infrastructure and placed a significant financial burden on local and state governments, residents, and businesses. In the FY 2012-13 Federal Budget, the U.S. Congress appropriated \$16 billion to the U.S. Department of Housing and Urban Development (HUD) for the Community Development Block Grant Disaster Recovery (CDBG-DR) program. In February 2013, it was announced that New York State would receive \$1.713 billion of an initial \$5.4 billion allocation to assist disaster recovery efforts in areas of the state that had received Presidential Disaster Declarations related to Hurricanes Sandy, Hurricane Irene and Tropical Storm Lee. In addition to the \$1.713 billion awarded to the State, New York City also received an allocation of \$1.77 billion. The funds awarded to the State will be administered by the New York State Office of Community Renewal (OCR), in coordination with the NYS Governor's Office, New York Empire State Development Corporation (ESDC), the NYS Division of Homeland Security and Emergency Services (DHSES), and units of general local government, among others, to address unmet housing, economic development, infrastructure and planning needs related to the disasters.

New York State submitted its Action Plan to HUD on April 3, 2013; it was approved on April 26, 2013. At this time, New York State is submitting a substantial amendment to the approved Action Plan to allocate up to \$5 million to cover the 25% non-Federal match requirement of the FEMA HMGP program. Funds for this purpose will be provided through the Fuel NY Program, which by recently enacted law offers assistance to small businesses in implementing the capacity for back-up power in future emergencies and severe weather events.

This 7-day public comment period will begin on Friday, June 14, 2013 and extend through close of business on Thursday, June 20, 2013. Beginning on Thursday, June 13, 2013 the Substantial Amendment to the New York State CDBG-DR Action Plan may be viewed on and downloaded from the New York State Homes and Community Renewal (HCR) website at <http://www.nyshcr.org/Publications/>. In addition, copies can be requested by e-mail (HCRConPln@nyshcr.org) or by calling 1-866-ASK-DHCR (275-3427).

Comments should be written and mailed to:

New York State Homes and Community Renewal
Attention: Alison Russell
The Hampton Plaza, 2nd Floor
38-40 State Street
Albany, New York 12207-2804

Comments may also be e-mailed to HCRConPln@nyshcr.org.

All comments must be received by close of business on Thursday, June 20, 2013.

RETAIL GASOLINE STATION BACK-UP POWER CAPACITY

During and immediately following Superstorm Sandy, millions of New York State residents and emergency responders lost access to gasoline – and, therefore, the ability to travel – because retail gas stations were unable to operate. New Yorkers faced shuttered gas stations, long lines and rationing as a direct result of power outages across the downstate region. After the storm caused the widespread loss of power, for example, the American Automobile Association (AAA) estimated that only 35 percent of gas stations on Long Island were operational.

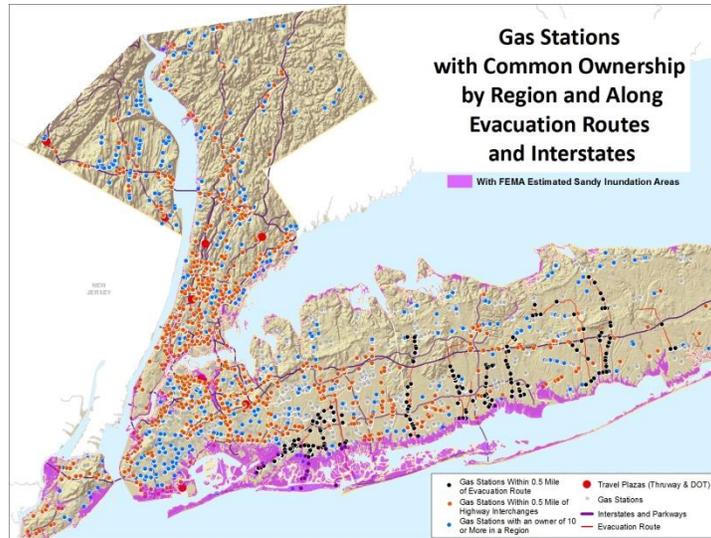
Of New York State’s approximately 6,000 gas stations, just under half are located in New York City, Long Island and Westchester and Rockland Counties. As the result of the widespread loss of power during Superstorm Sandy, gas stations in this region could not provide fuel to residents, emergency responders and other critical personnel. In direct response, Governor Andrew M. Cuomo proposed and the Legislature enacted a new requirement that specific gas stations in the affected region implement the capacity for back-up power in future emergencies and severe weather events.

The back-up power program – or the “Fuel NY” initiative - prioritizes gas stations in the state that were inundated during Superstorm Sandy or other severe weather events and that face the greatest risk of power loss, future flooding and other disasters, and it will ensure that communities recover to be safer, stronger and more resilient. Incorporation of these measures also reduces costs in recovering from future disasters.

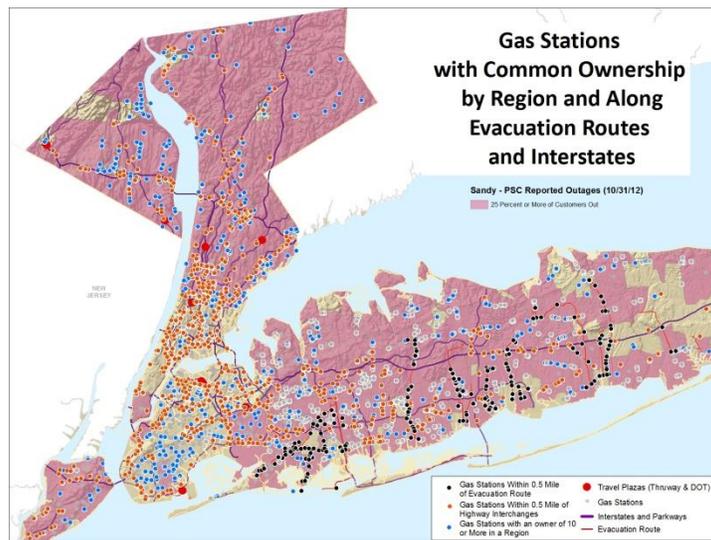
Impact of Superstorm Sandy on Gas Station Operations

The following maps indicate the severity of flooding and loss of power to gas station operations. As the maps indicate, the most severe damage to gas station operations was caused by power outages. This loss of power contributed to severe disruptions in the gasoline supply that impacted public safety and economic activity in the downstate region.

Map 1: Severe flooding and downstate gas stations



Map 2: Gas stations in areas where at least 25 percent of customers lost power



The resulting fuel shortage had a dramatic impact on the recovery effort and took a heavy toll on the region's economy.

Economic losses resulted from lost economic productivity from residents waiting on gas lines or who were unable to travel to work as a result of inability to fuel their vehicles, as well as lost household income for homeowners who may have owned back-up generators but could not procure sufficient fuel to maintain backup operations, and thereby incurred costs to secure alternate housing or other household functions.

In addition, using the New York State Energy Research and Development Authority's (NYSERDA) *Patterns and Trends Report, Estimated Annual Gasoline Sales by County* and the United States Energy Information Administration's (EIA) analysis of fuel supply disruption to the areas impacted by Hurricane Sandy, it is estimated that lost gasoline sales resulted in a loss of

approximately \$4.7 million to retail gasoline stations in the NYC, Long Island, and the Lower Hudson Valley region.

Further economic impacts associated with the disruption of operations at retail motor fuel outlets caused by the impact of Hurricane Sandy included lower sales of high margin food, beverage, and other items. Many convenience stores use low margin motor fuel sales to entice consumers to purchase higher margin products.

The federal and state governments took extraordinary and costly actions to provide fuel to emergency responders, critical infrastructure customers such as telephone and electric utilities, and the general public. The Federal Emergency Management Agency (FEMA) has stated the agency provided 2.4 million gallons of fuel during the recovery, including 2,027,518 gallons of gasoline and 377,562 gallons of diesel fuel. This fuel was used primarily for specified critical services to aid in the acceleration of recovery activities, providing over 500,000 gallons of gasoline and diesel to first responders and over 300,000 gallons to support utility repairs. In addition, fuel was also needed to supplement recovering retail supply streams and over 1.3 million gallons of gasoline and over 10,000 gallons of diesel fuel was distributed to retail gasoline stations to assist the general public in procuring fuel. While the costs for these fuel deliveries has not been fully assessed or delivered to New York State as yet (which would need to include both costs for the fuel itself as well as delivery costs to transport the fuel to and within New York), the 10-day average (wholesale) spot price of gasoline during the recovery period was \$2.82/gallon, which would result in \$5.7 million for gasoline delivered, and the 10-day average (wholesale) spot price of diesel during the recovery period was \$3.15/gallon, which would result in \$1.2 million for diesel fuel delivered.

To reduce the time for employees of first responder organizations, a FEMA fuel program was established for hospital workers, to ensure they were not delayed in reporting to work by waiting at retail gasoline stations. This program, which was supported through the Greater New York Hospital Association, provided nearly 149,000 gallons of fuel to hospital workers.

Response to Sandy: New York's New Gas Station Back-Up Power Law

Under the new State law, all gas stations in New York City, Long Island, Westchester County and Rockland County (collectively referred to as “downstate”) that are located within a half-mile of highway exits or hurricane evacuation routes will be required to have a transfer switch installed by April 1, 2014, and to deploy and install a generator within 24 hours of losing power during a fuel supply or energy emergency. With approval from the federal government, the state will provide grants of up to \$10,000 per station to help these gas station owners install a transfer switch, or up to \$13,000 per station to help them purchase and install a transfer switch and a permanently affixed back-up generator. Small gas stations – defined as stations that pump less than 75,000 gallons per month – can receive an exemption from the back-up power requirements.

In addition, chains of gas stations must provide back-up power capacity at an additional 30 percent of their stations away from highways and evacuation routes, which will help ensure safe regional capacity and access to fuel. These stations must have a transfer switch installed by August 1, 2015, and they must deploy and install a generator within 48 hours of losing power

during a fuel supply or energy emergency at these additional stations. For these stations, pending federal approval, the state will provide grants of up to \$10,000 per station to help install a transfer switch and/or purchase a permanently affixed back-up generator.

Gas stations that do not purchase a permanent generator can rent a generator as needed from a generator pool that the State will establish or they can make other arrangements as long as they show that they will be able to get the generator installed in time. (Note: the State is not seeking approval to use federal funds to establish or maintain the generator pool.)

Proposed Use of CDBG-DR Funding

As required by Federal law, New York State will rely on FEMA as the primary source of funding for this program. On May 30, FEMA approved New York State's amended Hazard Mitigation Grant Program (HMGP) State Plan to enable use of HMGP resources for the maximum allowable 75% portion of costs of eligible gas station back-up power projects. New York State proposes to use up to \$5 million in CDBG-DR funding, where eligible, to cover the 25% non-Federal match requirement of the FEMA HMGP program for this program.

For gas station projects that receive CDBG-DR funding, the establishment of back-up power capacity will contribute to the region's recovery and economic revitalization, as well as its long-term emergency preparedness needs. To ensure project-specific eligibility for the use of CDBG-DR funds for this purpose, the State will:

1. Ensure that gas stations meet the definition of a "small business" as defined in the Notice (FR-5696-N-01); and
2. Ask gas station project applicants the following questions (with additional description of impact to be provided for any question answered in the affirmative to further document connection to the disaster):
 - Did the gas station lose power as a result of Superstorm Sandy?
 - Did the gas station run out of gasoline as a result of Superstorm Sandy?
 - Did the gas station experience significantly longer lines/wait times than usual as a result of Superstorm Sandy?
 - Did the gas station make gasoline available to first responders and other critical personnel during the response to Superstorm Sandy?
 - Was the gas station physically damaged as a result of Superstorm Sandy?
 - Is the gas station located along a roadway that motorists used to evacuate as a result of Superstorm Sandy?

Furthermore, the State will ensure that all gas stations to be assisted with these funds existed and were in operation at the time of Superstorm Sandy and are compliant with all cross-cutting regulations before funds are awarded or released.

More information about the Fuel NY initiative can be found online at <http://nysandyhelp.ny.gov/fuel-ny> or <http://www.nyserda.ny.gov/About/Statewide-Initiatives/Gas-Station-Back-Up-Power-Program.aspx>.