



FOR CONSIDERATION

March 23, 2023

TO: The Directors

FROM: Hope Knight

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) 2023-24 and to Take Related Actions

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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 FY2023-24 annual operating budget (the “Budget”) of approximately \$137.5 million includes operating costs associated with the administration and oversight of existing economic development programs, such as ConnectAll, the State Small Business Credit Initiative (SSBCI) and various statewide real estate projects, as well as additional programs in Governor Hochul’s proposed FY2023-24 Executive Budget. These initiatives require additional support, including from federal funding, to allow for effective management and supervision by ESD staff. Among the new initiatives is the creation of the Office of Semiconductor Expansion, Management, & Integration (GO-SEMI), which will further support the historic investment by Micron to build a Megafab in Central New York and efforts to further development New York’s semiconductor industry. Also included is approximately \$6.0 million in operating support provided to certain ESD subsidiaries.

The operating budget includes expenses associated with the administration of economic development programs and projects on behalf of the State, but does not include any proposed programmatic State appropriations for specific programs that have been included in the Governor’s proposed FY2023-24 Executive Budget or prior years’ Enacted budgets.

This Budget includes approximately \$79.0 million of total personal services expenses, including salaries and fringe benefits, which will allow ESD to successfully develop, launch and manage existing, new and expanded programmatic portfolios with the staff required to do so, particularly within ConnectAll, GO-SEMI, SSBCI, the Division of Science, Technology and Innovation/NYSTAR and Workforce Development and areas that directly support those initiatives, such as IT, Loans & Grants and Legal.

The Budget also includes approximately \$52.5 million for non-personal services expenses. This will support office occupancy costs, consultants, IT enhancements and communication, insurance, office services and staff professional development programs.

Subsidiary operating support of \$6.0 million includes the operating expenses of Erie Canal Harbor Development Corporation (\$1.4 million), Harlem Community Development Corporation, Operating and Capital (\$3.7 million), Queens West Development Corporation (\$0.1 million) and USA Niagara (\$0.8 million). These and other subsidiary operating and capital budgets will be presented separately to the respective Board members.

If any changes are required to the ESD budget after the adoption of the State's FY2023-24 Budget, or any other time during the fiscal year, they will be brought to the Board for approval.

Director approval is also requested for the Corporation's FY2023-24 Non-Programmatic Capital Expense Authorization totaling approximately \$13.1 million. This authorization includes: support to move ESD applications and servers to the cloud to enhance ESD's remote access and communication capabilities in a secure environment; funding to invest in technology to enhance and broaden the IT infrastructure to increase network speed, security, business continuity and disaster recovery capabilities; the development and support of applications and systems in response to ESD's priority programs and initiatives; expenses related to the relocation/renovation/buildout of regional offices; support of the expanded reporting requirements of the Database of Economic Incentives; and support for the entity-wide Microsoft Dynamics Customer Relationship Management System and PeopleSoft financial management system.

The details of the proposed FY2023-24 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 FY2023-24 Annual Operating Budget, including certain Subsidiary Operating Support and the FY2023-24 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 FY2023-24 Annual Operating Budget, including certain Subsidiary Operating Support  
Proposed FY2023-24 Annual Non-Programmatic Capital Expense Authorization

March 23, 2023

NEW YORK STATE URBAN DEVELOPMENT CORPORATION D/B/A EMPIRE STATE DEVELOPMENT – Annual Operating Budget - Authorization to Adopt the FY2023-24 Annual Operating Budget, Including Certain Subsidiary Operating Support and the FY2023-24 Annual Non-Programmatic Capital Expense Authorization and to Take Related Actions

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RESOLVED, that the Corporation hereby adopts the Corporation’s FY2023-24 Annual Operating Budget, including certain subsidiary operating support and the FY2023-24 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 2023-24 in comparison to the Board Approved Budget for Fiscal Year 2022-23

	<u>Proposed Budget</u>	<u>Board Approved</u>
	<u>FY 2023-24</u>	<u>FY 2022-23</u>
<b><u>EXPENSES</u></b>		
<u>Personal Services (including fringe benefits)</u>	\$ 78,999,673 (a)	\$ 68,325,307
<u>Non-Personal Services</u>		
Consultant Fees	\$ 31,246,980 (b)	\$ 21,325,804
Occupancy Expenses	10,340,000 (c)	9,835,450
Computers and Equipment/Software/Telephone	3,406,880 (d)	2,405,472
Accounting and Legal Fees	2,710,500 (e)	2,000,000
Outside Services and Expenses	2,089,322 (f)	2,007,092
On-Line Services/Training/Conferences/Subscriptions	806,815	568,270
Travel and Meals	804,445 (g)	623,300
Insurance	783,282 (h)	713,000
Office Supplies and Expenses	304,658	267,600
<u>Total Non-Personal Services</u>	<u>\$ 52,492,882</u>	<u>\$ 39,745,988</u>
<u>Total Personal and Non-Personal Expenses</u>	<u>\$ 131,492,555</u>	<u>\$ 108,071,295</u>
<u>Total Subsidiary Operating Support</u>	<u>\$ 6,020,232 (i)</u>	<u>\$ 5,533,664</u>
<b>GRAND TOTAL - ALL EXPENSES</b>	<b><u>\$ 137,512,787</u></b>	<b><u>\$ 113,604,959</u></b>
<b><u>FUNDING SOURCES</u></b>		
Commercial Revenue/Administrative and Other Fees/Investment Income/Other Revenue	\$ 95,152,452 (j)	\$ 78,637,667
Bond Financing Fees	9,200,000	9,200,000
Program specific NYS Appropriations, Federal Funding, Other Third Party Funding	33,160,335 (k)	25,767,292
<b>GRAND TOTAL - FUNDING SOURCES</b>	<b><u>\$ 137,512,787</u></b>	<b><u>\$ 113,604,959</u></b>

- (a) Represents staffing required to ensure the successful continuation and oversight of current programs and the launch of statewide new and expanded programmatic portfolios.
- (b) Includes resources to provide additional support to ESD staff in activating the ConnectAll and Workforce Development programs, as well as several real estate projects.
- (c) Supports modifications to, and expansion of, existing and new office space at various locations throughout the state.
- (d) Provides for software, hardware and IT enhancements to support existing and new program needs.
- (e) Reflects an increase in counsel to support drafting agreements and compliance reports for federally funded programs within SSBCI.
- (f) Contains provision for program required transcription services, stakeholder engagement, and technical assistance.
- (g) Anticipates increased staff travel related to statewide and global programs, projects and initiatives.
- (h) Provides for an expected increase in general liability and other insurance premiums.
- (i) Supports the operating expenses of Erie Canal Harbor Development Corporation, Harlem Community Development Corporation, Queens West Development Corporation and USA Niagara Development Corporation.
- (j) Includes an expected significant increase in investment income given the projected interest rate climate and a slight uptick in commercial revenue.
- (k) Represents an increase in committed federal and state funding for programs and initiatives such as, ConnectAll, SSBCI, NYSTAR, Workforce Development and Life Sciences.

New York State Urban Development Corporation d/b/a  
 Empire State Development  
 Subsidiary Operating Support  
 for Fiscal Year 2023-24 in comparison to the Board Approved Budget for Fiscal Year 2022-23

	<u>Proposed Budget</u> <u>FY 2023-24</u>	<u>Board Approved</u> <u>FY 2022-23</u>
<b><u>EXPENSES</u></b>		
<u>Personal Services (including fringe benefits)</u>	<u>\$ 2,917,266</u>	<u>\$ 2,634,914</u>
 <u>Non-Personal Services</u>		
Insurance	\$ 212,700	\$ 202,000
Occupancy Expenses	186,616	170,300
Accounting and Legal Fees	65,750	66,250
Consultant Fees	65,000	65,000
Computers and Equipment/Software/Telephone	64,100	34,900
Other Outside Services and Expenses	49,500	67,500
Office Supplies and Expenses	23,500	30,300
On-Line Services/Training/Conferences/Subscriptions	5,100	5,000
Travel and Meals	5,700	7,500
Renovation Costs-Harlem Office	<u>2,425,000</u>	<u>2,250,000</u>
 <u>Total Non-Personal Services</u>	 <u>\$ 3,102,966</u>	 <u>\$ 2,898,750</u>
 <u>Total Personal and Non-Personal Expenses</u>	 <u>\$ 6,020,232</u>	 <u>\$ 5,533,664</u>

**NOTE:** Consists of operating expenses for Erie Canal Harbor Development Corporation, Harlem Community Development Corporation, Queens West Development Corporation and USA Niagara Development Corporation. 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 2023-24 in comparison to the Total Board Approved Authorization for Fiscal Year 2022-23

	<u>Proposed Budget</u> <u>FY 2023-24</u>	<u>Board Approved</u> <u>Total FY 2022-23</u>
VOIP routers and telephones - ITS UniteNY Virtual Router License for Core Switch (Harlem)	\$ 15,000	
Dell Replacement PC - refresh outdated workstations	20,000	
Miscellaneous data center hardware supplies	25,000	
Miscellaneous Software	25,000	
Miscellaneous Peripheral devices, projectors, printers, etc. equipment refresh	25,000	
633 Audio Visual Budget	27,492	
Dell Servers - refresh existing and outdated servers that are not virtualized	30,000	
License - Licenses necessary to maintain our critical application infrastructure (Database, VmWare, Windows Operating System)	70,000	
Cybersecurity professional services	75,000	
Cybersecurity network vulnerability testing and mitigation	75,000	
ITS Enterprise support charges	80,000	
Video Conferencing Equipment and Service	100,000	
Fire Eye Security Threat Prevention Expand and Upgrade Agency Wide	150,000	
SDWAN expansion (remote office and internet connectivity redundancy)	150,000	
Mobile Devices - laptops, tablets, etc.	150,000	
ITS WebNY Drupal Migration from version 7 to 9 LOI (letter of intent)	200,000	
New Systems Implementation	200,000	
Campbell Ewald Drupal Migration from version 7 to 8 Project SOW (statement of work)	211,000	
Application Development Professional Services - support for ESD Various Department	250,000	
New Employee IT equipment for staff increase	250,000	
Business Continuity equipment replacement for agency	252,817	
Media Services refresh of Apple equipment	300,000	
VMWare Infrastructure Upgrade - upgrade infrastructure to provide increased performance	300,000	
Phase 2 of cloud migration	300,000	
Peoplesoft Managed services	300,000	
Wi-Fi Implementation for some Regional Offices/Business Continuity/Disaster Recovery	520,000	
Engineering Services - Support Firewall configuration, etc.	600,000	
Albany Core Router upgrade	691,500	
Corporate, Business and Economic Development Support Services	800,000	
Support Microsoft Dynamics CRM System	990,000	
Managed Services Critical Infrastructure (NetApp, ESXi)	1,000,000	
Statewide Office relocations, renovations and furnishings	4,851,667	
	<u>\$ 13,034,476</u> (a)	<u>\$ 6,841,000</u> (b)

(a) Includes support to move ESD applications and servers to the cloud to enhance ESD's remote access and communication capabilities in a secure environment; funding to invest in technology to enhance and broaden the IT infrastructure to increase network speed, security, business continuity and disaster recovery capabilities; provides for the development and support of applications and systems in response to ESD's priority programs and initiatives; supports expenses related to the relocation/renovation/buildout of regional offices; continues support of the required reporting of the Database of Economic Incentives; and provides support for the entity-wide Microsoft Dynamics Customer Relationship Management System and PeopleSoft financial management system.

(b) Represents only the Board approved total as the details change from year to year.