

FY 2023 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 previously faced unprecedented cuts and new funding requirements due to COVID 19. The Federal Government recently provided relief funds to states and municipalities as part of COVID relief stimulus.

1. What programs are restored by this funding for the current fiscal year and what further changes are planned for FY 23 when an estimated \$4 billion budget gap reemerges?
2. What changes in federal funding have been instituted for FY 22? Will those changes continue into FY 23? What portion or percentage of the FY 21 and FY 22 budgets consisted of non-recurring federal funding?
3. What is the overall budget increase or decrease for FY 22 adopted budget compared to FY21 budget? Does the Agency anticipate a budget shortfall for FY 22, FY 23 or further out years after the non-recurring federal funding has been exhausted?

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

1. What programs will see a significant increase or decrease in funding? To what extent, if any, is the increase or decrease in funding related to non-recurring federal funding allocations?
2. Which programs will be new or eliminated entirely?
3. What are your benchmarks for new and existing programs and what are your benchmarks/key performance indicators for measuring success?
4. What are your priorities, operational goals, and capital goals for FY22 and projected priorities, operational goals, and capital goals for FY23?
5. What expense or capital needs would ACS recommend or encourage Community Boards advocate be funded or expanded?

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. Which Manhattan community districts will see the largest increases or decreases in applied operational or capital funding for programmatic goals in FY 22 and FY 23?
 - a. What indicators do you use to direct these funds according to perceived need?

AGENCY RESPONSE:

NYCEDC's budget was significantly impacted by the COVID-19 pandemic. Much of our work was paused due to OMB funding constraints, operations pivoted toward supporting the City's overall response effort and we had to work closely with tenants on rental relief. Due to the financial impact of COVID-19, some EDC tenants have been unable to fully meet their rent obligations and have continued to work with partners to be as flexible as possible given the current climate.

NYCEDC's capital structure is unique and quite different from other City agencies. Much of NYCEDC's budget is funded with capital dollars. A portion of the Department of Small Business Service's (SBS) Expense Budget goes to NYCEDC, funding non-capital related expenses, which are typically programs that NYCEDC executes on behalf of other agencies. However, these funds do not cover NYCEDC's operating expenses.

NYCEDC is a self-sustaining mission-driven non-profit organization that was created to drive and shape New York's economic growth. It uses City resources to create a bridge between City agencies, private businesses and local communities. In addition to the NYCEDC capital projects, NYCEDC is also manages capital projects for other agencies. The Preliminary Capital Plan for Fiscal 2021-2025 includes 133 Council capital projects with a total value of \$69.4 million. Because of its unique structure, NYCEDC uses its revenue to make both fiscal contributions to the City and long-term strategic investments.

Now that NYC recovery has begun, we have been focused on getting the city back to work and supporting our tenants in reopening their businesses. Working with OMB, our goal is to keep extremely close track of the City's financial situation and adjust our approach as more information becomes available. All EDC capital projects were paused in April 2020 due to COVID-19 in order to prioritize pandemic response activity and public health/safety. By early 2021, most projects have resumed. Our understanding is that there have not been "decreases" and several initiatives like city-wide Cleanup Corps initiative have been funded.

MEETING NOTES:

AGENDA ITEM 2: Affordable Housing

1. What funds were allocated in FY21 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 2022 or FY 2023?
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 FY22?
4. Please provide a list of projects by community district.
5. What are the projected levels of funding in FY23?
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. Please contact HPD.
6. Please contact HPD.

MEETING NOTES:

AGENDA ITEM 3: Incubators and Workspaces

1. What budgetary increases or decreases were made by the EDC between FY21 and FY22 for the development of Incubators and Workspaces in Manhattan? What is the budget forecast for FY23?
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:

1. Unfortunately, due to the impact of COVID-19 on City and EDC finances, we are still evaluating whether spending new operating and programmatic funds is possible for this fiscal year or beyond. Please contact EDC for further information on the status of any particular project or program.
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. Please contact EDC with questions about particular programs or projects for more detailed information on job creation metrics. 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 monitor the appropriate policy responses to COVID-19 as it pertains to commercial office occupancy, and are optimistic that ongoing public health precautions and the availability of vaccines will help businesses get back to work.

MEETING NOTES:

AGENDA ITEM 5: EDC Transportation Systems

1. How many routes and landings are planned and what capital infrastructure funding is required in FY21 for additional routes?
2. 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?
3. What are the performance indicators that EDC tracks for the Citywide Ferry program?

AGENCY RESPONSE:

1. 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.

2. 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.

3. EDC monitors overall ridership, on time performance and reliability of service, among other factors. Please visit this link to read our latest quarterly report: <https://www.ferry.nyc/reports-statistics/>

MEETING NOTES:

AGENDA ITEM 6: Training and Learning for Low Income

1. What budgetary changes were made between FY21 and FY22 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. Following the COVID-19 fiscal impacts, we are constantly reevaluating the budgetary situation internally and with OMB to determine when additional projects and programs can proceed. For the FRESH and ConstructNYC programs, we are still determining the budgets at this time and should have more information in the coming months if any Community Board is interested in discussing specific questions. HireNYC is primarily implemented through contracting language and remains in effect for applicable projects.
2. NYCEDC primarily tracks jobs created on a full-time equivalent (FTE) basis for these programs. 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.

- 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:

AGENDA ITEM 7: Graffiti Removal

EDC is responsible for graffiti removal.

1. Please describe the process and the funding for the program in FY22 and FY23.

AGENCY RESPONSE:

The GraffitiFreeNYC program has been partially restored following a significant period of program suspension caused by budget cuts associated with the COVID-19 fiscal situation. While the program has limited capacity, we still encourage members of the public to submit requests through 311, and welcome Community Boards who would like to raise priority requests to their primary Government & Community Relations contact at EDC (for Upper Manhattan, Jennifer Montalvo jmontalvo@edc.nyc; for Midtown and Lower Manhattan, Wil Fisher wfisher@edc.nyc). Additionally, the GraffitiFreeNYC team is working in close partnership with Mayor de Blasio's Civilian Cleanup Corps.

MEETING NOTES:

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 as we emerge from the pandemic.
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 proceeding), as well as operating programs like GraffitiFreeNYC (which we have partially restarted as well). 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: