



FOR CONSIDERATION

March 28, 2024

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) 2024-25 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 FY2024-25 annual operating budget (the “Budget”) of approximately \$143.6 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 FY2024-25 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 Redevelopment of Underutilized Sites for Housing Initiative (“RUSH”), which will support the repurposing of existing state sites and properties for use as housing and One Network for Regional Advanced Manufacturing Partnerships (“ON-RAMP”) that will support the creation of four workforce development centers that will offer advanced manufacturing training, with a focus on serving disadvantaged populations. Also included is 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 FY2024-25 Executive Budget or prior years’ Enacted budgets.

This Budget includes approximately \$88.8 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, Finance and Legal.

The Budget also includes approximately \$48.7 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 \$6.1 million includes the operating expenses of Erie Canal Harbor Development Corporation (\$1.4 million), Harlem Community Development Corporation, Operating and Capital (\$3.8 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 FY2024-25 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 FY2024-25 Non-Programmatic Capital Expense Budget totaling approximately \$11.1 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; continued support of the 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 FY2024-25 ESD Operating Budget, including certain Subsidiary Operating Support and the Annual Non-Programmatic Capital Expense Budget, are attached for your review.

II. REQUESTED ACTIONS

The Directors are requested to adopt the Corporation's FY2024-25 Annual Operating Budget, including certain Subsidiary Operating Support and the FY2024-25 Annual Non-Programmatic Capital Expense Budget as set forth in the attachments and to delegate authority to the appropriate officers to take related actions.

ATTACHMENTS

Resolution

Proposed FY2024-25 Annual Operating Budget, including certain Subsidiary Operating Support

Proposed FY2024-25 Annual Non-Programmatic Capital Expense Budget

March 28, 2024

NEW YORK STATE URBAN DEVELOPMENT CORPORATION D/B/A EMPIRE STATE DEVELOPMENT – Annual Operating Budget - Authorization to Adopt the FY2024-25 Annual Operating Budget, Including Certain Subsidiary Operating Support and the FY2024-25 Annual Non-Programmatic Capital Expense Budget and to Take Related Actions

RESOLVED, that the Corporation hereby adopts the Corporation’s FY2024-25 Annual Operating Budget, including certain subsidiary operating support and the FY2024-25 Annual Non-Programmatic Capital Expense Budget, 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 2024-25 in comparison to the Board Approved Budget for Fiscal Year 2023-24

	<u>Proposed Budget</u> <u>FY 2024-25</u>	<u>Board Approved</u> <u>FY 2023-24</u>
<u>EXPENSES</u>		
<u>Personal Services (including fringe benefits)</u>	\$ 88,824,030 (a)	\$ 78,999,673
<u>Non-Personal Services</u>		
Consultant Fees	\$ 25,399,848 (b)	\$ 31,246,980
Occupancy Expenses	10,434,000 (c)	10,340,000
Accounting and Legal Fees	4,127,500 (d)	2,710,500
Computers and Equipment/Software/Telephone	3,370,886 (e)	3,406,880
Outside Services and Expenses	2,082,965 (f)	2,089,322
Insurance	1,207,586 (g)	783,282
Travel and Meals	958,333 (h)	804,445
On-Line Services/Training/Conferences/Subscriptions	758,760	806,815
Office Supplies and Expenses	315,628	304,658
<u>Total Non-Personal Services</u>	<u>\$ 48,655,506</u>	<u>\$ 52,492,882</u>
<u>Total Personal and Non-Personal Expenses</u>	<u>\$ 137,479,536</u>	<u>\$ 131,492,555</u>
<u>Total Subsidiary Operating Support</u>	<u>\$ 6,094,168 (i)</u>	<u>\$ 6,020,232</u>
GRAND TOTAL - ALL EXPENSES	<u>\$ 143,573,704</u>	<u>\$ 137,512,787</u>
<u>FUNDING SOURCES</u>		
Commercial Revenue/Administrative and Other Fees/Investment Income/Other Revenue	\$ 102,402,332 (j)	\$ 95,152,452
Bond Financing Fees	9,200,000	9,200,000
Program specific NYS Appropriations, Federal Funding, Other Third Party Funding	31,971,372 (k)	33,160,335
GRAND TOTAL - FUNDING SOURCES	<u>\$ 143,573,704</u>	<u>\$ 137,512,787</u>

- (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 continuing the expansion of the ConnectAll and Workforce Development programs, as well as MWBD initiatives, several real estate housing and development projects and internal digitization.
- (c) Supports NYC moving/holdover costs and new leases for the NYC and Buffalo locations.
- (d) Reflects an increase in counsel to support real estate initiatives and projects and increased outside counsel rates.
- (e) Provides for software, hardware and IT enhancements to support existing and new program needs.
- (f) Contains provision for program required transcription services, stakeholder engagement, effectiveness surveys, and technical assistance.
- (g) Provides for an expected increase in general liability and other insurance premiums.
- (h) Anticipates increased staff travel related to statewide and global programs, projects and initiatives.
- (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 the expected continuation of a robust investment income and consistent commercial revenue.
- (k) Represents the receipt of committed federal and state funding for programs and initiatives such as, ConnectAll, SSBCI, NYSTAR, Life Sciences and Workforce Development.

New York State Urban Development Corporation d/b/a
 Empire State Development
 Subsidiary Operating Support
 for Fiscal Year 2025-24 in comparison to the Board Approved Budget for Fiscal Year 2023-24

	<u>Proposed Budget</u> <u>FY 2024-25</u>	<u>Board Approved</u> <u>FY 2023-24</u>
<u>EXPENSES</u>		
<u>Personal Services (including fringe benefits)</u>	\$ 2,942,231	\$ 2,917,266
<u>Non-Personal Services</u>		
Insurance	\$ 225,199	\$ 212,700
Occupancy Expenses	186,616	186,616
Accounting and Legal Fees	65,750	65,750
Consultant Fees	65,000	65,000
Computers and Equipment/Software/Telephone	63,600	64,100
Other Outside Services and Expenses	49,500	49,500
Office Supplies and Expenses	23,500	23,500
On-Line Services/Training/Conferences/Subscriptions	5,100	5,100
Travel and Meals	10,000	5,700
Renovation Costs-Harlem Office	<u>2,457,672</u>	<u>2,425,000</u>
<u>Total Non-Personal Services</u>	<u>\$ 3,151,937</u>	<u>\$ 3,102,966</u>
<u>Total Personal and Non-Personal Expenses</u>	<u>\$ 6,094,168</u>	<u>\$ 6,020,232</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 Budget
 for Fiscal Year 2024-25 in comparison to the Total Board Approved Budget for Fiscal Year 2023-24

	<u>Proposed Budget</u>	<u>Board Approved</u>
	<u>FY 2024-25</u>	<u>Total FY 2023-24</u>
VOIP routers and telephones - ITS UniteNY Virtual Router License for Core Switch (Harlem)	\$ 15,000	
Dell Servers - refresh existing and outdated servers that are not virtualized	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	
SDWAN expansion (remote office and internet connectivity redundancy)	75,000	
ITS Enterprise support charges	80,000	
Mobile Devices - laptops, tablets, etc.	100,000	
Business Continuity equipment replacement	100,000	
Cybersecurity professional services	150,000	
Cybersecurity network vulnerability testing and mitigation	150,000	
Fire Eye Security Threat Prevention Expand and Upgrade	150,000	
IT equipment for staff	150,000	
Video Conferencing Equipment and Service	200,000	
ITS WebNY Drupal Migration from version 7 to 9	200,000	
New Systems Implementation	200,000	
Media Services refresh of Apple equipment	200,000	
VMWare Infrastructure Upgrade - upgrade infrastructure to provide increased performance	200,000	
Wi-Fi Implementation for some Regional Offices/Business Continuity/Disaster Recovery	200,000	
Campbell Ewald Drupal Migration from version 7 to 8	211,000	
Peoplesoft Managed Services	300,000	
Albany data center upgrade	300,000	
Miscellaneous IT expense at 655 Third Avenue	300,000	
Peoplesoft Migration to Cloud Project	350,000	
Application Development Professional Services to support department needs	350,000	
ESD exchange & domain project	400,000	
Phase 3 of cloud migration	500,000	
Corporate, Business and Economic Development Support Services	500,000	
New and renewal licenses to maintain our critical application infrastructure (Database, VmWare, Windows Operating System)	750,000	
Engineering Services - Support Firewall configuration, etc.	900,000	
Managed Services Critical Infrastructure (NetApp, ESXi)	900,000	
Support Microsoft Dynamics CRM System	990,000	
Continued statewide office relocations, renovations and furnishings	2,100,000	
	<u>\$ 11,131,000</u>	<u>\$ 13,034,476</u>

(a) Includes support to continue moving 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; provision for the development and support of applications and systems in response to ESD's priority programs and initiatives; support of the continued relocation/renovation/buildout of ESD statewide offices; support of the required reporting of the Database of Economic Incentives; and third-party 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.