

FY 2022 Borough Budget Consultations

Manhattan - Economic Development Corporation

Meeting Date 9/11/2020

AGENDA ITEM 1: General Agency Funding Discussion

The purpose of holding the Borough Budget Consultations is to provide Community Boards with important information to assist in drafting their statement of District Needs and Budget Priorities for the upcoming fiscal year. As you know, Community Board Members are volunteers who may not be familiar with the budget process and how agencies' programs are funded. At the same time, Community Board members are very knowledgeable about local service needs.

This year's Manhattan agendas have three sections:

I. Agencies faced unprecedented cuts and new funding requirements this year due to COVID 19. Can you list the previously unplanned cuts to the FY 21 budget due to COVID and the new initiatives necessitated by the emergency? Please discuss the expected timeline for the new initiatives. What programs and capital projects will be continued uncut. Of the cuts in spending for FY 2021, please identify the most significant cuts that are currently expected to be permanent [or continued at the reduced level into FY 2022].

What is the overall budget decrease for FY 21 adopted budget compared to FY20 budget?

II. Then, the agenda continues with Community Boards asking about specific program funding.

III. Lastly, the agendas include Boards' requests on district-specific budget questions. We request that the agency respond in writing, but have any further discussions on these items with the Community Boards outside of the consultation.

For the first section, please present on the four topics below for 10-15 minutes at the beginning of our Consultation. Also, please provide written responses or even a PowerPoint presentation that we can use to fully and accurately educate our Board Members.

1. What are your priorities and operational goals for FY21 and projected priorities and operational goals for FY22?
2. What are the current proposed FY21 and FY22 service and operational goals and proposed funding?
3. Which programs is the agency adding, dropping, or changing for FY21 and projected for FY22?
4. What are your benchmarks for new and existing programs and what are your benchmarks/key performance indicators for measuring success?

AGENCY RESPONSE:

[We would first like to clarify that NYCEDC operates slightly differently from the standard Mayoral agencies. EDC's operating budget exists outside of the typical City agency budget approval process with the City Council, as most of its revenues come from rents collected from City-owned properties and fees collected as part of a number of real estate and economic development transactions. Due to the financial impact of COVID-19, some EDC tenants have been unable to fully meet their rent obligations, and we have worked with them to be as flexible as possible given the current climate. That said, EDC has made conservative projections that we will experience a decline in rent receipts for FY21 vs FY20.

On the capital side, the City budget is an important part of EDC's implementation of capital projects on behalf of the City using City funds – for example, building a public park or water/sewer infrastructure. The current fiscal situation caused by COVID-19 has unfortunately impacted numerous capital projects overseen by EDC and we await further direction from OMB as they review the City's ongoing finances to determine the restart of projects.

Now that the phased reopening of New York has begun at the start of FY21, we are focused on getting the city back to work and supporting our tenants in reopening their businesses. Many of EDC's capital projects as well as investments in our assets have been paused from the beginning of the COVID crisis through today. Working with OMB, our goal is to keep extremely close track of the City's financial situation and adjust our approach to restarting projects as more information became available. As projects are given permission to restart, we will continue to keep the Community Boards updated as it pertains to projects in their district.

Projections for FY22 remain very early to determine at this point in time.

MEETING NOTES:

NEW INFORMATION:

- In April, generally, with the Governors order to halt construction projects along with having to pause other projects with concerns of cash flow, we hit pause on most everything that was not related to COVID response.
- EDC worked to get capital projects back up and started, but EDC is acting as conservatively as possible.
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FOLLOW-UP COMMITMENTS:

- None

AGENDA ITEM 2: Affordable Housing

1. What funds were allocated in FY20 for potential affordable housing projects on City-owned land as part of the Housing New York Plan? What role does EDC look to play in the planning or funding of affordable housing in FY 2021 or FY 2022?
2. What amount of this funding does EDC anticipate will be used for sites in Manhattan?
3. Will there be funding available for community engagement related to these projects in FY21?
4. Please provide a list of projects by community district.
5. What are the projected levels of funding in FY22?
6. Are capital subsidies available for the development of affordable housing? Can the subsidies be broken down by borough? If so, please list the amount of available subsidy by borough.

AGENCY RESPONSE:

1. Please contact HPD regarding Housing New York and funding for affordable housing, as affordable housing projects led by the City are funded through HPD and HDC subsidies. EDC's role in the development of affordable housing is typically in the site selection and procurement phase of a project. In collaboration with HPD, EDC will publish an RFP or RFEI and manage the real estate transactions that lead to the successful development of a site.
2. Please contact HPD.
3. EDC and its various departments conduct community engagement strategies in advance of and in support of RFP's as they become available.
4. EDC does have several projects active projects that include affordable housing components, these include:
 - a. Essex Crossing in Manhattan Community District 3
 - b. 495 11th Avenue in Manhattan Community District 4
 - c. One East Harlem in Manhattan Community District 11
5. N/A
6. Please contact HPD.

MEETING NOTES:

NEW INFORMATION:

- Any project that has an affordable housing component, HPD is the agency partner leading the financial piece of that and make most of the financial decisions. EDC feels uncomfortable discussing without HPD present.

FOLLOW-UP COMMITMENTS:

- None

AGENDA ITEM 3: Business Investment and Incentives for Diversity

1. What is the current budget for the NYC Food and Beverage and Manufacturers Growth Fund in FY21?
 - 1A. What is the forecasted budget for FY22?
2. What is the current budget for the Futureworks NYC in FY21? What is the forecasted budget for FY22?
 - 2A. Is this program's funding based solely on private monies?
3. What other programs are being applied by EDC to provide incentives for diverse business investments and entrepreneurship?
 - 3A. What is the funding for these programs in FY21 and planned for FY22?
4. What benchmarks do you use to measure the success of these programs?
 - 4A. How well did these programs perform in FY20 according to those benchmarks?

AGENCY RESPONSE:

1. The NYC Food and Beverage Manufacturers Growth Fund has been discontinued for several years.
2. The Futureworks NYC program is currently only operating in several industrial business zones in Brooklyn.
3. EDC manages a number of programs that provide incentives for businesses. These include traditional Industrial Development Agency (IDA) benefits which combine as-of-right as well as discretionary tax incentives for projects that create jobs (i.e. ICAP, property tax, sales tax, mortgage recording tax, PILOT). We also administer the FRESH program, which seeks to increase access to healthy, quality foods in underserved neighborhoods by providing tax and real estate incentives to supermarket operators and property owners. We also administer Accelerated Sales Tax Exemption Program (ASTEP) which helps support companies that typically cannot access NYCIDA or FRESH benefits with sales tax exemptions. We also administer the Emerging Developer Loan Fund which provides access to capital and technical assistance to emerging developers on projects that are below \$30M in total development cost. For a full list of our business programs, please visit <https://edc.nyc/business-programs>.
4. Generally, EDC-managed business incentive programs aim to maximize jobs created per incentive amount given. These vary by program and by project. Please advise you have questions on any particular program that occurs in the Borough of Manhattan.

MEETING NOTES:

NEW INFORMATION:

- None

FOLLOW-UP COMMITMENTS:

- None

AGENDA ITEM 4: Incubators and Workspaces

1. What budgetary increases or decreases were made by the EDC between FY20 and FY21 for the development of Incubators and Workspaces in Manhattan? What is the budget forecast for FY22?
2. What benchmarks do you use to measure success?

3. What data have you collected regarding job growth as a result of EDC's investment in workspaces and incubators?

3A. Please list how many jobs have been created within the range of income brackets.

3B. How many firms that have exited the incubator or workspace programs stay in New York City with a long-term commercial lease?

4. Will EDC pursue an incubation strategy that confronts the challenges of social distancing in office environments?

AGENCY RESPONSE:

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1. Unfortunately, due to the impact the COVID-19 pandemic had on City and EDC finances, no money has been allocated to the development of any incubators or workspaces for FY21. Given these financial constraints and unpredictability of how the pandemic will continue to impact our ability to fund programs, we are not able to forecast funding for FY22 at this time.
2. Each project has unique benchmarks depending on the scope of the contract and the policy objectives we aim to achieve through each program. Generally, we measure success based on participation by individuals and companies, and the diversity of those participants.
3. Job growth data is still being compiled. We can provide further details as a follow-up.
 - a. EDC does not track the location of incubator participants once they leave City-owned spaces.
4. EDC remains committed to economic development citywide and in Manhattan, and that necessitates being conscious of the current public health climate. We continue to learn about the best policy responses to COVID-19 and related concerns in the long run.

MEETING NOTES:

NEW INFORMATION:

- This is a challenge lately. Typically these industry initiative deal with making sure NYC is a place that companies can grow in expanding industries like cybersecurity and life-science.
- EDC wants to make sure that jobs are available to New Yorkers from different educational, and experience backgrounds
- A lot of the projects that rely on EDC rental income, like job creation initiatives, have unfortunately been paused. EDC waiting to see what happens in terms of the financial situation
- There are still projects EDC is moving forward, particularly those with construction pieces or where they're working with private partners
- Once EDC has a better handle on the virus, the new normal, and the fiscal situation EDC will be in a better place to move forward with these projects.
- EDC is working with tenants and making sure they can continue to operate during COVID, understanding they're in a difficult situation because of COVID and looking to be compassionate wherever possible on a case by case basis.
- The rents EDC collects they use to run their operations funds or other projects such as quality of life projects, job creation programs, etc. The budget team has been working hard to create a conservative estimate of the impact of the loss of rent to EDC specifically a hit to revenue receipts of maybe 30%.
- EDC is currently in a hiring freeze. EDC is following the fiscal austerity measure that other agencies are following even though the sources of funds is different from City agencies.

FOLLOW-UP COMMITMENTS:

- None

AGENDA ITEM 5: EDC Transportation Systems

1. How much funding has the EDC removed from the operating budget of the Citywide Ferry System from FY20 to FY21?

2. How many routes and landings are planned and what capital infrastructure funding is required in FY21 for additional routes?

3. With the City of New York exercising the option to purchase the ferry watercraft from Hornblower, is EDC able to lease the craft to private ferry operators if there is a sustained service reduction in FY 21 and FY22?

4. What are the performance indicators that EDC tracks for the Citywide Ferry program?

4A. How does the EDC measure the effectiveness of the Citywide Ferry System when comparing the per rider subsidy with the Fair Fares program, which was reduced in the FY 21 Budget?

4B. Does EDC forecast a sustained drop in ridership and an increase in the effective subsidy per rider in FY22?

4C. Has the EDC budgeted any programs or initiatives to drive down the subsidized rider cost given the projected drop?

AGENCY RESPONSE:

1. As a result of changes made earlier this year to consolidate operations and reduce service during part of the COVID period, EDC will save approximately \$10 million in operating expenses during FY21.

2. Two new routes (Coney Island route and the St. George route) and the extension of an existing route (Throgs Neck added to the Soundview route) are planned for 2021. This will add three new landings to our ferry infrastructure and will use two already-existing landings overseen by other agencies. The Mayor announced that this expansion would require \$100 million in capital funding, including both landing infrastructure and the vessels needed for the expansion.

3. All city-owned NYC Ferry vessels are leased to the NYC Ferry Operator through the end of the NYC Ferry Operating Agreement and thus are unavailable for use by other operators.

4. EDC monitors overall ridership, on time performance and reliability of service, among other factors. Please visit [this link](#) to read our latest quarterly report:

4A. At the start of the NY State PAUSE, ridership was down almost 90%. However, ridership is now down only 40%, far higher than other modes of transit. EDC does not currently have information on the subsidy to the Fair Fares program, please consult with HRA.

4B. COVID-19 has impacted NYC Ferry ridership, as it has all other modes of transit. In FY19, NYC Ferry subsidy was \$9.34 per trip, and due to COVID we anticipate the FY20 subsidy to be higher. The long-term impact of COVID-19 is yet unknown for commuting patterns, but the attractiveness of ferries due to their open air seating and lower density per vehicle would imply a better option for many. We anticipate ridership will return to normal levels once COVID-19 has subsided, and over the long term, we still expect the subsidy to stabilize to between \$7-8 per trip.

4C. We are pleased to see the phased reopening of the city take place and are closely monitoring ridership trends associated with this. The \$10M FY21 reduction, which includes permanent changes to NYC Ferry routes, will mean long-term efficiency for the system.

MEETING NOTES:

NEW INFORMATION:

- Changes specifically on the operating side to save approximately \$10M in FY21. We've consolidated a few routes such as moving the Collier's Hook stop to the end of the South Brooklyn Route.
- There was a large parking lot EDC was renting in the Rockaways that has been halted. We pushed the launch of another project about six months to save a significant amount of money for EDC.
- These demonstrate the flexibility and resiliency of this system.
- During a few months of COVID, ridership is down approximately 90%. Now it is back to nearly half of what it was. People feel more comfortable riding outside. We're interested to see how these numbers change as we go into new stages

of reopening.

- Fair Fairs is managed by HRA, we don't have the data on it. It is essentially a subsidy on top of another subsidy.

FOLLOW-UP COMMITMENTS:

- None

AGENDA ITEM 6: Training and Learning for Low Income

1. What budgetary changes were made between FY20 and FY21 for the Food Retail Expansion to Support Health (FRESH) program, ConstructNYC, and HireNYC? Has the EDC seen any need to eliminate, reduce, or expand any existing programs?
2. What indicators do you use to evaluate year over year performance?
3. What other programs are funded to link economic development projects to training and earning opportunities for low-income New Yorkers?

AGENCY RESPONSE:

1. Regarding performance indicators, for the FRESH program we look at the number of supermarkets in the pipeline, number of supermarket projects induced and authorized, amount of supermarket square footage created, and the number of jobs created/retained. Our ultimate goal is to increase the number of jobs created and catalyze private investment. For HireNYC, we look to see that candidates screened through this process are hired, retained and promoted over time. We seek to have a participant company hire 50% of permanent jobs, retain 40% of those employees within 9 months, advance 30% within 1 year of hire date and provide skills-training opportunities to members of the target population for their projects. More can be found here: https://edc.nyc/sites/default/files/filemanager/HireNYC/HireNYC_FAQ_General.pdf. ConstructNYC is a program that seeks to have participants join a pre-qualified list to then participate in contracts up to \$1M. We are constantly reevaluating the budgetary situation internally and with OMB to determine when additional projects and programs can proceed.
2. NYCEDC primarily tracks jobs created on a full-time equivalent (FTE) basis for these programs. We can provide as a follow-up, a detailed breakdown of YoY performance FY19 vs. FY20.
3. In the past, NYCEDC has supported programs such as Manage Forward and Next Level Bronx, programs that help small M/W/DBE owners the tools, training, and networks to turn growth plans into action. These programs were carried out and funded through public-private-partnerships with partners such as Citi Community Development, Enterprise Community Partners and Santander Bank, for example. For a comprehensive list of existing programs please visit <https://edc.nyc/business-programs>. For programs that are targeting to individuals, we encourage Community Boards to discuss training opportunities at the individual level with SBS, as they have a robust network of Workforce1 centers to provide that service.

MEETING NOTES:

NEW INFORMATION:

- There are a lot of legal restraints around HireNYC that restrict EDC from changing the direction or expand HireNYC as some Community Boards would like.
- Most if not all of the programs mentioned above are not necessarily impacted by changes in budget as they are supported by private partners. ConstructionNYC is a tax abatement program for instance, a lot of the programs are still moving despite the fiscal crunch.

FOLLOW-UP COMMITMENTS:

- None

AGENDA ITEM 7: Graffiti Removal

EDC is responsible for graffiti removal.

1. Now that the Graffiti Removal program budget is zeroed out for FY 21, are there any plans on pursuing a private-public partnership to reactivate this program in any way?

2. Please describe the process and the funding for the program in FY21 and FY22.

AGENCY RESPONSE:

1. EDC, in collaboration with DSNY and the Mayor's Office help remove graffiti from properties across the City. Due to the fiscal situation caused by COVID-19, GraffitiFree NYC was cut from this year's budget. EDC is working with its partners to examine options, including private sector funds, to restart the GraffitiFree NYC program. We understand that graffiti abatement is an important part of getting the city back to work and helping small business during these difficult times. More information on the program can be found here: <https://edc.nyc/program/graffiti-free-nyc>
2. As noted above, the program has been suspended indefinitely. As the financial circumstance of the City evolves, we will revisit this program in consultation with OMB.

MEETING NOTES:

NEW INFORMATION:

- We recognize that cleaning up graffiti is a part of helping clean up neighborhoods and helping small businesses get back on their feet. But unfortunately with the fiscal crunch, we've had to suspend this indefinitely.
- EDC works with the BIDs and correspond with them. But the equipment for removal is EDC's and EDC employees remove the graffiti as well.
- If the complaint is about graffiti on a private property, EDC reaches out to the owner to get consent. If consent is not given, EDC cannot remove the graffiti.
- EDC is not sure whether they capture data on whether graffiti removal is happening on private or public property. Anecdotally, a very large percentage of the requests that come in are private.

FOLLOW-UP COMMITMENTS:

- EDC will circle back with 311 and see what the team is doing with information on graffiti removal requests. The vast majority of complaints come straight from 311.
- EDC will identify and put together a list of the private partners who are stepping into this role, specifically those helping small businesses get back on their feet, and circle back with them.
- EDC will look into the ratio of public/private properties that receive graffiti removal requests.

AGENDA ITEM 8: Recommended Priorities for CB Support

1. What budget priorities would EDC want community boards to support?

AGENCY RESPONSE:

EDC is focused on an equitable recovery from COVID-19 and the associated economic hurdles. During this rapidly changing time, we would appreciate feedback from the Community Boards on specific conditions that we can address that would make reopening less challenging. We would also appreciate as well as specific suggestions you might have on strategies for small business and community support that could potentially fall under EDC's jurisdiction.

MEETING NOTES:

NEW INFORMATION:

- Particular projects that CBs are intimately familiar with that were working in their district that have been paused, those would be great to support so EDC can continue to best help districts.
- EDC knows the impacts of COVID have not been felt the same throughout the City and we need to make sure equity is at the forefront of our minds when it comes to support and response.

FOLLOW-UP COMMITMENTS:

- None

AGENDA ITEM 9: Non-Tax-Levied Funds

1. What is EDC's forecast for revenue generated from the leasing and management of New York City-owned infrastructure that includes, but is not limited to docks and heliports?
2. Which programs will see their funding reduced or eliminated in advance of what are likely to be depressed revenues?
3. What additional steps will the EDC take to expand upon the revenue-producing potential of assets under its jurisdiction?
4. What assets may be moved under the jurisdiction of EDC to better take advantage of its flexibility and relative freedom from the City of New York's regulations and laws that apply to agencies, but not public benefit corporations?

AGENCY RESPONSE:

1. EDC receives most of its operating revenues from rents generated from leasing and management of City-owned property across the City. Due to the financial impact of COVID-19, some EDC tenants have been unable to fully meet their rent obligations, and we have worked with them to be as flexible as possible given the current climate. That said, EDC has made conservative projections that we will experience a decline in rent receipts for FY21 vs FY20.
2. Numerous projects were placed on hold beginning in April due to a combination of factors including reduced EDC revenues as well as overall City fiscal challenges. This included high-priority capital projects like Lower Manhattan Coastal Resilience and East Midtown Greenway (both of which are now able to proceed), as well as operating programs like CyberNYC and GraffitiFreeNYC (still on hold). As noted earlier, EDC pivoted to immediate crisis response in the wake of the COVID-19 epidemic, including reallocating staff to support those efforts. As the City emerges from the acute health crisis, our attention is now turning to supporting the economic recovery. As such, we are constantly reevaluating the budgetary situation internally and with OMB to determine when additional projects and programs can proceed.
3. EDC is currently undertaking a thought exercise to determine what possibilities exist to produce additional revenue at its assets that are consistent with city policy, asset category and other factors.
4. We always welcome suggestions from the Community Boards for ways in which we can have City assets create value to the city and the community. If you have specific recommendations, please share.

MEETING NOTES:

NEW INFORMATION:

- There are exercises internally going on to see how EDC can squeeze additional revenue out of existing assets.
- EDC would be open to any ideas on additional revenue generating or other ideas in general on keeping districts attractive to residents and businesses.

FOLLOW-UP COMMITMENTS:

- None