
**Request for Proposal
Economic and Market Assessment
Niagara Falls, New York**

March 29, 2010

Proposal Due Date:

**4:00 PM EDT
April 30, 2010**

**USA Niagara Development Corporation
222 First Street, 7th Floor
Niagara Falls, New York 14303
716.284.2556**

I. INVITATION

USA Niagara Development Corporation (“USAN”), a subsidiary of the New York State Urban Development Corporation d/b/a Empire State Development Corporation (“ESDC”), in cooperation with the City of Niagara Falls, NY (the “City”) is issuing this Request for Proposals (“RFP”) to solicit proposals from economic and strategic planning consultant firms or teams to undertake city/regional economic and market analyses that shall include:

- Updating, analyzing, and refining estimates of annual visitation/tourism and developing estimates of visitor/tourist characteristics/spending patterns;
- An overall assessment of the competitiveness of the City of Niagara Falls, NY to attract new development, formulated through data analyses and interviews with key stakeholders;
- A broad-based assessment of factors that may underlie and/or be responsible for impeding, inhibiting, and/or preventing investment in the development of the City of Niagara Falls, NY, to contribute to strategic economic development policy recommendations;
- Specific assessment of various sectors of the real estate market in Niagara Falls, NY; and
- Structuring of the data analysis and market assessment work to feed into a new, user-friendly, on-line Geographic Information System (GIS) tool; this system will be developed by the City under a separate contract on a parallel track.

II. BACKGROUND

A. THE CURRENT MARKETPLACE

The City of Niagara Falls, NY is a city of approximately 52,000 people (2008 estimate). It is located in a two-county (Niagara and Erie counties) Metropolitan Statistical Area (MSA) with a population of about 1.1 million. Niagara Falls is the second largest city in the MSA, next to Buffalo, NY (~20 miles south) with a population of just over 270,000.

While seemingly a relatively small market area, these numbers do not reflect the annual influx of millions of visitors who come from all over the world to annually visit the Falls. In turn, they do not reflect the substantial segment of the market located across the U.S./Canada border within southern Ontario, Canada’s most developed province. The City is directly adjacent to its Canadian counterpart, Niagara Falls, Ontario, which serves as the Canadian gateway to the “Golden Horseshoe” region, anchored by Toronto (80 miles north of Niagara Falls), and home to 8.1 million residents. Economic analyses of bi-national spending, land use and investment patterns over the last decade

have begun to document a number of cross-border relationships that suggest that the definition of this market region extending over the border to encompass areas of Upstate New York from Buffalo/Niagara Falls to as far east as Rochester, NY.

The economy of Niagara Falls, NY has historically focused on industry that took advantage of inexpensive hydropower available in the region. Industrial plants/uses dot the shoreline upriver from the Falls; some remain in business while others are now shuttered. In the 1970s and 1980s Niagara Falls saw the same decline in heavy manufacturing that hit the rest of the Rust Belt and the nation. Many of the companies closed or relocated offshore. This resulted in major losses in jobs for Niagara Falls and a corresponding loss in population as residents left to seek employment elsewhere.

This economic restructuring led to a policy shift concerning the future of Niagara Falls. In addition to assisting/enhancing its industrial base, particularly emerging “green” and renewable technologies, the City has begun to place its emphasis (among other policy initiatives) on a tourism-based economy and will work to create a marketplace to best capitalize on its estimated six million annual visitors. The use of tourism as a primary near-term focus presents a significant opportunity for new development that could garner entry-level jobs suited to core city residents and new economic activity. In 2009, the City adopted a new *Niagara Falls Comprehensive Plan*¹ and accompanying land use/zoning regulations² intended to formalize these new policies and to provide opportunities and flexibility in realizing new development in the City.

To aid in this endeavor, in 2001, New York State created USAN, a subsidiary of ESDC, the State’s primary economic development agency. The mission of USAN is to support and promote the economic development initiatives in Niagara Falls by leveraging private investment and encouraging growth and renewal of the tourism industry in the City of Niagara Falls. While there have been many positive changes since USAN and the City began to partner to enhance the economic landscape, new development has been fairly slow. By working with property owners to enhance existing properties and through a number of streetscape/infrastructure improvements, USAN is creating a more appealing and active downtown tourist district, but there still remains a great deal of unrealized potential.

The Seneca Niagara Casino, allowed under a 2001 compact between the State and the Seneca Nation of Indians, opened in 2002 with a 100,000-square-foot Class III full-service gaming facility. This complex introduced a new kind of visitor to the Niagara Falls market, one that differs considerably from the international tour groups and family vacationers who come to see the Falls. Additions to the complex have included a 600-room, four-diamond hotel, spa and live entertainment facilities, and four major restaurants; future development plans over the next ten years include two additional

¹ 2009 Comprehensive plan – see:

http://www.egovlink.com/public_documents300/niagarafalls/published_documents/Human%20Resources/ComprehensivePlan2009.pdf

² 2009 Zoning ordinance – see:

http://www.egovlink.com/public_documents300/niagarafalls/published_documents/PDFs/OfficialZoningOrdinance2009.pdf

hotels, retail, and entertainment facilities. It now regularly hosts more than a million patrons each year and with over 3,000 workers, is the City's largest (and the County's second largest) employer. It has also produced an annual revenue stream of \$10-15 million from an annual allocation of a portion of slot machine revenues at the casino, which under the terms of the compact is paid to the local host community. These funds are distributed to the City, County, and a number of larger regional institutions (e.g., NF School District, Airport, NF Memorial Hospital). Since 2002, a total of over \$60 million has been generated to invest locally in infrastructure, public services, and economic development.

In assessing demand for new development in the City, conventional resident-based indices for market and economic analyses and assessments (e.g. local household income, population, employment, etc.) does not fully describe the unique market characteristics of the City of Niagara Falls. Rather, it tends to indicate that it is a poor setting to support any new development, given that as a result of industrial restructuring of the last three decades, the resident population of the City tends to include larger percentages of older, less affluent households, and higher levels of unemployment.

In addition, local conventional wisdom, including that of local lenders, developers, hoteliers, and large retailers, continues to focus on past periods of decline and plant closings. It also tends to perpetuate long-held perceptions that Niagara Falls has too many barriers to development including union labor issues, corruption, and high taxes, even in the face of information to the contrary and/or improvements that have occurred in the setting.

B. UNTAPPED POTENTIAL

Despite these perceptions, there are several strong factors that would suggest that the market has significant untapped opportunities.

For example, the Fashion Outlets of Niagara Falls ("Outlet Mall"), which was recently acquired by a Florida-based development group, has undergone a \$25 million expansion with 85 new and/or upgraded retail shops. While the average outlet mall has sales of about \$250 per square foot, according to the owner's web site³, the sales at the Outlet Mall have now grown to around \$900 per square foot, placing it among the **top three outlet malls in the United States**. In surveying their customer base, the new owners found that their customers come from (in order of number):

- Cross-border travelers from the Toronto/Southern Ontario area;
- International tourists;
- Domestic tourists; and finally,
- Local/regional residents.

³ See <http://awetalisman.com/marketing.php>

This trend has been fueled by the strength of the Canadian dollar against the U.S. dollar. Day trips over the Rainbow Bridge and the Lewiston-Queenston Bridge have also shown dramatic increases of U.S.-bound traffic over the past three years—even while increases in U.S. border restrictions have somewhat constrained Canada-bound trips by U.S. citizens.⁴ Additionally, the Niagara Falls Boulevard (U.S. Route 62) corridor, in addition to the Outlet Mall, has seen significant growth in the past decade, including major retailers (e.g., Target[®], Sears[®], BonTon[®], Sam's Club[®]), several mid-priced hotels, various national brand restaurant outlets, and most recently a 200,000-square-foot Wal-Mart Supercenter[®].

Secondly, there appear to be indications of opportunities for expansion of certain segments of the City's hotel market, now totaling about 3,000 rooms. Prior to the opening of the Casino in 2002, the market had slipped to one-to-two diamond grade properties capitalizing on the high seasonal rates that generally could be charged between Memorial and Labor Day, and annual occupancy rate of less than 49 percent. However, over the past five years, annual occupancy has steadily increased to about 58 percent, and local hotels have also reported increases in revenues per available room (RevPAR), growing from \$30.04 to \$87.52 between 2003 and 2008. Total hotel revenue for the area increased 11.7 percent between 2007 and 2008, from \$56 million to \$63 million. It appears that properties that have upgraded to a higher level of quality/service have enjoyed greater increases, with annual occupancies at or higher than 60 percent, suggesting that there may be room for expansion in certain market segments.

This quality of the City's hotel inventory is particularly a concern related to the event/meeting market in Niagara Falls. In 2003, USAN invested over \$20 million in rehabilitation/construction to create the award-winning, 100,000 SF Conference Center Niagara Falls ("CCNF") which has re-established the destination for the event/meeting market over its first five years of operation. However, in order to attract larger events to the CCNF, it has been suggested that the City's inventory of hotel rooms of a three-diamond or better level of quality (that can readily be "blocked" in advance) must be expanded.

New and soon-to-be implemented transportation projects are also intended to help to bolster the tourism sector and could present broader opportunities for community development. The Niagara Falls International Airport (a local reliever facility to the Buffalo-Niagara International Airport—both operated by the Niagara Frontier Transportation Authority [NFTA]) boasts the only 10,000-foot runway in the region, able to handle the world's largest aircraft. In 2009, NFTA dedicated a new, state-of-the-art 70,000-square-foot passenger terminal, a major component of a \$42.5 million improvement that also included apron and landside improvements that are beginning to attract lower-cost air carriers such as Myrtle Beach Air. In addition, the City is actively advancing a new multi-modal Amtrak rail station project in the City's North End, which

⁴ New Homeland Security initiatives stemming from the events of September 11, 2001 now require passports or enhanced drivers' licenses for re-entry into the U.S.

together with a recently completed Courthouse/Public Safety complex, is intended to begin to anchor a new phase of redevelopment on Main Street.

Another segment of the City's economy requiring examination is its housing market. Historically driven by the City's industrial employment base, substantial new housing development has been essentially non-existent in the past two decades. The City's older housing stock, with a vacancy rate over 18 percent, continues to deteriorate and become abandoned in several locations in the City. Particularly in the City's downtown tourist district, this trend has created areas that detract from the setting and diminish improvements/developments that have already been completed. However, with the creation of new jobs at the Casino (with potential growth to 5,000 employees in the next decade), there may be the beginning of a niche market demand for workforce-oriented housing. In turn, recent initiatives to locate a new Niagara Falls Culinary Institute in downtown Niagara Falls (initially involving ~300 junior college students/faculty with a potential to grow to ~1,000 students and faculty) could also point to such a need.

Finally, annual visitor intercept surveys conducted by the Niagara Tourism and Convention Corporation (NTCC), the area's designated tourism promotion agency, consistently show that the greatest desires of visitors to Niagara Falls include more of a variety of things to do after they've experienced the Falls themselves—food/beverage establishments, entertainment, activities, retail experiences, and attractions. Some new retail/food-and-beverage uses have been realized downtown as part of larger hotel upgrade projects. Unfortunately, because traditional resident-based indicators of the local market suggest relatively limited opportunities in these areas, it becomes extremely difficult to paint a positive picture for potential developers, investors, and/or lenders of such uses.

C. PAST/CURRENT ECONOMIC/MARKET ANALYSIS AND POLICY/PROJECT EFFORTS

A number of prior economic assessments and policy documents serve as background for this effort (available where noted). Prospective consultants are strongly urged to review these documents to begin to understand the local context in developing their work plans for this effort. These include the following:

- A site-by-site development strategy formulated shortly after the formation of USAN in 2001-2002 entitled "USA Niagara Development Strategy" available at http://usaniagara.com/dev_strategy.asp. After roughly nine years since its completion, while many of the initiatives in the strategy have been implemented or continue to be advanced, it is an opportune time to confirm and/or re-evaluate next steps in the strategy.
- An USAN-sponsored, April 2004 report prepared by Economics Research Associates entitled *Project Report: Market Analysis for Tourist Attractions, Niagara Falls, NY*, (see http://usaniagara.com/projects_display.asp?id=10) which included fairly detailed estimates on annual visitorship, types/origins of visitors and other pertinent indices, but has become somewhat dated given recent development

occurrences, changes in U.S./Canadian currency values, expansion in hotel occupancy and rates, etc.

- An ESDC-sponsored, June 2005 report prepared by the Center for Government Research of Rochester, in partnership with Gaming & Resort Development Inc. entitled *Seneca Niagara Casino, Fiscal & Economic Impact on Niagara Falls, NY*, (see http://usaniagara.com/projects_display.asp?id=10) which presented data and evidence to suggest positive changes in the local market, but at the time stated that not enough time had elapsed to fully understand the casino's spin-off development potential.
- A study released in late 2009 by the Niagara Tourism and Convention Corporation entitled *2008 Visitor Report for Niagara Falls, NY* by Longwoods Travel International (see http://usaniagara.com/projects_display.asp?id=10), which profiled travel characteristics of the area's existing domestic visitor base, but was more focused upon characterizing tourist markets for this agency's current direct marketing and promotional missions, rather than to serve as a basis for targeting opportunities for new development.
- The *City of Niagara Falls 2009 Comprehensive Plan*, available for download at http://www.egovlink.com/public_documents300/niagarafalls/published_documents/Human%20Resources/ComprehensivePlan2009.pdf, which summarizes the City's major land use policy positions growing out of its industrial restructuring.
- A number of macro-level U.S. regional (Erie/Niagara County) and bi-national (U.S./Canada) economic studies and policy memoranda issued by the Regional Institute of the University at Buffalo, available at: <http://regional-institute.buffalo.edu/index.cfm>.
- Several USAN site-specific and neighborhood-level project and program descriptions for downtown Niagara Falls (see <http://usaniagara.com/projects.asp>).

III. STUDY OBJECTIVES

The objectives of this study are the following:

- Further identify, refine, and characterize Niagara Falls tourist and cross-border visitor market segments, including:
 - International, national, and regional tourists and visitors; and
 - Other potential capture groups of tourists/visitors (e.g., visitors to Canada and others who bypass Niagara Falls, NY)
- Compile and/or aggregate indices and data sets to best characterize and evaluate the real estate market setting of various sectors in Niagara Falls for use in economic

development activities, investor solicitation, lending applications, and general marketing of the City.

- In characterizing the various market segments in Niagara Falls, to fully define, quantify, and capture the full market area of potential consumers in Niagara Falls in addition to the immediate resident/U.S. regional areas, including but not limited to Southern Ontario, the “Golden Horseshoe”, and/or visitor markets beyond this area.
- Characterize perceptions of key stakeholders involved in and/or influencing development in Niagara Falls, NY.
- Proactively define the competitiveness of Niagara Falls, NY as a destination to attract new development and identify factors and issues that may contribute, underlie, impede, inhibit, and/or prevent the investment/development in the City.
- Identify any areas, aspects, and/or characteristics of the Niagara Falls real estate market for specific policy focus or other actions to better facilitate local investment.
- In conducting the assessment, appropriately structure the collection of U.S. and Canadian geographic/economic data sets and sources to easily feed into an on-line GIS tool being developed for the City that will be targeted toward user groups such as USAN, the City’s economic development professionals, potential investors, and business owners to geographically identify and assess various development sites, market factors, and opportunities associated with development or business expansion.

IV. SCOPE OF SERVICES

The Consultant's/team's proposals should, at a minimum address the following base level of analyses/work items listed below. However, in developing their proposed work plans, Consultants and/or teams are encouraged to refine and/or supplement their approach/tasks/deliverables based upon their professional expertise/knowledge, in consideration of the overall objectives of the study noted above.

A. TASK 1: STUDY KICK-OFF – FAMILIARIZATION OF THE CONTEXT

The Consultant shall undertake kickoff sessions in Niagara Falls to review study objectives and become familiar with the existing development context and setting. This effort shall include:

- Session(s) with USAN, Mayor and City staff to review the study scope and schedule;
- Tours of major assets (State Park, Falls, Niagara River Gorge) and redevelopment areas in the City and areas beyond the City defining the overall context;
- Collection of background documents; and

- Initial meetings/interviews with other key government entities and quasi-governmental agency staff involved in economic development and area promotion, including:
 - Tourism agencies such as NTCC
 - Seneca Gaming Corporation (operates Seneca Niagara Casino complex)
 - New York State Office of Parks (manages Niagara Falls State Park)
 - Niagara County Economic Development/Niagara County Industrial Development Agency
 - Business promotion organizations (Niagara USA Chamber, Buffalo Niagara Partnership, Buffalo Niagara Enterprise)

B. TASK 2: ESTIMATE CURRENT VISITATION AND WORKFORCE – DEVELOP, VERIFY, & REFINE ESTIMATES OF NUMBER/TYPES OF VISITORS & TOURIST-ORIENTED WORKFORCE

A primary goal of this study is to have a well-defined estimate of the number and nature of visitors/tourists who come to Niagara Falls annually and the tourist/hospitality/gaming workforce (primarily in the City's downtown tourist district) that provides goods/services to this visitor base. There are currently a number of data sets, some more dated than others, that can be used to help determine this including a 2004 study for USAN, bridge crossing data for the Rainbow and Lewiston-Queenston international crossings, and various trade corridor studies, and most recently the 2008 visitors study by NTCC.

1. Visitor Base

The Consultant shall review these sources and confirm and/or further refine them to identify past and current trends in:

- Annual visits
- Number of day trips vs. overnight stays (e.g., Canadian-based shopping trips, U.S./Canadian-based casino trips, and typical overnight vacation trips)
- Type(s) of visitor and demographics of each market segment
- Range of trip origins (U.S. regional, Canada regional, U.S. national, Canada national, international)
- Travel Characteristics:
 - Primary purpose of visit
 - Average daily expenditures per person
 - Travel and lodging
 - Meals
 - Retail & Entertainment

2. Downtown Workforce

The Consultant shall identify and or provide estimates of the following:

- Number of employees
- Employment categories (e.g., Gaming, Hotel Management, Food & Beverage, Security)
- Average salaries/wages
- Past trends and forecasts

C. TASK 3: CHARACTERIZE THE MARKET – AGGREGATE & EVALUATE REAL ESTATE MARKET DATA

The Consultant shall compile and assess data to characterize various sectors of the real estate market in Niagara Falls, NY. Given the unique setting of the City, special emphasis should be made to define reasonable potential trade areas for each sector beyond the immediate urban area of the City, including both the U.S. and Canadian sides of the Niagara River. These data can then be used to identify market potential and development opportunities.

1. Hotel Market

- Utilize sources that may include but not limited to aggregation of Smith Travel Research (“STAR”) data, interviews with major hoteliers/lodging companies, and other sources.
- Define trade area (should at least include downtown Niagara Falls, NY, balance of Niagara Falls, NY and Niagara Falls, ON).
- Inventory, grouped by grading (e.g., diamond rating), and rates of rooms available.
- Average occupancy and RevPAR trends.
- Relationship of the hotel market characteristics to:
 - Attraction-based visitor market
 - Meeting market
 - Gaming market

2. Retail/Food & Beverage

- Utilize establishment-based sources that may include but not limited to U.S. Census of Retail Trade, equivalent Canadian sources, Dunn & Brad Street data, various U.S./Canadian sources of aggregated/estimates of census data, interviews with major retailers, and other sources as available.
- Define trade area (must at a minimum include Niagara County, Erie County, and portions of Niagara Region/Southern Ontario).

- Discuss trade area characteristics (population trends, HH/family income, age, ethnicity, etc.) by smallest geographic unit feasible.
- Create an inventory of major retail outlets and goods/services offered.
- Outline trends in retail spending.

3. Entertainment/Attractions

- Update, refine, and supplement information in 2004 *Market Analysis for Tourist Attractions*.
- Expand upon and/or apply findings from 2008 NTCC visitor study.
- Define trade area (should include both U.S. and Canadian areas comprising Niagara region).
- Inventory various primary and discreet attractions and annual visitorship
- Estimate types of visits (day-trip, overnight stays, multi-day trips).
- Define/profile characteristics of visitor group(s) growing out of findings from Task 2 above – (e.g., typical grouping of “theme” activities, facility needs of such themes, etc.)
- Evaluate opportunities for linkages with other nearby attractions, including but not limited to:
 - Niagara Wine Trail
 - “Agri-tourism” sites in Niagara County
 - “Eco-Tourism” Opportunities in Lower Niagara River/Gorge corridor (e.g., fishing, hiking/birding, boating, etc.)
 - Attractions in Ontario/Niagara Parkway corridor, Niagara-on-the-Lake, etc.

4. Downtown Housing

(Note: While not typically part of a tourism-based market study, both the City and USAN have considered housing development—particularly in and near the downtown tourist district—as a potential component to stabilize key neighborhoods downtown and to begin to stem the seasonality of tourism-related businesses)

- Utilize U.S. Census updates/estimates, City of Niagara Falls Community Development Reports, realtor information, etc.
- Define potential market “niches” (e.g., workforce-based housing, student, second/vacation home, owner-occupied Bed & Breakfast establishments, etc.).

- Evaluate potential housing types, necessary amenities, rental vs. owner units, sale prices/rents rents that market might bear.

D. TASK 3: STAKEHOLDER INTERVIEWS

Working with stakeholders and residents in the community, as well as potential investors and developers, this task is intended to provide a portrayal of the local market that cannot necessarily be told through solely reviewing the numbers. Using a sensitive approach, with the promise of confidentiality, this would afford the opportunity to understand perceptions of the marketplace and current potential.

The Consultant shall undertake a series of ~15 interviews with various private-sector stakeholders, including:

- Regional/National Development Companies;
- Lenders;
- Major Land Holders;
- Hoteliers; and
- Operators/Management of Major Regional Retail Establishments.

To facilitate candid responses, all information collected during interviews would be **CONFIDENTIAL**; information for use by USAN and the City would only be assimilated by major topic areas and not attributed to any interviewee. The Consultant and/or sub-consultant designated to undertake this effort shall have specific past experience and demonstrate its reputation to garner trust within the development community to ensure the highest level of responsiveness in this task.

Major topic areas could include (others would be added as necessary):

- Overall perception of Niagara Falls, NY development setting;
- Perception of City and State economic climate;
- Perception of current City, County, Regional and State economic development policies, efforts, and assistance;
- Insight into the top three to five aspects of a community/setting that are most sought after to make decisions on investing in a particular marketplace; and
- Areas/aspects of the market setting that require specific attention.

E. TASK 6: EVALUATE OVERALL MARKET – ASSESSMENT OF THE CITY’S COMPETITIVENESS FOR TOURISM DEVELOPMENT AND ROLE/CONTEXT IN THE REGION

Based upon information garnered through review of past policy/study documents, discussions with government/quasi-governmental staff, market characterization, and stakeholder interviews, the Consultant shall develop an evaluation of overall competitiveness of the City to attract new tourism-related development. It is intended that this evaluation and assessment be more broad-based and strategic in format to set

the stage for individual market assessments. The Consultant shall structure an approach to develop such an evaluation that, at a minimum, responds to the following questions:

- How does tourism market in and around Niagara Falls, NY compare other tourism/destination markets of similar size/scope, particular markets that are located in border areas?
- Given various emerging new definitions to define the region, from a tourism market perspective, what is the most appropriate role for Niagara Falls, NY within various contexts:
 - As part of the two-county metropolitan region (Buffalo-Niagara)?
 - As part of the Bi-National Region (Golden Horseshoe)?
 - As a global destination?
- How might defining the role of the City in the regional context suggest types of uses, groups, and/or market clusters that would best be attracted here? Better create relationships/interdependencies that might extend visitor stay?
- What are the key factors and issues that may contribute, underlie, impede, inhibit, and/or prevent the investment/development in the City of Niagara Falls, in light of such issues including, but not limited to:
 - Investor perceptions of the market setting?
 - Macro-level issues affecting investment?
 - Physical impediments in the actual urban landscape?
 - Government structures for economic development?

F. TASK 5: EVALUATE SPECIFIC MARKETS – STRENGTHS, WEAKNESSES, OPPORTUNITIES, THREATS (SWOT) OF EACH MARKET SECTOR AND/OR CLUSTER

Growing out of the larger overall competitiveness evaluation of the City for tourism development, the development of individual evaluations and SWOT analysis for specific tourist-related uses is intended to aid in the understanding of appropriate next steps in business and real estate development.

Based upon information collected/aggregated in above tasks, the Consultant shall develop a market assessment (e.g., supply/demand analysis, etc.) and SWOT evaluation for each of the main market areas (hotel, retail, entertainment/attractions, downtown housing, etc.) that provides insight (backed by specific data analyses and projections) to the following questions:

1. Hotel

- Given various market sectors, can Niagara Falls reasonably accommodate and absorb the development of new hotel rooms, and if so, how many over the next five to ten years and of what quality?
- What specific sites, neighborhoods, and/or locations are best suited to support various types of new hotel properties?
- Name specific types of lodging products, level of quality and/or amenities that would best address the current and potential visitor/tourist markets, including consideration of the types of attractions/destinations in the current market.

2. Retail

- What is the potential for development of retail and food/beverage in the City and particularly downtown? What is an estimate of total square footage that the market could reasonably bear over the next five to ten years? Are specific sub-areas/locations likely to support these different activities?
- What are the likely characteristics/types of retail developments that might be supported, given market conditions?
- What specific sites, neighborhoods, and/or locations are best suited to support various types of new retail development?
- Which particular retailers or companies that should be specifically targeted to locate in Niagara Falls, NY?
- What is the likely rate of development and absorption for the different types of retail use projected?
- What policy and regulatory conditions should be modified, and in what way, to realize these potentials?

3. Entertainment/Attractions

- What is the market potential for development of private/public entertainment venues and/or attractions in the City and particularly downtown?
- What are the opportunities for expanding visitorship/attendance at existing venues?
- What are particular venue types or activities that would be best suited to Niagara Falls, given attraction resources already here or in the region and/or market conditions?

- What are the opportunities for better utilization of existing resources or linkages/relationships among such resources to extend visitor stay?

4. Downtown Housing

- Is there a reasonable opportunity to support new housing development downtown, whether as a discreet element (e.g. workforce based), and/or as part of mixed-use development (e.g., lifestyle developments, second/vacation home)? Are there other potential niche market opportunities for downtown housing?
- What are the housing types likely to be developed in the City given current regulatory and niche market conditions?
- What specific downtown sites, neighborhoods, and/or locations are best suited to support various types of housing development?

G. DELIVERABLES

- Draft technical memoranda summarizing each work task above, and after review/refinement serving as chapters/sections of a final report;
- Draft/final versions of Economic & Market Assessment Report; and
- Compendium of aggregated data tables for all analyses in the report, in an editable form, in Excel[®] format.

H. COMPATIBILITY WITH CITY WEB-BASED GEOGRAPHIC INFORMATION SYSTEM (GIS)

The City of Niagara Falls currently maintains a large GIS database and staff to administer the system. The database includes various types of layers such as tax parcel information, census-based socioeconomic data, land use/zoning, transportation information, targeted redevelopment areas, and brownfield properties. As previously discussed, the City will be developing a web-based GIS tool to expand the audiences for use of such information and to structure it in the context of the regional market setting of new investment.

To the greatest extent possible, all data compiled/aggregated in this study should be based on standard geographic units (i.e., municipality, census tract, zip code, etc.), and where feasible, be “aggregated up” from the smallest reasonable geographic units to facilitate future use in the planned web-based GIS.

V. PROJECT BUDGET/PAYMENT TERMS

USAN has established a project budget for the study that shall not exceed **\$200,000**. Prospective Consultants are welcome to refine the scope of services to fit within this budget, while still best achieving the overall study objectives.

Payment for work efforts will be provided on a time-and-materials basis with a not-to-exceed limit.

VI. SUBMITTAL REQUIREMENTS

A. QUALIFICATIONS AND EVALUATION CRITERIA

The Consultant team is required to have expertise in all disciplines relevant to the scope of work summarized above. The use of subconsultants is acceptable, but these subconsultants must be identified in the submission made in response to this RFP. Proposals submitted by consultant firms and/or teams will be evaluated against the following criteria:

1. Completion of all required items in Section VI., Subsection D (Proposal Content) along with all required forms and statements listed (see checklist in Section VII).
2. Demonstration of the Consultant's/team's ability and experience in undertaking the following:
 - Market studies and economic analyses for hotel, retail/food & beverage, entertainment/attraction, and housing projects in New York State.
 - Competiveness studies;
 - Structuring interviews/surveys and successfully applying same to solicit useful information from private sector stakeholders such as development companies, private lenders, retailers, hoteliers, etc.
 - Compiling/structuring data in a geographic format for future use in a GIS database.
3. The Quality of the Consultant's work plan/approach, by:
 - Best demonstrating an understanding of the issues involved in the study;
 - By including a logical progression of tasks/activities to best achieve objectives listed in this RFP;
 - By outlining methods to ensure quality/competency of the deliverables; and

- By meeting the study objectives within the study budget.
4. Extent that techniques for proposed design/delivery of services are reasonable (e.g., demonstrated through past application on prior work listed in the proposal).
 5. Demonstrated availability of team members listed in the proposal to conduct the actual work efforts.
 6. Performance ratings and references on past work efforts.
 7. Demonstration of a good-faith effort to meet ESDC's Non-Discrimination and Affirmative Action Policies (see Section VI, subsection E. below).

B. PRE-PROPOSAL CONFERENCE CALL

Before submitting a proposal, prospective Consultants are encouraged to examine documents noted in the background section available on the USAN and City Niagara Falls websites.

A non-mandatory pre-proposal conference call for prospective Consultants will be held at 10:00 a.m. on April 12, 2010. To participate in the call, please contact **Jocelyn Viola at USAN at 716-284-2556** prior to close of business on April 9, 2010.

Consultants will be required to provide "sign-in sheet" information—company name, address/phone, and contact person email—and will be provided a toll-free number and password the day of the conference call. USAN and City of Niagara Falls representatives will be present on the call to provide an overview of the RFP and information for completing required forms/certifications.

C. SUBMISSION PROCEDURES

Interested firms/teams are required to follow the guidelines and instructions contained in this RFP. At its discretion, USAN/ESDC may make clarifications or amend this RFP at any time. In the event it becomes necessary to revise or amend any part of this RFP, all revisions, clarifications, and changes will be provided by addenda posted on the USAN website (www.usaniagara.com).

It is the responsibility of all respondents to check the USAN website for posting of clarifications, amendments, or addenda on an ongoing basis.

Proposal components are to be contained in a bound submission of no more than 75, double-sided pages (i.e., no more than 150 total pages of content). Submissions containing loose items will not be accepted.

Based upon review of the proposals, a short list of no more than three (3) Consultants and/or Teams will be developed. The Consultants/Teams on the short list will be interviewed and asked to provide examples of similar successful studies.

Please send six (6) copies of your proposals, plus a CD containing an electronic version of the proposal (formatted in Adobe Acrobat[®]), no later than **4 PM (Eastern Time) on April 30, 2010** to:

Paul Tronolone, AICP
Senior Project Manager
USA Niagara Development Corporation
222 First Street, 7th Floor
Niagara Falls, NY 14303

Questions are to be directed to Mr. Tronolone via email at:

ptronolone@empire.state.ny.us

Questions will be accepted up to 5 PM Eastern Time on April 16, 2010. Responses to all questions will be tabulated and posted to the USAN web site by April 21, 2010. No telephone inquiries will be accepted.

USAN, ESDC, and City of Niagara Falls staff will make the final selection of the prospective Consultant. USAN/ESDC reserves the right to require any respondent to exclude or replace one or more subconsultants included in respondent's proposal with other subconsultants satisfactory to USAN/ESDC.

D. PROPOSAL CONTENT

Proposals submitted pursuant to this RFP shall be organized so that the Scope of Work (and associated assignments and fees) for each component are clearly presented.

Proposals should provide a straightforward, complete and concise description of the firm's capabilities to satisfy the requirements of this RFP. Proposals must include the following components:

1. Qualifications Statement

- a. Cover Letter summarizing key points of the proposal and how the individual components will be coordinated under one contract.
- b. Firm profiles of prime consultant and/or any sub-consultants.
- c. Relevant Past Work. List **no more than ten (10) projects** completed by Consultant (including sub-consultant team members) within the last five years that are most relevant to this study in terms of scale and scope.

Include project fee or cost data for each listed project, including client references with phone numbers. This requirement is intended to allow USAN the ability to check prior work performance on similar projects.

Prospective Consultant shall not include any brochures or other general pre-published marketing material.

d. Project Team Organization.

- Include an organizational chart identifying members of the Consultant team (prime and sub-consultant firms) as well as their respective administrative, management and professional responsibilities. If applicable, identify prior working relationships among the Prime Consultant and subconsultant firms.
- Individual resumes should be submitted for key team members that will be directly engaged in the study (no more than one (1) page in length for each staff member), stating registrations and licenses; professional and educational background; and experience relevant to this study.

e. Current Workload. List current projects and their status (including percentage complete) for all major task leaders included on the Consultant team.

2. Study Approach/Work Plan

Using the study objectives and scope of services as a basis, the Consultant/team shall outline their understanding of the issues at hand, and develop a detailed study approach/work plan that sets forth the activities that will be performed under each task and how these will lead to specific deliverables.

Prospective Consultants/teams are directed not to simply replicate items listed in the scope of services in their proposals, but rather to expand on how they will specifically undertake each required effort—with any refinements that they believe might better achieve the study's objectives.

In addition, describe the process(s) the prospective Consultant would employ to maintain strict quality, budgetary and schedule controls on the study.

3. Study Schedule

The proposal must include a task-by-task schedule that specifies the time (in days or weeks) that will be required for each task, work part, and all scope of services. Include a linear timetable, with significant milestones, which outlines the sequencing, overlapping, etc., of the individual tasks. The schedule should begin coincident with a notice to proceed. The schedule also should indicate the time allocated for team reviews/meetings and sign-offs. The timeline should be presented in weeks, starting in month one.

4. Fee Schedule

The prospective Consultant must provide a fee for each task/subtask outlined above. The basis for the estimate shall be presented as a person-hour breakdown in chart/spreadsheet format – listing each task/subtask and fully-burdened hourly rates by labor title to aggregate task level costs (by labor title) for each task.

Material estimates and assumptions for additional non-salary direct costs (travel, printing, presentation materials, etc.) shall also be provided.

PLEASE NOTE: To be eligible for travel expense reimbursement associated with this contract, all lodging for Consultant and team members associated with undertaking work efforts under this contract shall only be in establishments within Niagara Falls, NY.

5. Conflicts of Interest.

- a. A statement describing any potential conflict of interest or appearance of impropriety, relating to USAN, ESDC, City of Niagara Falls or other agencies that could be created by providing the proposed services to USAN.
- b. Describe in detail any pending litigation and/or regulatory action brought by any oversight body or entity that could have an adverse material impact on the firm/team's ability to perform its services hereunder.
- c. State if the firm/team has ever had a prior contract with any governmental entity that was terminated for any reason, and provide an explanation.

6. Other Certifications/Forms.

The consultant's proposal shall include forms indicating compliance with various state regulations and policies. These are discussed in Section VI, Subsections E. and F. below and listed in the checklist in Section VIII of this RFP.

E. NON-DISCRIMINATION POLICY.

It is the policy of the State of New York, ESDC and USAN to comply with all federal, State and local laws, policy, orders, rules and regulations which prohibit unlawful discrimination because of race, creed, color, national origin, sex, sexual orientation, age, disability or marital status, and to take affirmative action in working with contracting parties to ensure that New York State Business Enterprises, Minority and Women-owned Business Enterprises (M/WBEs), Minority Group Members and women share in the economic opportunities generated by USAN/ESDC's participation in projects or initiatives, and/or the use of USAN/ESDC's funds. USAN/ESDC's non-discrimination and affirmative action policy will apply to this initiative.

The selected Consultant shall be required to use its best efforts to achieve M/WBE participation of not less than 10% of the total dollar value of the contract. (Minority business subcontracting goal: 7%; Women-owned business subcontracting goal: 3%) A copy of each respondent's Equal Employment Opportunity Policy Statement, Staffing Plan of the anticipated workforce to be utilized on the Consultant Team and Schedule of Minority and Women Business Participation shall be included as part of the response to this RFP. The latter two forms can be found on the Required Forms for Vendors link at the ESDC website (www.empire.state.ny.us) under "RFPs/RFQs". Only the prime consultant completes the forms. In the forms, the firm is required to denote all the subconsultants it proposes to use in achieving M/WBE participation. The ESDC Affirmative Action Unit ("AAU") is available at (212) 803-3224 to assist in identifying New York State certified M/WBEs that can provide goods and services in connection with the contract.

F. ADDITIONAL CERTIFICATIONS AND COMPLIANCE.

a. Any contract resulting from this solicitation is also subject to the requirements of State Tax Law Section 5-a ("STL 5-a"). STL 5-a prohibits ESDC from approving any such contract with any entity if that entity or any of its affiliates, subcontractors or affiliates of any subcontractor makes sales within New York State of tangible personal property or taxable services having a value over \$300,000 and is not registered for sales and compensating use tax purposes. To comply with STL 5-a, all respondents to this solicitation must include in their responses a properly completed Form ST-220, a copy of which is accessible at the Required Forms for Vendors link at the ESDC website. Also in accordance with the requirements of STL 5-a, any contract resulting from this solicitation will require periodic updating of the certifications contained in Form ST-220. Solicitation responses that do not include a properly completed ST-220 will be considered incomplete and non-responsive and will not be considered for contract award. Only the prime consultant completes Form ST 220, but Schedule A to Form ST 220 requires detailed information from the subconsultants, such as tax ID number, etc., if applicable. Moreover, if applicable, certificates of authority must be attached by the prime consultant and all the subconsultants.

b. State Finance Law Sections 139-j and 139-k

State Finance Law Sections 139-j and 139-k (collectively, the "Procurement Requirements") apply to this RFP. These Procurement Requirements (1) govern permissible communications between potential respondents and ESDC or other involved governmental entities with respect to this RFP; (2) provide for increased disclosure in the public procurement process through identification of persons or organizations whose function is to influence procurement contracts, public works agreements and real property transactions; and (3) establish sanctions for knowing and willful violations of the provisions of the Procurement Requirements, including disqualification from eligibility for an award of any contract pursuant to this RFP. Compliance with the Procurement Requirements requires that (x) all

communications regarding this RFP, from the time of its issuance through final award and execution of any resulting contract (the “Restricted Period”), be conducted only with the designated contact persons listed below; (y) the completion by respondents of the Offerer Disclosure of Prior Non-Responsibility Determinations, and the Offerer’s Affirmation of Understanding of and Agreement pursuant to State Finance Law (each form is accessible at the Required Forms for Vendors link at the ESDC website under “RFPs/RFQs”); and (z) periodic updating of such forms during the term of any contract resulting from this RFP. Respondents must submit the Offerer Disclosure of Prior Non-Responsibility Determinations, and the Offerer’s Affirmation of Understanding of and Agreement pursuant to State Finance Law as part of their proposal.

The Procurement Requirements also require USAN/ESDC staff to obtain and report certain information when contacted by prospective bidders during the restricted period, make a determination of the responsibility of bidders and make all such information publicly available in accordance with applicable law. If a prospective bidder is found to have knowingly and willfully violated the State Finance Law provisions, that prospective bidder and its subsidiaries, related or successor entities will be determined to be a non-responsible bidder and will not be awarded any contract issued pursuant to this solicitation. In addition, two such findings of non-responsibility within a four-year period can result in debarment from obtaining any New York State governmental procurement contract.

For the purpose of compliance with State Finance Law Sections 139-j, contacts with Paul Tronolone are considered permissible.

This is not a complete presentation of the provisions of the Procurement Requirements. A copy of State Finance Law Sections 139-j and 139-k can be found at: <http://esd.ny.gov/corporateinformation/rfps.html>. All potential respondents are solely responsible for full compliance with the Procurement Requirements. Both the prime consultant and the subconsultants must complete the forms required above.

VII. GENERAL TERMS AND CONDITIONS

The acceptance of any Proposal shall be subject to, and contingent upon, the execution and delivery by USAN/ESDC of a contract for the services described herein, in form provided by USAN/ESDC.

A. CONTRACT TERMS

The contract shall contain, among other terms, certain provisions required by law or policies of the State, including, without limitation:

Provisions providing that the successful respondent:

- Is an independent contractor;

- Shall defend, indemnify and hold harmless the State, ESDC, USAN, and the City of Niagara Falls and their respective officers, directors, employees and agents from and against any claims or damages relating to the respondent's acts and omissions;
- Shall maintain financial and other records relating to the contract and make such records available for inspection and audit;
- Has no conflicts of interest with, or outstanding financial obligations owing to, the State, USAN/ESDC, and/or the City of Niagara Falls.
- Maintains and provides the following insurance with insurers licensed to provide insurance in the State of New York: Commercial General Liability insurance of \$1 million per occurrence and \$2 million in the aggregate; Commercial Automobile Liability of not less than \$1 million; Professional Liability of not less than \$1 million; and evidence of Workers Compensation/Employers' Liability insurance. Such policies of insurance shall be in a form acceptable to, and shall include any conditions reasonably required by USAN and shall name the State, ESDC, USAN, and the City of Niagara Falls as additional insureds;
- Is qualified to do business in the State of New York and is in receipt of all licenses, if any, required by applicable governmental entities; and
- Shall represent and warrant that neither it nor any of its directors, officers, members, or employees has any interest, nor shall they acquire any interest, directly or indirectly, which would conflict in any manner or degree with the performance of the services as set forth in the Contract. The successful respondent must further agree that in the performance of the services no person having such a conflict of interest shall be employed by it.

B. NO NEWS RELEASES

Recipients of this RFP shall make no news/press release pertaining to this RFP or anything contained or referenced herein without prior written approval from USAN/ESDC. Any news release pertaining to this RFP may only be made in coordination with USAN/ESDC and the City of Niagara Falls.

C. PROHIBITED PERSONS

No respondent to this RFP will be selected if an individual who is an owner, shareholder, member, partner, officer or director, or otherwise a principal and/or its management team is determined, in USAN/ESDC and the City of Niagara Falls' sole discretion, to have been convicted of a felony or a crime involving moral turpitude, to be an organized crime figure, to be under indictment or criminal investigation, to be in arrears or in default of any debt, contract or obligation to or with the State of New York, or any of its agencies or instrumentalities or otherwise to be a prohibited person as defined by USAN/ESDC or the City. The selected respondent and all principals thereof,

if applicable, and/or owners, shareholders, members, partners, officers or directors of the respondent's team are subject to investigation by USAN/ESDC or the City of Niagara Falls. The selection of a respondent may be revoked in the event that any derogatory information is revealed by such investigations.

D. PROPOSAL COSTS

USAN/ESDC or the City of Niagara Falls shall not be liable for any cost incurred by the respondent in the preparation of its proposal to this RFP or, with respect to the respondent, for any work performed prior to the execution and delivery of the contract.

E. RIGHTS OF USAN/ESDC

USAN/ESDC shall be the sole judge of each respondent's conformity with the requirements of this RFP and the merits of the proposal. USAN/ESDC reserves the right, in its sole discretion to: amend, modify or withdraw this RFP; waive any requirements or conditions or modify any provisions of this RFP with respect to one or more respondents; require supplemental statements and information from any respondents to this RFP; to award a contract to as many or as few or none of the respondents as USAN/ESDC may select; award a contract to entities who have not responded to this RFP; accept or reject any or all proposals received in response to this RFP; extend the deadline for submission of proposals; negotiate or hold discussion with one or more of the respondents; correct deficient proposals that do not completely conform with this RFP; reject any and all proposals and to cancel this RFP, in whole or in part, for any reason or no reason. USAN/ESDC may exercise any such rights at any time, without notice or liability to any respondent or other parties for their costs, expenses or other obligations incurred in the preparation of a proposal or otherwise.

F. CONCURRENCE WITH FEDERAL, STATE AND LOCAL REQUIREMENTS

This RFP and any contract or agreements resulting herein are subject to all applicable Federal, State and local laws, rules, regulations and executive orders.

G. MODIFICATIONS

Any modifications to this RFP shall be issued in writing by USAN and posted on the website. Nothing stated at any time by any representative of USAN/ESDC, the State, the City of Niagara Falls, or of any other entity shall effect a change in, or constitute a modification to this RFP unless confirmed in writing by USAN. Respondents may request clarification from USAN prior to the submission deadline. Any such clarification from USAN must be in writing in order to be binding on USAN/ESDC.

H. No OBLIGATIONS TO PAY ANY COSTS, EXPENSES, DAMAGES OR LOSSES

USAN/ESDC is not obligated to pay any costs, expenses, damages or losses incurred by any respondent at any time unless USAN/ESDC has expressly agreed to do so in writing. USAN/ESDC reserves the right to modify the requirements set forth herein and to expand, limit or otherwise alter the scope of requested services.

VIII. CHECKLIST OF STATEMENTS AND FORMS TO BE SUBMITTED WITH PROPOSAL

(Note: All forms can be found at: <http://esd.ny.gov/corporateinformation/rfps.html>)

1. EEO Policy Statement
2. Minority and Women Staffing Plan
3. Schedule of Minority/Women Owned Business Participation
4. Form ST-220
5. Disclosure of Prior Non-Responsibility Determinations
6. Affirmation of Understanding and Agreement Pursuant to State Finance Law