



FOR CONSIDERATION

March 19, 2015

TO: The Directors

FROM: Howard Zemsky

SUBJECT: Annual Budget

REQUEST FOR: Authorization to Adopt Annual Operating Budget including Subsidiary Operating Support for Fiscal Year (FY) 2015-16 and to Take Related Actions

BACKGROUND

State Finance Law requires that prior to the commencement of each fiscal year the Directors of the Empire State Development (ESD or the Corporation) adopt an annual operating budget. This budget includes certain support provided to subsidiaries and for the operations of the Regional Economic Development Councils, the statewide Broadband initiative, the Upstate Revitalization Fund, and the New York State (NYS) Innovation Venture Capital Fund. It pertains only to operating costs and not to programmatic appropriations included in the Governor's proposed FY 2015-16 Executive Budget. All subsidiary operating budgets and capital expense authorizations must also be presented separately to, and approved by, their respective Boards within the same time frame.

As indicated in the attached budget document, the expense for personal services includes the cost of enhanced staffing to support both new and future initiatives, such as Broadband, Global NY, NYS Innovation Venture Capital Fund, and other economic development efforts. In addition, it is inclusive of fringe benefits that are forecasted to remain consistent with FY 2014-15. Certain non-personal expenses have also increased to support ESD in its mission to execute and continue new, as well as, existing programs.

Public Authorities Law Section 2975 directs the Division of the Budget to assess an amount to each public authority for recovery of central government services. The budgeted government assessment (cost recovery) for FY 2015-16 is approximately \$3.74 million.

If changes are required following the adoption of the State's FY 2015-16 Budget, a modified annual operating budget will be presented to the Directors at a later date.

In addition to the operating budget, we are also seeking approval of the Corporation's FY 2015-16 non-programmatic capital expense budget of \$1,714,500. The request reflects our plan to invest in

new technologies that support ESD's strategic goals and are focused on increasing server and storage capacity in a virtual environment, as well as support the efforts of the Office of Information Technology. Funding for an upgrade to ESD's financial management system is also included.

The details of the proposed FY 2015-16 ESD operating and annual non-programmatic capital expense authorization are attached to these materials for your review.

REQUESTED ACTION

The Directors are requested to adopt the Corporation's proposed Annual Operating Budget for FY 2015-16 and approve the Non-Programmatic Capital Expense Authorization for FY 2015-16 as set forth in the attachments and to delegate authority to the appropriate officers to take related actions.

ATTACHMENTS

Proposed Annual Operating Budget for FY 2015-16 Including Subsidiary Operating Support
Proposed Annual Non-Programmatic Capital Expense Authorization for FY 2015-16

March 19, 2015

NEW YORK STATE URBAN DEVELOPMENT CORPORATION – (the “Corporation”) Authorization to Adopt Annual Operating Budget

RESOLVED, that the Corporation hereby adopts the Annual Operating Budget for FY 2015-16 including subsidiary operating support and approves the Non-Programmatic Capital Expense Budget for FY 2015-16, based upon the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation (the “Materials”); and be it further

RESOLVED, that the proper corporate officers be, and they hereby are, authorized to take related actions as he or she may, in his or her sole discretion, deem necessary or proper to effectuate the foregoing.

New York State Urban Development Corporation d/b/a
Empire State Development
Annual Operating Budget including Subsidiary Support
for Fiscal Year 2015-16 (in comparison to Fiscal Year 2014-15)

<u>EXPENSES</u>	<u>FY 2014-15</u>	<u>FY 2015-16</u>
<u>Personal Services (including fringe benefits)</u>	\$ 37,076,607	\$ 39,849,555 (a)
<u>Other Post Employment Cost</u>	\$ 4,300,000	\$ 4,600,000
<u>Non-Personal Services</u>		
Occupancy Expenses	\$ 7,376,300	\$ 7,403,000
Government Assessment (Cost Recovery)	3,736,000	3,736,000
Consulting Fees	2,294,000	3,799,000 (b)
Computers and Equipment/Software/Telephone	811,390	811,390
Outside Services and Expenses/Repairs/Maintenance/Property Management	449,077	801,324 (c)
Accounting and Legal Fees	505,000	505,000
Travel and Meals	366,938	495,291 (d)
Insurance	323,400	322,638
Office Supplies and Expenses/Printing/Advertising	555,625	314,052
On-Line Services/Conferences/Seminars/Dues/Subscriptions	218,125	229,730
<u>Total Non-Personal Services</u>	<u>\$ 16,635,855</u>	<u>\$ 18,417,425</u>
<u>Total Personal and Non-Personal Expenses</u>	<u>\$ 58,012,462</u>	<u>\$ 62,866,980</u>
<u>Total Subsidiary Operating Support</u>	<u>\$ 3,204,883</u>	<u>\$ 3,564,439 (e)</u>
GRAND TOTAL - ALL EXPENSES	<u><u>\$ 61,217,345</u></u>	<u><u>\$ 66,431,419</u></u>
 <u>FUNDING SOURCES</u>		
Proceeds of the Housing Transfer (FY 2014-15 only)/ Commercial Receipts/Asset Sale Proceeds/Other Revenue	\$ 48,152,855 (f)	\$ 52,100,908
Bond Financing and Economic Development Income/Other Fees	7,487,000	6,386,000
Recovered Expenses	5,577,490	7,944,511
GRAND TOTAL - FUNDING SOURCES	<u><u>\$ 61,217,345</u></u>	<u><u>\$ 66,431,419</u></u>

- (a) Increase is primarily due to enhanced staffing to support several new initiatives, such as Broadband, Global NY, NYS Innovation Venture Capital Fund and other regional economic development efforts, as well as future initiatives.
- (b) Increase is primarily related to costs associated with the Broadband initiative and the Upstate Revitalization Fund.
- (c) Increase is primarily related to costs associated with the the Upstate Revitalization Fund and the Broadband initiative.
- (d) Increase is primarily related to additional staff associated with the initiatives included in (a) through (c) above, as well as other continuing economic development efforts.
- (e) Consists of operating expenses for Erie Canal Harbor Development Corp., Harlem Community Development Corp., Queens West Development Corp. and USA Niagara. ESD does not provide operating support for any other subsidiaries.
- (f) Assumes the final utilization in FY 2014-15 of the funding received from the NYS Housing Finance Agency related to the transfer of ESD's housing portfolio.

New York State Urban Development Corporation d/b/a
 Empire State Development
 Subsidiary Operating Support
 for Fiscal Year 2015-16 (in comparison to Fiscal Year 2014-15)

<u>EXPENSES</u>	<u>FY 2014-15</u>	<u>FY 2015-16</u>
<u>Personal Services (including fringe benefits)</u>	<u>\$ 2,614,952</u>	<u>\$ 2,909,425</u>
 <u>Non-Personal Services</u>		
Occupancy Expenses	\$ 150,495	\$ 168,900
Insurance	143,136	175,564
Office Supplies and Expenses/Printing/Advertising	108,200	39,750
Consulting Fees	9,000	10,500
Accounting and Legal Fees	71,500	70,000
Computers and Equipment/Software/Telephone	59,350	63,400
Other Outside Services and Expenses/Repairs/Maintenance/ Property Management	26,050	105,900
On-Line Services/Conferences/Seminars/Dues/Subscriptions	13,200	13,000
Travel and Meals	9,000	8,000
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<u>Total Non-Personal Services</u>	<u>\$ 589,931</u>	<u>\$ 655,014</u>
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<u>Total Personal and Non-Personal Expenses</u>	<u>\$ 3,204,883</u>	<u>\$ 3,564,439</u>

NOTE: Consists of operating expenses for Erie Canal Harbor Development Corp., Harlem Community Development Corp., Queens West Development Corp. and USA Niagara. ESD does not provide operating support for any other subsidiaries.

