



FOR CONSIDERATION

March 25, 2021

TO: The Directors

FROM: Eric J. Gertler

SUBJECT: Annual Operating Budget

REQUEST FOR: Authorization to Adopt the Annual Operating Budget, Including Certain
Subsidiary Operating Support and Non-Programmatic Capital Expense
Authorization for Fiscal Year (FY) 2021-22 and to Take Related Actions

I. BACKGROUND

State Finance Law requires that prior to the commencement of each fiscal year on April 1 the Directors of the New York State Urban Development Corporation, doing business as Empire State Development (“ESD” or “the Corporation”), adopt the Corporation’s annual operating budget.

ESD’s proposed FY2021-22 annual operating budget (the “Budget”) of approximately \$76.0 million represents a balance between the starkness of the current fiscal year due to the impact of the COVID-19 pandemic and the anticipated return to a “new normal” during the upcoming fiscal year. The budget includes annual operating costs associated with the administration and oversight of new and existing economic development programs and initiatives, such as the Regional Economic Development Councils (“REDCs”), Life Sciences, the Minority- and Women-Owned Business Division, the Buffalo Regional Innovation Cluster and Small Business and Technology Development. Also included is operating support provided to certain ESD subsidiaries. The budget does not include programmatic New York State appropriations for specific programs that have been included in the Governor’s proposed FY2021-22 Executive Budget.

The Budget includes approximately \$49.8 million of total personal services expenses, including salaries and fringe benefits, to support ESD’s role in economic development through programs associated with Life Sciences, small business grant and lending assistance, minority- and women-owned business funding and support, tourism and business marketing, the oversight of ten REDCs and infrastructure projects.

The Budget also includes approximately \$22.8 million for such non-personal services expenses as occupancy costs, consultants, IT enhancements and communication, insurance, office services and repairs and staff training programs.

Subsidiary operating support of \$3.5 million includes the operating expenses of Erie Canal Harbor Development Corporation (\$1.3 million), Harlem Community Development Corporation (\$1.4 million), Queens West Development Corporation (\$0.1 million) and USA Niagara (\$0.7 million). Other subsidiary operating and capital budgets will be presented separately.

In addition, if any changes are required to the ESD budget after the adoption of the State's FY2021-22 Budget, or any other time during the fiscal year, they will be brought to the Board for approval.

Director approval also is requested for the Corporation's FY2021-22 Non-Programmatic Capital Expense Authorization totaling approximately \$4.2 million. This authorization includes an upgrade to the Corporation's infrastructure network wiring to enhance functionality, continued enhancement to cyber security to support a larger remote work environment, licenses and support for the entity-wide Microsoft Dynamics customer relations management system, investment in technology to improve data and assets protection, expansion and replacement of IT hardware and software to enhance business continuity and disaster recovery capabilities.

The details of the proposed FY2021-22 ESD Operating Budget, including certain Subsidiary Operating Support and the Annual Non-Programmatic Capital Expense Authorization, are attached for your review.

II. REQUESTED ACTIONS

The Directors are requested to adopt the Corporation's FY2021-22 Annual Operating Budget, including certain Subsidiary Operating Support and the FY2021-22 Annual Non-Programmatic Capital Expense Authorization as set forth in the attachments and to delegate authority to the appropriate officers to take related actions.

ATTACHMENTS

Resolution

Proposed FY2021-22 Annual Operating Budget, including certain Subsidiary Operating Support

Proposed FY2021-22 Annual Non-Programmatic Capital Expense Authorization

March 25, 2021

NEW YORK STATE URBAN DEVELOPMENT CORPORATION – Annual Operating Budget - Authorization to Adopt the FY2021-22 Annual Operating Budget, Including Certain Subsidiary Operating Support and the FY2021-22 Annual Non-Programmatic Capital Expense Authorization and to Take Related Actions

RESOLVED, that the Corporation hereby adopts the Corporation’s FY2021-22 Annual Operating Budget, including certain subsidiary operating support and the FY2021-22 Annual Non-Programmatic Capital Expense Authorization, 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.

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New York State Urban Development Corporation d/b/a
 Empire State Development
 Annual Operating Budget, including certain Subsidiary Support
 for Fiscal Year 2021-22 (in comparison to the Board Approved Budget for Fiscal Year 2020-21)

	<u>Proposed</u> <u>FY 2021-22</u>	<u>Board Approved</u> <u>FY 2020-21</u>
<u>EXPENSES</u>		
<u>Personal Services (including fringe benefits)</u>	\$ 49,769,940 (a)	\$ 53,469,290
<u>Other Post Employment Cost</u>	\$ - (b)	\$ 5,600,000
<u>Non-Personal Services</u>		
Occupancy Expenses	\$ 8,491,000	\$ 8,940,000
Consultant Fees	7,854,900 (c)	5,994,900
Outside Services and Expenses	1,301,000 (d)	1,657,100
Computers and Equipment/Software/Telephone	1,419,900	1,459,900
Accounting and Legal Fees	1,100,000	1,164,000
Provision For COVID-19 Program/Other Costs	1,000,000 (e)	5,000,000
Insurance	523,000 (f)	950,000
Travel and Meals	396,100 (g)	699,674
On-Line Services/Training/Conferences/Subscriptions	435,450	434,950
Office Supplies and Expenses	255,400	297,541
<u>Total Non-Personal Services</u>	<u>\$ 22,776,750</u>	<u>\$ 26,598,065</u>
<u>Total Personal and Non-Personal Expenses</u>	<u>\$ 72,546,690</u>	<u>\$ 85,667,355</u>
<u>Total Subsidiary Operating Support</u>	<u>\$ 3,496,537 (h)</u>	<u>\$ 3,569,047</u>
GRAND TOTAL - ALL EXPENSES	<u>\$ 76,043,227</u>	<u>\$ 89,236,402</u>
<u>FUNDING SOURCES</u>		
Commercial Receipts/Asset Sale Proceeds/Administrative Fees/Other Revenue	\$ 60,596,240	\$ 72,812,293
Bond Financing and Economic Development Income/Other Fees	9,200,000	9,200,000
Recovered Expenses (Program specific NYS Appropriations, Federal Funding, Other)	6,246,987	7,224,109
GRAND TOTAL - FUNDING SOURCES	<u>\$ 76,043,227</u>	<u>\$ 89,236,402</u>

(a) Represents support for critical positions and hires.

(b) Eliminates this non-budget item from presentation as it represents a Government Accounting Standards Board fiscal year-end liability journal entry and not any actual fiscal year cash funding.

(c) Provides support to Minority- and Women- Owned Business Development, Broadband and NYSTAR program needs and several infrastructure projects.

(d) Includes modifications to existing office space and technology support to staff.

(e) Provides for unanticipated expenditures into the new fiscal year.

(f) Reflects a decrease to estimate based on prior year actuals.

(g) Anticipates continued reduction in staff travel in the new fiscal year.

(h) Supports the operating expenses of Erie Canal Harbor Development Corporation, Harlem Community Development Corporation, Queens West Development Corporation and USA Niagara.

New York State Urban Development Corporation d/b/a
 Empire State Development
 Subsidiary Operating Support
 for Fiscal Year 2021-22 (in comparison to the Board Approved Budget for Fiscal Year 2020-21)

<u>EXPENSES</u>	<u>Proposed</u> <u>FY 2021-22</u>	<u>Board Approved</u> <u>FY 2020-21</u>
<u>Personal Services (including fringe benefits)</u>	<u>\$ 2,804,787</u>	<u>\$ 2,937,945</u>
 <u>Non-Personal Services</u>		
Occupancy Expenses	\$ 170,300	\$ 170,300
Insurance	202,000	141,352
Other Outside Services and Expenses	102,500	102,500
Accounting and Legal Fees	66,250	66,250
Computers and Equipment/Software/Telephone	34,900	34,900
Office Supplies and Expenses	35,300	35,300
On-Line Services/Training/Conferences/Subscriptions	9,000	9,000
Travel and Meals	6,500	6,500
Consultant Fees	<u>65,000</u>	<u>65,000</u>
 <u>Total Non-Personal Services</u>	 <u>\$ 691,750</u>	 <u>\$ 631,102</u>
 <u>Total Personal and Non-Personal Expenses</u>	 <u>\$ 3,496,537</u>	 <u>\$ 3,569,047</u>

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

New York State Urban Development Corporation d/b/a
 Empire State Development
 Annual Non-Programmatic Capital Expense Authorization
 for Fiscal Year 2021-22 (in comparison to the Total Board Approved Authorization for Fiscal Year 2020-21)

	<u>Proposed</u> <u>FY 2021-22</u>	<u>Board Approved</u> <u>FY 2020-21</u>
VOIP Routers and Telephones - ITS UniteNY Virtual Router License for Core Switch	15,000	15,000
Wi-Fi Implementation For Some Regional Offices/Business Continuity/Disaster Recovery	20,000	20,000
Miscellaneous Data Center Hardware Supplies	25,000	25,000
Miscellaneous Software	25,000	25,000
Mobile Devices - Laptops, Tablets, etc.	30,000	30,000
Dell Replacement PC - Refresh Outdated Workstations	30,000	30,000
Miscellaneous Peripheral Devices, Projectors, Printers, etc.	30,000	30,000
License - Licenses For Critical Application Infrastructure (Database, VmWare, Windows Operating System)	35,000	35,000
ITS Enterprise Support Changes	40,000	40,000
Formrouter Professional Services - Support StartupNY, NY Films and Other Solutions	50,000	50,000
Replacement VDI Devices for VmWare Virtualization Migration Project	50,000	50,000
Dell Servers - Refresh Existing and Outdated Servers That Are Not Virtualized	60,000	60,000
Cybersecurity Professional Services	75,000	75,000
Cybersecurity Network Vulnerability Testing and Mitigation	75,000	75,000
ITS WebNY Drupal Migration From Version 7 to 8 LOI	81,000	81,000
VMWare Infrastructure Upgrade to Provide Increased Performance (required for critical application)	90,000	90,000
Video Conferencing Equipment and Service	100,000	100,000
Disaster Recovery Upgrade and Professional Services	100,000	100,000
Continuation of an upgrade to ESD's PeopleSoft Financial Management System	100,000	100,000
Media Services Refresh of Critical Enterprise System	100,000	100,000
Managed Services Critical Infrastructure (NetApp, ESXi)	100,000	100,000
Media Services Redundant System for NYC Location (Disaster Recovery)	105,000	105,000
Engineering Services - Support Firewall Configuration, etc.	150,000	150,000
Fire Eye Security Threat Prevention Expand and Upgrade Agency Wide	150,000	150,000
SDWAN Expansion (remote office and internet connectivity redundancy)	150,000	150,000
New Systems Implementation	200,000	200,000
Campbell Ewald Drupal Migration from version 7 to 8 Project SOW	211,000	211,000
VDI Solution Upgrade/ Engineering Services	300,000	300,000
Infrastructure Network Wiring Upgrade Refresh at 633 Third Avenue Location	205,000	600,000
Corporate, Business and Economic Development Support Services	700,000	800,000
Support Microsoft Dynamics CRM System	825,000	825,000
	<u>\$ 4,227,000</u>	<u>\$ 4,722,000</u>