

The Council of the City of New York

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Report on the Fiscal Year 2015 Executive Budget for the Department of Small Business Services May 21, 2014

Executive Budget Highlights

The Department of Small Business Services' (SBS) Fiscal 2015 Executive Budget is \$119.4 million, which is 5.36 percent or \$6.1 million more than the \$113.36 million in the Fiscal 2014 Adopted Budget.

- **New Needs**

- IBZ Funding. 8 Industrial Business Providers will receive \$578,203 in Fiscal 2015 to serve industrial and manufacturing businesses.
- M/WBE Capacity Building. "Compete to Win" which is a set of services to help New York City Minority and Women-Owned Business Enterprises (M/WBE) compete for and win City contracts will receive \$1.1 million in Fiscal 2015 and in the out years.
- M/WBE Local Law. The Executive Budget reflects \$395,000 in Fiscal 2015 and \$480,000 in the out years to help strengthen the existing Minority and Women-Owned Business Enterprise Program.
- Rockaway Ferry Service. The Executive Budget reflects \$2 million in Fiscal 2015 for Rockaway Ferry Service.
- Neighborhood-Based Integrated Planning Initiative. The Executive Budget reflects \$300,000 in Fiscal 2014 and \$200,000 in Fiscal 2015 to help establish more holistic development and investment strategies for neighborhoods.

- **Other Adjustments**

- EDC Staten Island Express Bus. The Executive Plan includes \$1.10 million in Fiscal 2014 and \$3.29 million in the out years to provide express bus service in Staten Island.
- MOER Brownfields. The Executive Plan includes \$94,000 in Fiscal 2014 and \$4.78 million in Fiscal 2015 to develop a program to assist development on sites designated as Brownfields.
- Walking Trail and Bike Path. The Executive Plan includes \$500,000 in Fiscal 2014 to construct a walking trail and bike path from the South Bronx to Randall's Island.

Department of Small Business Services Overview

This report provides an overview of the Department of Small Business Services' (SBS) Fiscal 2015 Budget and a review of the significant initiatives included in the Executive Budget. Appendices 1-2 report the changes made to the Fiscal 2014 and Fiscal 2015 Budget since adoption of the Fiscal 2014 Budget. For additional information on the Department's Budget and its various programs, please refer to the "Fiscal 2015 Preliminary Report" available on the Council's website.

SBS Financial Summary

<i>Dollars in Thousands</i>	FY12 Actual	FY13 Actual	FY14 Adopted	FY14 as of FY15 Exec. Plan	FY15 Exec. Budget	*Change FY14 - FY15
Budget by Program Area						
Agency Administration and Operations	\$11,907	\$12,003	\$13,480	\$12,870	\$12,631	(\$849)
Business Development	8,468	8,149	7,741	20,836	7,792	51
Contract Svcs: Economic Dev Corp	30,078	36,657	11,070	391,356	26,217	15,147
Contract Svcs:						
NY&Co/Tourism Support	13,981	13,046	12,262	12,262	12,262	0
Contract Svcs: Other	16,016	12,641	12,705	18,159	17,018	4,313
Economic & Financial Opportunity:						
M/WBE	2,663	2,516	2,977	3,177	2,588	(389)
Economic & Financial Oppty:						
Labor Svcs	667	666	780	780	945	165
MO Film, Theatre, and Broadcasting	0	500	0	566	0	0
MO Industrial & Manufacturing Businesses	1,242	1,091	1,156	1,156	578	(578)
Neighborhood Development	3,857	4,576	5,948	7,606	2,657	(3,291)
Workforce Dev: One Stop Centers	26,463	25,137	22,201	22,354	19,954	(2,247)
Workforce Dev:						
Program Management	10,803	12,026	7,348	11,457	7,284	(64)
Workforce Dev: Training	10,149	8,760	9,037	11,516	9,037	0
Workforce Dev: WIB and Other	1,338	12,572	6,655	13,017	473	(6,182)
Total	\$137,632	\$150,340	\$113,363	\$527,112	\$119,436	\$6,073
Funding						
City Funds	\$73,018	\$47,080	\$71,296	\$71,397	\$66,812	(\$4,484)
Other Categorical	12,329	13,911	56	8,656	56	0
State	1,637	602	0	394	0	0
Federal - Community Development	2,666	13,482	2,481	372,949	13,055	10,574
Federal - Other	43,355	70,229	39,020	68,511	39,003	(17)
Intra City	4,627	5,036	510	5,205	510	0
Total	\$137,632	\$150,340	\$113,363	\$527,112	\$119,436	\$6,073
Positions						
Full-Time Positions	193	209	220	248	226	6
Full-Time Equivalent Positions	49	64	33	64	33	0
Total	242	273	253	312	259	6

*Change from Fiscal 2014 Adopted to Fiscal 2015 Executive Budget.

New in the Executive Budget

SBS' Fiscal 2015 Executive Budget reflects a \$6.1 million, or 5.4 percent, increase when compared to the Fiscal 2014 Adopted Budget. At the time of Adoption in June 2013, the Fiscal 2015 Budget was approximately \$82.9 million, which was \$30.5 million less than the Fiscal 2014 Adopted Budget of \$113.4 million. Budget actions, including new needs and other adjustments in the November, Preliminary and Executive Plans, increased the Fiscal 2015 Executive Budget by \$36.5 million. The net \$6.1 million increase between the Fiscal 2015 Executive Budget and the Fiscal 2014 Adopted Budget reflects these budget actions (see Appendix 2).

New Needs

IBZ Funding. The Executive Budget reflects \$578,203 in Fiscal 2015 for Industrial Business Providers. SBS manages the service delivery contracts for eight Industrial Business Providers in the Industrial Business Zones (IBZ) to serve industrial and manufacturing businesses. These services are designed to help providers increase revenue, lower operating costs and retain jobs. Funding for these eight providers was provided by City Council in Fiscal 2014 but not in the out years. OMB has provided SBS funding for Fiscal 2015 for these providers to continue their services.

M/WBE Local Law 1. The Executive Budget reflects \$395,000 in Fiscal 2015 and \$480,000 in the out years for the implementation of the M/WBE Local Law 1 Compliance. Local Law 1 was signed in January 2013 to help strengthen the existing Minority and Women-Owned Business Enterprise Program. OMB has granted SBS three full time positions and a corresponding amount of OTPS to continue the implementation of Local Law 1. Staff will assist in the approval of certification determinations, supervise the agency audit and site visit programs. One staff member will assist in the management and improvement of technology issues.

SBS has been implementing the law's changes to the program through the following:

- Elimination of the \$1 million cap allowing access to larger dollar contracts
- Expansion of certification program in order to collect and display more information about certified businesses
- Increased data reporting and agency coordination
- Improved online directory of certified firms

M/WBE Capacity Building. The Executive Budget reflects \$1.1 million in Fiscal 2015 and in the out years for M/WBE Capacity Building. Compete to Win is a set of services to help New York City Minority and Women-Owned Businesses Enterprise (M/WBE) compete for and win City contracts. It is designed to reduce market barriers and improve competition on City contracts.

SBS has been providing the following services for capacity building:

- Increasing training for bid and proposal presentation
- Technical assistance
- Creation and expansion of a construction mentorship program to increase the capacity of M/WBE construction firms to bid on larger contracts
- Partnership with other agencies to provide increased contracting opportunities

Neighborhood-Based Integrated Planning Initiative. The Executive Budget reflects \$300,000 in Fiscal 2014 and \$200,000 in Fiscal 2015 for the establishment of a more holistic development and investment strategies for neighborhoods. Funding will be used for the purpose of planning, design, market and data analysis to foster flourishing neighborhoods.

Neighborhood Development Division. The Executive Budget reflects \$145,000 in Fiscal 2015 and in the out years for the Neighborhood Development Division. The mission of Neighborhood Development Division (NDD) is to support community-based economic development organizations which create conditions where local business can grow and thrive. With the creation of 25 new BIDs over the past 12 years and the increase need for administration and support, two new positions have been added to the budget. The two new positions consist of:

- One financial/contract analyst to review financial and related matters with BIDs.
- One commercial revitalization program manager to develop and implement ongoing capacity building opportunities for partner organizations

Waterfront and Dockmaster Units. The Executive Budget reflects \$145,000 in Fiscal 2015 and in the out years for the Waterfront and Dockmaster Units. SBS has jurisdiction over all structures on city-owned waterfront property whether devoted to maritime or non-maritime use and all privately-owned waterfront property structures devoted to maritime use such as piers, docks, bulkheads and seawalls. Two new positions have been added to the budget. The two new positions consist of:

- A plans examiner to assist with the review of all waterfront permit applications and assist in the interpretation of zoning and building codes.
- An inspector who will conduct site visits prior to the issuance of completion certificate.

Other Adjustments

US Environmental Protection Agency Assessment. The Executive Budget reflects \$451,000 in Fiscal 2014 from the Environmental Protection Agency to develop and implement a program to assess local brownfield properties such as Melrose, Belmont and Mariers Brownfield Sites whose expansion, redevelopment and reuse have become complicated by the presence of hazardous substances.

Smart grid. The Executive Budget reflects \$867,259 in Fiscal 2014 for the construction of a solar photovoltaic system, battery storage system and building management system at Brooklyn Army Terminal (BAT).

Green Infrastructure improvements. The Executive Budget reflects \$502,483 in Fiscal 2014 for green infrastructure improvements at multiple locations in Brooklyn. EDC partnered with Department of Environmental Protection to implement the green infrastructure improvements.

EDC-Environmental Impact Statement. The Executive Budget reflects \$505,000 in Fiscal 2014 for an Environmental Impact Statement study related to the sale of new taxi medallions.

Consultant for Universal Pre-K. The Executive Budget reflects \$840,000 for the hiring of a consultant to support the implementation and roll-out of universal pre-K.

Other Adjustments Related to Hurricane Sandy

- **Asbestos Sample.** The Executive Budget reflects \$8.4 million in Fiscal 2014 in HUD Community Development Block Grant (CDBG) to conduct asbestos sampling and testing to provide assistance to NYC homeowners
- **Business Resiliency Investment.** The Executive Budget reflects \$65,000 in Fiscal 2014 from Community Development Block Grant- Disaster Relief (CDBG-DR) fund to hire a consultant to design the project management office of the Business Resiliency Investment Program, which will provide incentives to owners and tenants of commercial space to improve resiliency for future storms (CDBG-DR funded)
- **Environmental Service Planning.** The Executive Budget reflects \$400,000 in Fiscal 2014 in HUD Community Development Block Grant to conduct environmental assessment services to provide assistance to NYC homeowners
- **Federal Emergency Management Agency.** The Executive Budget reflects \$804,000 in Fiscal 2014 in FEMA funding for repair work
- **Federal Transit Administration Emergency Relief.** The Executive Budget reflects \$3.8 million in Fiscal 2014 in FTA Emergency Relief funding for repair work
- **Preconstruction Services.** The Executive Budget reflects \$1.5 million in Fiscal 2014 from CDBG-DR fund to hire consultants to provide preconstruction assistance to NYC homeowners

Appendix 1: SBS Fiscal 2015 Executive Budget Actions

<i>Dollars in Thousands</i>	FY 2014			FY 2015		
	City	Non-City	Total	City	Non-City	Total
SBS Preliminary Fiscal 2015 Budget	\$80,585	\$434,301	\$514,886	\$46,028	\$52,642	\$98,670
New Needs						
Funding for property management of City-Owned land along East 125th st	\$0	\$0	\$0	\$110	\$0	\$110
FY15 IBZ funding	0	0	0	578	0	578
M/WBE Capacity Building	0	0	0	1,063	0	1,063
M/WBE Local Law 1	0	0	0	395	0	395
Neighborhood Development Division	0	0	0	145	0	145
Neighborhood-Based Integrated Planning Initiative	0	0	0	300	0	300
Rockaway Ferry Service	0	0	0	2,000	0	2,000
Waterfront Dockmaster Units	0	0	0	145	0	145
Willoughby Square Property Management	0	0	0	280	0	280
Subtotal New Needs	\$0	\$0	\$0	\$5,016	\$0	\$5,016
Other Adjustments						
14EDC017 RI Connector TEP	\$0	\$500	\$500	\$0	\$0	\$0
Asbestos Sample and Test KAM	0	1,647	1,647	0	0	0
Asbestos Sample and Test Omega	0	1,178	1,178	0	0	0
Asbestos Sampling and Test ATC	0	5,546	5,546	0	0	0
Business Resiliency Investment	0	65	65	0	0	0
CDBG Environ Service Planning	0	300	300	0	0	0
CDBGEnvironServicePlanning.3	0	50	50	0	0	0
CDBGEnvironServicePlanning.2	0	50	50	0	0	0
CEO Funding Allocation	0	0	0	3,549	0	3,549
City Council Member Items	230	0	230	0	0	0
Clean Heat Reforecast	(5,132)	0	(5,132)	5,132	0	5,132
CSX-Clean Diesel Locomotive	0	1,000	1,000	0	0	0
EDC-EIS	0	505	505	0	0	0
EDC Cat A Sandy FEMA	0	3	3	0	0	0
EDC Cat B Sandy FEMA	0	462	462	0	0	0
EDC Cat G Sandy FEMA	0	28	28	0	0	0
EDC FEMA PW 2626	0	95	95	0	0	0
EDC FEMA PW 2743	0	102	102	0	0	0
EDC FEMA PW 2846	0	99	99	0	0	0
EDC FEMA PW 2863	0	15	15	0	0	0
EDC Staten Island Express Bus	1,095	0	1,095	3,285	0	3,285
FTA ER Sandy for EDC-13	0	3,761	3,761	0	0	0
Graffiti Free-FED HUD EDI Fu	0	49	49	0	0	0
Heat, Light and Power	(602)	8	(594)	(978)	(18)	(996)
I/C SBS FY14	0	840	840	0	0	0
IC W/SBS-FRESH Coordinator	0	70	70	0	0	0
Intra-City w/NYC EDC-Consultant	0	110	110	0	0	0

<i>Dollars in Thousands</i>	FY 2014			FY 2015		
	City	Non-City	Total	City	Non-City	Total
Intra-City with EDC	\$0	\$39	\$39	\$0	\$0	\$0
Mariners Cleanup Grant	0	3	3	0	0	0
MOER Brownfields	0	94	94	4,780	0	4,780
NYC/EDC-The LINK Initiative	0	821	821	0	0	0
OER Brownfields Grant Reforecast	(4,780)	0	(4,780)	0	0	0
OGI-Seth Low/Hope Gardens	0	502	502	0	0	0
Preconstruction Services	0	1,500	1,500	0	0	0
REDC Grant	0	300	300	0	0	0
Smart Grid	0	867	867	0	0	0
TAA Budget Increase	0	356	356	0	0	0
US EPA 2006 Haz Sub Assessment	0	36	36	0	0	0
US EPA 2006 Petrol Assessment	0	67	67	0	0	0
US EPA 2007 HAZ Sub Assessment	0	68	68	0	0	0
US EPA 2007 Petrol Assessment	0	80	80	0	0	0
US EPA RLF Grant	0	200	200	0	0	0
Subtotal Other Adjustments	(\$9,189)	\$21,416	\$12,227	\$15,768	(\$18)	\$15,750
Total All Changes	(\$9,189)	\$21,416	\$12,227	\$20,784	(\$18)	\$20,766
SBS Executive Fiscal 2015 Budget	\$71,396	\$455,717	\$527,113	\$66,812	\$52,624	\$119,436

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Appendix 2: SBS Budget Actions since Fiscal 2014 Adoption

<i>Dollars in Thousands</i>	FY 2014			FY 2015		
	City	Non-City	Total	City	Non-City	Total
SBS Preliminary Fiscal 2014 Adopted Budget	\$71,295	\$42,068	\$113,363	\$40,827	\$42,068	\$82,895
New Needs						
MOER Brownfield Incentive Program	\$0	\$0	\$0	\$1,750	\$0	\$1,750
SBS Dockmaster Unit	10	0	10	0	0	0
Willets Point Business Relocation Assistance	3,770	0	3,770	0	0	0
NBAT and Business Express	0	0	0	1,475	0	1,475
SBS Veteran Procurement Study	200	0	200	0	0	0
SBS Waterfront Unit	0	0	0	10	0	10
Funding for property management of City-Owned land along East 125th st	0	0	0	110	0	110
FY15 IBZ funding	0	0	0	578	0	578
M/WBE Capacity Building	0	0	0	1,063	0	1,063
M/WBE Local Law 1	0	0	0	395	0	395
Neighborhood Development Division	0	0	0	145	0	145
Neighborhood-Based Integrated Planning Initiative	0	0	0	300	0	300
Rockaway Ferry Service	0	0	0	2,000	0	2,000
Waterfront Dockmaster Units	0	0	0	145	0	145
Willoughby Square Property Management	0	0	0	280	0	280
Subtotal New Needs	\$3,980	\$0	\$3,980	\$8,251	\$0	\$8,251
Other Adjustments						
CD Rollover	\$0	\$222	\$222	\$0	\$0	\$0
CDBG-DR Increase for Loan App	0	10,000	10,000	0	0	0
CDBG-BLGP & Admin	0	1,335	1,335	0	0	0
CITIServ- SBS Transfer	(26)	0	(26)	(26)	0	(26)
Clean Heat Initiative	5,132	0	5,132	0	0	0
CPSD-MTA Relocation from 530 Zerega Avenue, Bronx	55	0	55	0	0	0
East River Ferry	0	0	0	2,000	0	2,000
EDC CDBG-DR Sandy Roll to FY14	0	283,959	283,959	0	0	0
FY14 HRO Architectural Scoping	0	21,072	21,072	0	0	0
FY14 HRO Preconstruction	0	10,649	10,649	0	0	0
FY14 IC to SBS	0	770	770	0	0	0
FY14 NEG Rollover	0	5,721	5,721	0	0	0
FY14 PS Rapid Response	0	41	41	0	0	0
FY14 Vendor Markets Rollover	0	11	11	0	0	0
FY15 HRO Architectural Scoping	0	0	0	0	7,024	7,024
FY15 HRO Preconstruction	0	0	0	0	3,550	3,550
HHS Accelerator Technical Adjustment	(4)	0	(4)	(8)	0	(8)
Member Item Reallocation	210	0	210	0	0	0
OER SPEED Maintenance to DoITT	(57)	0	(57)	0	0	0
Small Firm Assistance Rollover	0	1,837	1,837	0	0	0
TAA Budget Increase	0	342	342	0	0	0

<i>Dollars in Thousands</i>	FY 2014			FY 2015		
	City	Non-City	Total	City	Non-City	Total
Workforce Development Programs	\$0	\$566	\$566	\$0	\$0	\$0
Acquisition Costs for Development	0	8,600	8600	0	0	0
BCG Contract Amend 1 and 2	0	6,107	6107	0	0	0
BNY Mod for FEMA Reimbursement	0	2,667	2667	0	0	0
BRIP Consultant-PMO Design	0	626	626	0	0	0
CDBG OTPS	0	70	70	0	0	0
CDBG PS Admin	0	102	102	0	0	0
CEDAR street payment-NYPD	0	86	86	0	0	0
CMS Development Employee	0	7	7	0	0	0
Construct Inspect Services 2	0	9,376	9376	0	0	0
Construction Inspect Service 1	0	11,300	11300	0	0	0
FY14 BNYDC Sandy Fema	0	2,661	2661	0	0	0
FY14 HRO Critical Path Matters	0	5,000	5000	0	0	0
FY14 NEG DHS	0	4	4	0	0	0
FY14 NEG PY12-22	0	5,567	5567	0	0	0
Pavement Management System	0	385	385	0	0	0
RISE Competition Administrator	0	298	298	0	0	0
TAA Budget Increase	0	513	513	0	0	0
Take the Helm	0	1,290	1290	0	0	0
WTC PAC LMDC Grant	0	1,050	1050	0	0	0
14EDCO17 RI Connector TEP	0	500	500	0	0	0
Asbestos Sample and Test KAM	0	1,647	1,647	0	0	0
Asbestos Sample and Test Omega	0	1,178	1,178	0	0	0
Asbestos Sampling and Test ATC	0	5,546	5,546	0	0	0
Business Resiliency Investment	0	65	65	0	0	0
CDBG Environ Service Planning	0	300	300	0	0	0
CDBGEnvironServicePlanning.3	0	50	50	0	0	0
CDBGEnvironServicePlanning.2	0	50	50	0	0	0
CEO Funding Allocation	0	0	0	3,549	0	3,549
City Council Member Items	230	0	230	0	0	0
Clean Heat Reforecast	(5,132)	0	(5,132)	5,132	0	5,132
CSX-Clean Diesel Locomotive	0	1,000	1,000	0	0	0
EDC-EIS	0	505	505	0	0	0
EDC Cat A Sandy FEMA	0	3	3	0	0	0
EDC Cat B Sandy FEMA	0	462	462	0	0	0
EDC Cat G Sandy FEMA	0	28	28	0	0	0
EDC FEMA PW 2626	0	95	95	0	0	0
EDC FEMA PW 2743	0	102	102	0	0	0
EDC FEMA PW 2846	0	99	99	0	0	0
EDC FEMA PW 2863	0	15	15	0	0	0
EDC Staten Island Express Bus	1,095	0	1,095	3,285	0	3,285
FTA ER Sandy for EDC-13	0	3,761	3,761	0	0	0
Graffiti Free-FED HUD EDI Fu	0	49	49	0	0	0

<i>Dollars in Thousands</i>	FY 2014			FY 2015		
	City	Non-City	Total	City	Non-City	Total
Heat, Light and Power	(\$602)	\$8	(\$594)	(\$978)	(\$18)	(\$996)
I/C SBS FY14	0	840	840	0	0	0
IC W/SBS-FRESH Coordinator	0	70	70	0	0	0
Intra-City w/NYC EDC-Consultant	0	110	110	0	0	0
Intra-City with EDC	0	39	39	0	0	0
Mariners Cleanup Grant	0	3	3	0	0	0
MOER Brownfields	0	94	94	4,780	0	4,780
NYC/EDC-The LINK Initiative	0	821	821	0	0	0
OER Brownfields Grant Reforecast	(4,780)	0	(4,780)	0	0	0
OGI-Seth Low/Hope Gardens	0	502	502	0	0	0
Preconstruction Services	0	1,500	1,500	0	0	0
REDC Grant	0	300	300	0	0	0
Smart Grid	0	867	867	0	0	0
TAA Budget Increase	0	356	356	0	0	0
US EPA 2006 Haz Sub Assessment	0	36	36	0	0	0
US EPA 2006 Petrol Assessment	0	67	67	0	0	0
US EPA 2007 HAZ Sub Assessment	0	68	68	0	0	0
US EPA 2007 Petrol Assessment	0	80	80	0	0	0
US EPA RLF Grant	0	200	200	0	0	0
Subtotal Other Adjustments	(\$3,879)	\$413,650	\$409,771	\$17,734	\$10,556	\$28,290
Total All Changes	\$101	\$413,650	\$413,751	\$25,985	\$10,556	\$36,541
SBS Executive Fiscal 2015 Budget	\$71,396	\$455,718	\$527,114	\$66,812	\$52,624	\$119,436

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