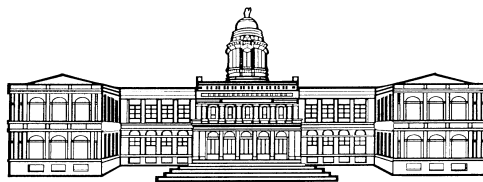


# THE COUNCIL OF THE CITY OF NEW YORK

## Finance Division



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# Hearing on the Fiscal 2010 Executive Budget for the **Department of Small Business Services (SBS) and the Economic Development Corporation (EDC)**

May 14, 2009

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Speaker

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Director

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Chair, Committee on Finance

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Chair, Committee on Small Business

**Ralph P. Hernandez**  
Legislative Financial Analyst



# Department of Small Business Services (801) and Economic Development Corporation

## Agency Overview

The Department of Small Business Services (SBS) supports the formation and growth of the City's small businesses and promotes neighborhood development as well as oversees the City's adult workforce development program. SBS enhances services offered to the business community by working with other governmental agencies and public utilities. SBS also serves the City's 63 Business Improvement Districts and houses the Mayor's Office of Industrial and Manufacturing Businesses, which oversee the City's 11 Empire Zones and 16 Industrial Business Zones. In addition, SBS promotes job opportunities for New Yorkers through targeted training initiatives and programs that meet the needs of businesses and strengthen the City's workforce with the Business Solution System, Workforce1 Career Center System, and the Minority/Women-owned Business Enterprise program.

## Expense Budget Highlights

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
<b>Spending</b>				
Personal Services	\$19,061,072	\$20,051,478	\$17,286,933	\$19,063,764
Other than Personal Services	\$117,496,144	\$145,967,875	\$105,718,027	\$104,070,187
<b>Total</b>	<b>\$136,557,216</b>	<b>\$166,019,353</b>	<b>\$123,004,960</b>	<b>\$123,133,951</b>
<b>Funding</b>				
City	NA	\$101,477,475	\$66,482,125	\$64,513,958
Other Categorical	NA	\$2,554,684	\$0	\$0
Federal - CDBG	NA	\$5,410,476	\$4,023,347	\$6,132,529
Federal - Other	NA	\$56,521,348	\$52,444,118	\$52,432,094
Intra-City	NA	\$55,370	\$55,370	\$55,370
<b>Total</b>	<b>NA</b>	<b>\$166,019,353</b>	<b>\$123,004,960</b>	<b>\$123,133,951</b>
<b>Headcount</b>				
Full-time Positions	246	263	230	241

SBS' Fiscal 2010 Executive Budget is \$123.13 million, which is \$43 million less than the Fiscal 2009 Adopted Budget. This funding reduction is attributable to the following:

- The Empowerment Zone contract two-year funding cycle completion for Fiscals 2008-2009 (\$14.7 million);
- The one-time funding in Fiscal 2009 for the following: Governors Island's operating expense budget (\$8.3 million); the City Council-supported initiatives (\$6.6 million); the Lower Manhattan Development Corporation (LMDC) Small Firm Assistance Federal Grant (\$5 million); Brooklyn Local Development Corporation borough redevelopment of the Brooklyn Art's Museum (\$1.24 million); and the Chinatown Clean Streets Program (\$1.2 million); and
- The decrease in Fiscal 2010 funding for the Center for Economic Opportunity (\$3.67 million) and the Mayor's Office of Industrial and Manufacturing Businesses (\$2.8 million).

## **Federal Stimulus**

SBS expects to receive \$31.73 million in Workforce Investment Act (WIA) funds from the American Recovery and Reinvestment Act of 2009 (Stimulus Bill). These funds are not yet reflected in the Fiscal 2010 Budget. The funds will consist of the following: \$4.9 million to expand the Workforce1 Career Centers; \$13.03 million to invest in occupational training in job-growth industries such as healthcare, information technology, and food service industry; and \$13.8 million for community-based organizations to provide job training and placement services to dislocated workers. Federal funding for these programs are only available for one year, and services will begin in July 2009. For the Executive Fiscal 2010 budget, SBS has budgeted \$51.16 million in total WIA funding. The \$31.73 million in Stimulus funding will increase the WIA funding by 61.7 percent for Fiscal 2010.

## **Capital Budget**

New York City's economic development programs are initiated and managed by two agencies: SBS and the Economic Development Corporation (EDC). SBS provides direct technical assistance and services to businesses within the City, encourages participation in the procurement process, administers neighborhood commercial and industrial development and manages business improvement district programs.

EDC is funded through a contract with SBS. EDC works with the private and public sectors on economic development initiatives that revitalize business, create jobs, and generate revenues for the City. In addition to corporate attraction and retention efforts, EDC markets, sells, and leases City-owned commercial and industrial properties; plans and prepares sites for development through infrastructure improvement; carries out capital improvements in neighborhood shopping districts and public spaces; and provides technical assistance to guide projects through the necessary public approval process. EDC is also involved in property management and development of the City's marine terminals, airports, heliports, rail yards, and industrial parks.

In January the Mayor announced his intention to reduce the City's capital plan by 30 percent. The objective of the capital cut is to reduce the amount of the City's general obligation (GO) debt service as a percentage of total revenues. The 30 percent reduction in the Ten-Year Capital Plan Fiscals 2010–2019 would reduce the long-term average annual growth in debt service costs to 3.4 percent, equal to the level of forecast growth in City revenues. The 2010 Executive Capital Budget includes \$47.0 billion in planned commitments for Fiscals 2010–2019. This total includes \$12.84 billion in commitments for capital projects for the Department of Environmental Protection (DEP) which are funded primarily by non-GO debt. The GO-funded portion of the Fiscal 2010–2019 Executive Capital Plan is \$34.17 billion; this is \$6.93 billion or 16.86 percent less than the \$41.1 billion Preliminary Fiscal 2010–2019 Capital Plan.

## **Current Budget Summary**

EDC's Executive Fiscal 2010 Capital Commitment Plan is \$2.24 billion for Fiscals 2009-2013 (including City and Non-City funds). This represents 4.76 percent of the City's total \$47.11 billion January Plan for Fiscals 2009-2013. EDC's Executive Fiscal 2010 Commitment Plan for Fiscals 2009-2013 is 8 percent less than the \$2.44 billion in the January Commitment Plan, a decrease of \$195.38 million.

Over the past five years, EDC has only committed an average of 24.36 percent of its annual capital plan. Therefore, it is assumed that a large portion of EDC's Fiscal 2009 capital plan will be rolled into Fiscal 2010, thus, greatly increasing the size of the Fiscal 2010-2014 capital plan. Since adoption last June, EDC's Capital Commitment Plan for Fiscal 2009 has increased from \$1.421 billion to \$1.423 billion, an increased of \$1.74 million or less than a quarter of one percent.

Currently, EDC has appropriations totaling \$1.53 billion of city-funds for Fiscal 2009. These appropriations are to be used to finance the EDC's \$884.47 million city-funded Fiscal 2009 capital commitment program. EDC has 73.25 percent more funding than it needs to meet its entire capital commitment program for the current fiscal year.

EDC's Ten-Year Capital Plan for Fiscals 2010-2019 is decreased by 18.19 percent or \$237 million. EDC reduced capital funds from a number of projects including Downtown Brooklyn Redevelopment (\$7.75 million), 42<sup>nd</sup> Street redevelopment (\$3.6 million), Hudson Mews (\$5 million) and the Jacob Javits Center redevelopment (\$89.1 million). EDC also stretched funds out on certain capital projects including the Coney Island Steeplechase (\$18 million), Jamaica Center (\$6.1 million) and the Hunts Point Produce Market (\$2 million).

### **EDC's Capital Commitment Plan, Fiscals 2009-2013**

*Millions of dollars*

	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>TOTAL</b>
<b>January Plan</b>						
City	\$1,081,246	\$363,301	\$141,626	\$125,329	\$387,196	\$2,098,698
Non-City	\$340,285	\$0	\$0	\$0	\$0	\$340,285
<b>Total</b>	<b>\$1,421,531</b>	<b>\$363,301</b>	<b>\$141,626</b>	<b>\$125,329</b>	<b>\$387,196</b>	<b>\$2,438,983</b>
<b>Executive Plan</b>						
City	\$1,104,098	\$356,957	\$105,373	\$90,532	\$263,164	\$1,920,124
Non-City	\$319,177	\$4,300	\$0	\$0	\$0	\$323,477
<b>Total</b>	<b>\$1,423,275</b>	<b>\$361,257</b>	<b>\$105,373</b>	<b>\$90,532</b>	<b>\$263,164</b>	<b>\$2,243,601</b>
<b>Difference</b>						
City	\$22,852	(\$6,344)	(\$36,253)	(\$34,797)	(\$124,032)	(\$178,574)
Non-City	(\$21,108)	\$4,300	\$0	\$0	\$0	(\$16,808)
<b>Total</b>	<b>\$1,744</b>	<b>(\$2,044)</b>	<b>(\$36,253)</b>	<b>(\$34,797)</b>	<b>(\$124,032)</b>	<b>(\$195,382)</b>
<b>Percent Change</b>	<b>0.12%</b>	<b>-0.56%</b>	<b>-25.60%</b>	<b>-27.76%</b>	<b>-32.03%</b>	<b>-8.01%</b>

## Program Budget Overview

SBS' Program Budget consists of the following programs.

Program	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
Agency Administration and Operations	\$12,286,535	\$13,742,289	\$13,325,798	\$13,187,541
Business Development	\$4,919,404	\$5,353,750	\$10,037,120	\$9,800,078
Contract Services: Economic Development Corp	\$19,111,376	\$23,004,682	\$17,774,621	\$21,245,509
Contract Services: Empowerment Zone	\$176,883	\$14,769,566	\$100,933	\$100,933
Contract Services: NYC & Company / Tourism Support	\$20,586,240	\$19,556,928	\$19,079,928	\$18,316,731
Contract Services: Other	\$9,524,850	\$10,221,142	\$1,006,995	\$972,715
Economic & Financial Opportunity: M/WBE	\$3,299,078	\$2,279,835	\$1,799,815	\$1,823,600
Economic & Financial Opportunity: Labor Services:	\$803,074	\$689,433	\$697,904	\$715,989
Mayor's Office of Film, Theatre, and Broadcasting	\$1,908,391	\$1,996,326	\$1,959,542	\$1,974,243
Mayor's Office of Industrial & Manufacturing Businesses	\$2,437,308	\$2,834,893	\$4,425	\$8,050
Neighborhood Development	\$10,081,057	\$15,848,999	\$3,215,388	\$3,828,528
Workforce Development: One Stop Centers	\$21,413,608	\$26,291,718	\$17,653,149	\$24,010,665
Workforce Development: Program Management	\$8,666,975	\$8,351,411	\$21,979,992	\$7,460,082
Workforce Development: Training	\$18,965,819	\$20,353,655	\$13,644,624	\$18,961,346
Workforce Development: WIB and Other	\$2,376,617	\$724,726	\$724,726	\$727,941
<b>Total</b>	<b>\$136,557,216</b>	<b>\$166,019,353</b>	<b>\$123,004,960</b>	<b>\$123,133,951</b>
Headcount	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
Agency Administration and Operations	71	70	59	55
Business Development	33	32	36	34
Contract Services: Empowerment Zone	1	1	0	0
Economic & Financial Opportunity: M/WBE	21	25	21	21
Economic & Financial Opportunity: Labor Services:	10	11	11	11
Mayor's Office of Film, Theatre, and Broadcasting	23	24	24	24
Mayor's Office of Industrial & Manufacturing Businesses	0	3	0	0
Neighborhood Development	8	8	12	14

<b>Headcount</b>	<b>2008 Actual Expenses</b>	<b>2009 Adopted Budget</b>	<b>2010 Preliminary Budget</b>	<b>2010 Executive Budget</b>
Workforce Development: One Stop Centers	7	21	13	18
Workforce Development: Program Management	56	46	43	46
Workforce Development: Training	12	18	7	14
Workforce Development: WIB and Other	4	4	4	4
<b>Total</b>	<b>246</b>	<b>263</b>	<b>230</b>	<b>241</b>

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The SBS' planned headcount for the Executive Fiscal 2010 Budget is 22 full-time positions less than the Fiscal 2009 Adopted Budget authorized headcount of 263. This reduction is primarily attributable to the following: elimination of 11 positions from personal service (PS) reduction through attrition and layoffs; elimination of 8 positions from the Center for Economic Opportunity (CEO) initiatives; and the elimination of 3 positions from the Mayor's Office of Industrial and Manufacturing Businesses.

## Program Funding Analysis

### Agency Administration and Operations

This program includes the administrative functions of SBS.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
<b>Spending</b>				
Personal Services	\$5,983,107	\$5,697,031	\$5,281,853	\$5,239,673
Other than Personal Services	\$6,303,427	\$8,045,258	\$8,043,945	\$7,947,868
<b>Total</b>	<b>\$12,286,535</b>	<b>\$13,742,289</b>	<b>\$13,325,798</b>	<b>\$13,187,541</b>
<b>Funding</b>				
City	NA	\$8,479,576	\$8,063,085	\$7,924,828
Federal – Other	NA	\$5,252,858	\$5,252,858	\$5,252,858
Intra-City	NA	\$9,855	\$9,855	\$9,855
<b>Total</b>	<b>NA</b>	<b>\$13,742,289</b>	<b>\$13,325,798</b>	<b>\$13,187,541</b>
<b>Headcount</b>				
Full-time Positions	71	70	59	55

The decrease of 15 full-time positions is attributable to the PS reduction through attrition and layoffs and also from the Mayor's CEO initiatives.

### Business Development

SBS administers a variety of business development services, including NYC Business Solutions Centers, Business Solutions Hiring & Training, Business Express, Microenterprise programs, and other direct business assistance services.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
<b>Spending</b>				
Personal Services	\$1,937,112	\$2,030,457	\$2,207,457	\$2,157,565
Other than Personal Services	\$2,982,292	\$3,323,293	\$7,829,663	\$7,642,513
<b>Total</b>	<b>\$4,919,404</b>	<b>\$5,353,750</b>	<b>\$10,037,120</b>	<b>\$9,800,078</b>
<b>Funding</b>				
City	NA	\$1,251,380	\$5,917,701	\$5,780,997
Federal – CDBG	NA	\$780,096	\$797,145	\$696,807
Federal – Other	NA	\$3,322,274	\$3,322,274	\$3,322,274
<b>Total</b>	<b>NA</b>	<b>\$5,353,750</b>	<b>\$10,037,120</b>	<b>\$9,800,078</b>
<b>Headcount</b>				
Full-time Positions	33	32	36	34

The Fiscal 2010 Executive Budget includes \$4.4 million more funding for business development, which was reflected in the January Plan. The increase in funding is for the Business Promotion and Economic Development, which will run and manage the Empowerment Zone program.



## Contract Services: Economic Development Corporation (EDC)

EDC is a non-city agency, local development corporation that is under contract with SBS. EDC's mission is to produce jobs in the City by attracting and retaining businesses and encouraging the creation of capital projects.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
<b>Spending</b>				
Other than Personal Services	\$19,111,376	\$23,004,682	\$17,774,621	\$21,245,509
<b>Total</b>	<b>\$19,111,376</b>	<b>\$23,004,682</b>	<b>\$17,774,621</b>	<b>\$21,245,509</b>
<b>Funding</b>				
City	NA	\$14,129,815	\$10,223,106	\$12,093,994
Federal – CDBG	NA	\$2,613,352	\$1,290,000	\$2,890,000
Federal – Other	NA	\$6,216,000	\$6,216,000	\$6,216,000
Intra-City	NA	\$45,515	\$45,515	\$45,515
<b>Total</b>	<b>NA</b>	<b>\$23,004,682</b>	<b>\$17,774,621</b>	<b>\$21,245,509</b>

Two major budget actions occurred in the January Plan. In the January Plan, EDC's budget was decreased by \$2.6 million in Fiscal 2009 and increased by \$3.1 million in Fiscal 2010 to reflect the redirecting of funds for the PlaNYC Energy Efficiency Steering Committee. The Committee will conduct the Metering and Monitoring and the Clean Distributed Generation studies to make the City become more energy efficient. In addition, the January Plan reflected the transfer of \$478,000 in Fiscal 2009 from EDC to the Housing Preservation and Development (HPD) to cover two affordable housing projects with brownfields issues.

EDC's Executive Fiscal 2010 Budget includes \$2.89 million in Community Development Block Grant (CDBG) funding for one year from the federal stimulus funding to operate the Graffiti-Free NYC, which will provide graffiti removal for privately-owned industrial, commercial, and residential properties citywide. There is no cost to property owners.

## Contract Services: Empowerment Zone

The New York Empowerment Zone is a federal economic development initiative that uses public funds and tax incentives to encourage private investments in Upper Manhattan and the South Bronx.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
<b>Spending</b>				
Personal Services	\$61,299	\$81,581	\$933	\$933
Other than Personal Services	\$115,584	\$14,687,985	\$100,000	\$100,000
<b>Total</b>	<b>\$176,883</b>	<b>\$14,769,566</b>	<b>\$100,933</b>	<b>\$100,933</b>
<b>Funding</b>				
City	NA	\$14,687,985	\$100,933	\$100,933
Federal – CDBG	NA	\$81,581	\$0	\$0
<b>Total</b>	<b>NA</b>	<b>\$14,769,566</b>	<b>\$100,933</b>	<b>\$100,933</b>
<b>Headcount</b>				
Full-time Positions	1	1	0	0

SBS' Executive Fiscal 2010 Budget is \$14.7 million less than the amount allocated in the Fiscal 2009 Adopted Budget. The large reduction is attributable to the completion of the two-year funding cycle for Fiscals 2008-2009 for the Empowerment Zone contract. The remaining funds of roughly \$101,000 will be combined with the \$4.4 million allocated for Business Promotion and Economic Development, which will manage the Empowerment Zone program.

## Contract Services: NYC & Company / Tourism Support

NYC & Company is the City's official tourism marketing organization dedicated to building NYC's economy and positive image through tourism and convention development, major events, and the marketing of NYC on a worldwide basis. SBS contracts with NYC & Company to support its work in promoting NYC as a premier tourist destination and convention center.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
<b>Spending</b>				
Other than Personal Services	\$20,586,240	\$19,556,928	\$19,079,928	\$18,316,731
<b>Total</b>	<b>\$20,586,240</b>	<b>\$19,556,928</b>	<b>\$19,079,928</b>	<b>\$18,316,731</b>
<b>Funding</b>				
City	NA	\$19,556,928	\$19,079,928	\$18,316,731
<b>Total</b>	<b>NA</b>	<b>\$19,556,928</b>	<b>\$19,079,928</b>	<b>\$18,316,731</b>

The Executive Fiscal 2010 Budget is \$1.3 million less than the Fiscal 2009 Adopted Budget, reflecting the NYC & Company's PEG reduction.

## Contract Services: Other

This program area provides funding for services and programs administered by not-for-profit and other non-City agencies that are under contract with SBS and generally provide services citywide or for large scale projects.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
<b>Spending</b>				
Other than Personal Services	\$9,524,850	\$10,221,142	\$1,006,995	\$972,715
<b>Total</b>	<b>\$9,524,850</b>	<b>\$10,221,142</b>	<b>\$1,006,995</b>	<b>\$972,715</b>
<b>Funding</b>				
City	NA	\$10,071,142	\$856,995	\$822,715
Federal – Other	NA	\$150,000	\$150,000	\$150,000
<b>Total</b>	<b>NA</b>	<b>\$10,221,142</b>	<b>\$1,006,995</b>	<b>\$972,715</b>

Funding in the Fiscal 2010 Executive Budget is \$9.25 million less than the Adopted Fiscal 2009 Budget. The disparity between the two years is attributable to the one-time funding for the Governors Island's operating expense budget (\$8.3 million) and Brooklyn Local Development Corporation redevelopment of the Brooklyn Art's Museum (\$1.24 million).

## Economic and Financial Opportunity: M/WBE

The City's Minority- and Women-Owned Business Enterprise (M/WBE) Program fosters the growth of the City's minority and women-owned businesses.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
<b>Spending</b>				
Personal Services	\$1,610,210	\$1,549,425	\$1,383,926	\$1,407,711
Other than Personal Services	\$1,688,868	\$730,410	\$415,889	\$415,889
<b>Total</b>	<b>\$3,299,078</b>	<b>\$2,279,835</b>	<b>\$1,799,815</b>	<b>\$1,823,600</b>
<b>Funding</b>				
City	NA	\$2,183,373	\$1,799,815	\$1,823,600
Federal – Other	NA	\$96,462	\$0	\$0
<b>Total</b>	<b>NA</b>	<b>\$2,279,835</b>	<b>\$1,799,815</b>	<b>\$1,823,600</b>
<b>Headcount</b>				
Full-time Positions	21	25	21	21

The decrease of 4 full-time positions is attributable to the Mayor's CEO initiative headcount reduction.

## Economic and Financial Opportunity: Labor Services

SBS monitors Equal Employment Opportunity compliance and workforce diversity requirements within specified business sectors.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
<b>Spending</b>				
Personal Services	\$570,684	\$639,433	\$647,904	\$665,989
Other than Personal Services	\$232,390	\$50,000	\$50,000	\$50,000
<b>Total</b>	<b>\$803,074</b>	<b>\$689,433</b>	<b>\$697,904</b>	<b>\$715,989</b>
<b>Funding</b>				
City	NA	\$689,433	\$697,904	\$715,989
<b>Total</b>	<b>NA</b>	<b>\$689,433</b>	<b>\$697,904</b>	<b>\$715,989</b>
<b>Headcount</b>				
Full-time Positions	10	11	11	11

## Mayor's Office of Film, Theatre and Broadcasting

The Mayor's Office of Film, Theatre and Broadcasting encourages the development of the entertainment industry in the City.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
<b>Spending</b>				
Personal Services	\$1,533,999	\$1,636,223	\$1,675,439	\$1,683,820
Other than Personal Services	\$374,392	\$360,103	\$284,103	\$290,423
<b>Total</b>	<b>\$1,908,391</b>	<b>\$1,996,326</b>	<b>\$1,959,542</b>	<b>\$1,974,243</b>
<b>Funding</b>				
City	NA	\$1,996,326	\$1,959,542	\$1,974,243
<b>Total</b>	<b>NA</b>	<b>\$1,996,326</b>	<b>\$1,959,542</b>	<b>\$1,974,243</b>
<b>Headcount</b>				
Full-time Positions	23	24	24	24

## Mayor's Office of Industrial and Manufacturing Businesses

The Mayor's Office of Industrial and Manufacturing Businesses coordinates the City's industrial policy to retain and promote industrial manufacturing firms and oversees the New York State Empire Zones within the City.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
<b>Spending</b>				
Personal Services	\$76,464	\$280,209	\$4,425	\$8,050
Other than Personal Services	\$2,360,844	\$2,554,684	\$0	\$0
<b>Total</b>	<b>\$2,437,308</b>	<b>\$2,834,893</b>	<b>\$4,425</b>	<b>\$8,050</b>
<b>Funding</b>				
City	NA	\$280,209	\$4,425	\$8,050
Other Categorical	NA	\$2,554,684	\$0	\$0
<b>Total</b>	<b>NA</b>	<b>\$2,834,893</b>	<b>\$4,425</b>	<b>\$8,050</b>
<b>Headcount</b>				
Full-time Positions	0	3	0	0

The Fiscal 2010 Executive Budget for the Mayor's Office of Industrial and Manufacturing Businesses is \$2.83 million less than the Adopted Fiscal 2009 Budget. The plan is to move this office into EDC's budget.

## Neighborhood Development

This program works to develop the city's business districts by encouraging the creation of Business Improvement Districts (BIDs) and other neighborhood organizations. The program also works to improve the physical conditions of neighborhoods.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
<b>Spending</b>				
Personal Services	\$613,842	\$702,719	\$754,896	\$868,036
Other than Personal Services	\$9,467,214	\$15,146,280	\$2,460,492	\$2,960,492
<b>Total</b>	<b>\$10,081,057</b>	<b>\$15,848,999</b>	<b>\$3,215,388</b>	<b>\$3,828,528</b>
<b>Funding</b>				
City	NA	\$9,873,407	\$1,235,796	\$1,239,416
Federal – CDBG	NA	\$1,935,447	\$1,936,202	\$2,545,722
Federal – Other	NA	\$4,040,145	\$43,390	\$43,390
<b>Total</b>	<b>NA</b>	<b>\$15,848,999</b>	<b>\$3,215,388</b>	<b>\$3,828,528</b>
<b>Headcount</b>				
Full-time Positions	8	8	12	14

Funding for Neighborhood Development in the Fiscal 2010 Executive Budget is \$12 million less than the \$15.8 million allocated as part of the Adopted 2009 Budget. The Fiscal 2009 allocation was enhanced by one-time funding from the City Council-supported initiatives (\$6.6 million); the Lower Manhattan Development Corporation (LMDC) Small Firm Assistance Federal Grant (\$5 million); and the Chinatown Clean Streets Program (\$1.2 million).

## Workforce Development: One Stop Centers, Program Management and Training

SBS operates Workforce1 Career Centers, which provide job placement assistance, career advisement, job search counseling and referrals to skills training. SBS offers a range of training programs for adult jobseekers and dislocated workers, including services obtained through individual training grants.

	2008 Actual Expenses	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget
<b>Spending</b>				
Personal Services	\$6,674,354	\$7,434,400	\$5,330,100	\$7,031,987
Other than Personal Services	\$44,748,665	\$48,287,110	\$48,672,391	\$44,128,047
<b>Total</b>	<b>\$51,423,019</b>	<b>\$55,721,510</b>	<b>\$54,002,491</b>	<b>\$51,160,034</b>
<b>Funding</b>				
City	NA	\$18,277,901	\$16,542,895	\$13,712,462
Federal – Other	NA	\$37,443,609	\$37,459,596	\$37,447,572
<b>Total</b>	<b>NA</b>	<b>\$55,721,510</b>	<b>\$54,002,491</b>	<b>\$51,160,034</b>
<b>Headcount</b>				
Full-time Positions	79	89	67	82

Total funding for Workforce Development: One Stop Centers, Program Management, and Training in the Fiscal 2010 Executive Budget are roughly \$4.56 million less than the Fiscal 2009 Adopted Budget because of the Mayor's CEO initiatives funding reduction.

SBS will receive \$31.73 million in Workforce Investment Act (WIA) federal stimulus funds. These funds will consist of the following: \$4.9 million to expand the Workforce1 Career Centers; \$13.03 million to invest in occupational training in healthcare, information technology, and food service industry; and \$13.8 million for community-based organizations to provide job training and placement services to dislocated workers. These federal funds are currently not included as part of the Fiscal 2010 Executive Budget. Funding for these programs is only for one year, and services will begin in July 2009. For the Executive Fiscal 2010 budget, SBS has budgeted \$51.16 million in total WIA funding. The \$31.73 million in stimulus funding will increase the WIA funding by 61.7 percent for Fiscal 2010.

## City Council Initiatives Not Restored

The Fiscal 2010 Executive Budget does not contain several City Council-supported initiatives totaling \$6.6 million that were included in the Fiscal 2009 Adopted Budget. These initiatives include funding for the Consortium of Worker Education (\$2.3 million); Workforce Development (\$1.5 million); MWBE Leadership Association (\$1 million); Small and Job Development (\$442,000); Garment Industry Development Corporation (\$336,000); Financial Literacy (\$300,000); Move Smart/Stay Lean (\$300,000); Commercial Revitalization—Bronx (\$250,000); and the Non-Traditional Employment for Women (\$150,000).

## Executive Capital Commitment Plan for Fiscals 2009-2013

The following are major changes from EDC's January Plan to the Executive Capital Plan in terms of planned commitments for Fiscals 2009-2013 as a result of EDC's 18.19 percent capital plan budget cut.

- **BNYDC Infrastructure:** EDC's Executive Capital Commitment Plan for Fiscals 2009-2013 includes \$258 million for the Brooklyn Navy Yard Development Corporation (BNYDC) Infrastructure. This is a decrease of \$116 million from the \$374 million planned for Fiscals 2009-2013 in the January 2009 Commitment Plan. Funding has been pushed to Fiscal 2013 to reflect the 18.19 percent capital plan budget cut. The capital project is expected to create approximately 1.3 million square feet of additional commercial, industrial, manufacturing and retail space at the Brooklyn Navy Yard, generating 1,500 new jobs by 2009 and approximately 5,000 more jobs over the next ten years.
- **Willets Point Redevelopment:** EDC's Executive Capital Commitment Plan includes \$281.1 million for Fiscals 2009-2013 for site acquisition and infrastructure improvements in Willets Point. This is a decrease of \$94 million from the \$375 million planned for Fiscals 2009-2013 in the January 2009 Commitment Plan. Funding for this project is constantly being reallocated to better represent the anticipated site acquisition and infrastructure development schedules. Nevertheless, EDC's preparation of the Willets Point site for development is still currently underway. Out of EDC's Executive Capital Commitment Plan of \$281.1 million for Fiscals 2009-2013, approximately \$197 million is budgeted for Fiscal 2010.
- **Jacob Javits Convention Center:** EDC's Executive Capital Commitment Plan for Fiscals 2009-2013 reflects a reduction of \$94 million for the Jacob Javits Center to reflect the 18.19 percent capital plan budget cut.
- **Manhattan's East River Development:** EDC's Executive Capital Commitment Plan includes \$147.4 million for Fiscals 2009-2013 for the Manhattan's East River Development. This is a decrease of \$22.8 million from the \$170.1 million planned for Fiscals 2009-2013 in the January 2009 Commitment Plan. The project will create a bioscience park, plaza, bikeway, ferry route and waterfront at the Manhattan's Eastside.
- **BAM Cultural District:** EDC's Executive Capital Commitment Plan includes \$63.1 million for Fiscals 2009-2013 for the BAM Cultural District. This is a decrease of \$18.7 million from the \$81.8 million planned for Fiscals 2009-2013 in the January 2009 Commitment Plan. The plan is to convert City-owned parking lots and underutilized properties into affordable space for arts organizations and to provide 200 new mixed-income residential units, and innovative architectural and public space design to enhance the district's landscape.
- **Governors Island Redevelopment:** EDC's Executive Capital Commitment Plan for Fiscals 2009-2013 includes \$46 million for the redevelopment of Governors Island, which is a decrease of \$11 million from the \$57 million budgeted for the January Capital Commitment Plan. Since Fiscal 2002, \$54.2 million has been committed for the renovation of historic buildings and the improvement of the island's infrastructure to support the redevelopment of 90 acres of publicly accessible open space. Construction began in summer 2008 on the building that will house the Governors Island's first tenant, the New York Harbor School, which is scheduled to open in 2010. Two additional requests for proposals have been issued for artist studio space and a temporary dining and entertainment venue.

- **Downtown Brooklyn Redevelopment:** EDC's Executive Capital Commitment Plan for Fiscals 2009-2013 includes \$61.1 million for Downtown Brooklyn Redevelopment, which is a decrease of \$7.8 million from the January Commitment Plan of \$68.9 million. These funds are the City's contribution to the 2004 re-zoning plan, which will create additional commercial space, housing, and expand existing academic institutions. The capital plans authorizing construction of the Flatbush/Myrtle Avenues and Fulton Mall streetscapes were approved in September 2008. In addition, the capital plan authorizing acquisition of several sites in the Willoughby Square Park footprint was approved in November 2008, and those sites were acquired in December 2008. The Office of Management and Budget is currently evaluating a capital plan request for the design of Willoughby Square Park.
- **Coney Island Redevelopment:** EDC's Executive Capital Commitment Plan for Fiscals 2009-2013 includes \$236.4 million for Coney Island Redevelopment, which is an increase of \$75 million from the January Capital Commitment Plan of \$161.5 million. The majority of the funding has been pushed into the outyears.

## Executive Ten-Year Capital Strategy, Fiscals 2010-2019

### EDC's Ten Year Capital Commitments by Program Area

\$\$ in 000s

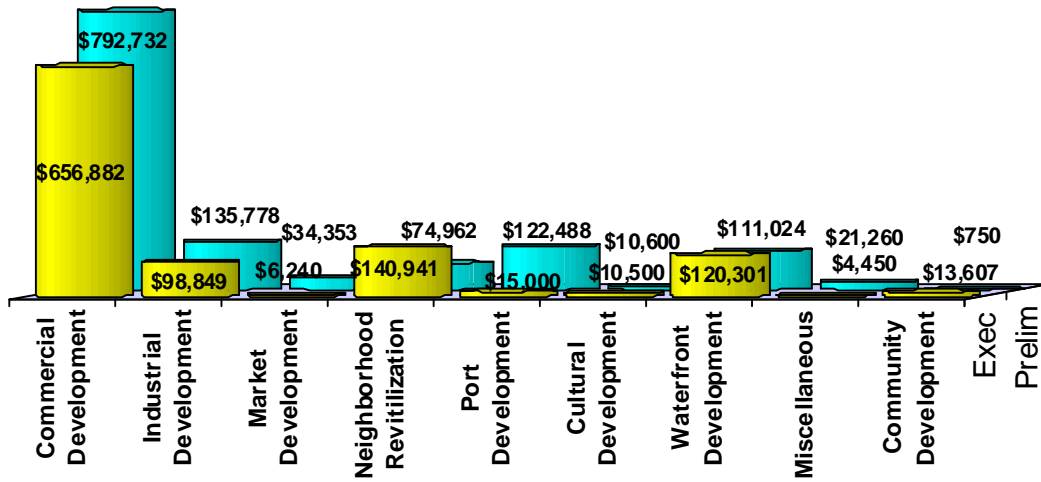
Economic Development Program	Preliminary FY10 Budget	Executive FY10 Budget
Commercial Development	\$792,732	\$656,882
Industrial Development	\$135,778	\$98,849
Market Development	\$34,353	\$6,240
Neighborhood Revitalization	\$74,962	\$140,941
Port Development	\$122,488	\$15,000
Cultural Development	\$10,600	\$10,500
Waterfront Development	\$111,024	\$120,301
Miscellaneous	\$21,260	\$4,450
Community Development	\$750	\$13,607
<b>TOTAL</b>	<b>\$1,303,947</b>	<b>\$1,066,770</b>

EDC's Ten-Year Capital Plan for Fiscals 2010-2019 is decreased by 18.19 percent or \$237.18 million. Commercial Development, which is almost two-thirds of EDC's Capital Plan, is decreased by 17.04 percent, or \$135.85 million. Commercial Development projects include the redevelopment of Willets Point, Coney Island, Downtown Brooklyn, and Governors Island. Industrial Development, which is almost 10 percent of EDC's Capital Plan, is decreased by 27 percent or \$37 million as a result of the Mayor's capital plan cut. Industrial Development projects include infrastructure improvements at the Brooklyn Navy Yard and the upgrade of the City's industrial parks at the Bush Terminal and the Brooklyn Atlantic Terminal.

However, not all of EDC's Ten-Year Capital Plan is reduced. Neighborhood Revitalization, which comprises 13 percent of EDC's Capital Plan, has increased by 88 percent with an additional \$66 million in capital funds. Neighborhood Revitalization projects include physical improvements to public areas, including street and sidewalk reconstruction, new public lighting and landscaping. Major neighborhood revitalization projects include the Queen's Jamaica Center, the South Bronx Greenway in Hunts Point, Manhattan's 125<sup>th</sup> Street corridor, and the Bedford-Stuyvesant Gateway. The Waterfront Development program has increased by \$9.28 million in EDC's Ten-Year Capital Plan. These funds are for projects to improve the public space along the City's waterfront and rehabilitate the City's bulkheads and piers. Finally, EDC's Community Development projects have increased by \$12.86 million in the Executive Ten-Year Capital Plan and include the BAM Cultural District.



## EDC Ten-Year Capital Plan Preliminary FY10 vs. Executive FY10



## Supplemental Tables

### Executive Budget Actions

The following table summarizes SBS' changes to the Fiscal 2009 and 2010 budgets since the Preliminary Budget. The Non-City actions include State, Federal, Other Categorical, Intra-City and Capital Inter-Fund Agreement (IFA) funding changes.

Description	Fiscal 2009			Fiscal 2010		
	City	Non-City	Total	City	Non-City	Total
<b>Agency Budget as per the January Plan</b>	<b>\$100,718</b>	<b>\$78,336</b>	<b>\$179,054</b>	<b>\$66,482</b>	<b>\$56,523</b>	<b>\$123,005</b>
<b>Executive Plan Programs to Eliminate the Gap (PEGs)</b>						
SBS PEG-Headcount Savings through Layoffs and Attrition	\$0		\$0	(\$211)		(\$211)
SBS OTPS PEG	\$0		\$0	(\$100)		(\$100)
Fleet Related Expense Reduction	\$0		\$0	(\$20)		(\$20)
Business Promotion and Economic Development (EZ) PEG-4% reduction	\$0		\$0	(\$187)		(\$187)
Center for Economic Opportunity PEG	\$0		\$0	(\$2,290)		(\$2,290)
PlaNYC Exec Plan PEG	\$0		\$0	(\$281)		(\$281)
Mayor's Commission on Construction Opportunity 4% PEG in FY10	\$0		\$0	(\$59)		(\$59)
Contract Reductions to NYC & CO	\$0		\$0	(\$763)		(\$763)
Downtown Brooklyn Partnership	\$0		\$0	(\$34)		(\$34)
EDC PEG-Coney Island Development Corporation	\$0		\$0	(\$15)		(\$15)
<b>Total PEGs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$3,960)</b>	<b>\$0</b>	<b>(\$3,960)</b>
<b>Executive Plan New Needs</b>						
Financial Services Contracts	\$0		\$0	\$1,500		\$1,500
<b>Total New Needs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,500</b>	<b>\$0</b>	<b>\$1,500</b>
<b>Executive Plan Other Adjustments</b>						
Collective Bargaining	\$162	\$6	\$168	\$375	\$9	\$384
SBS PEG-Headcount Savings Fringe Credit	\$0		\$0	\$35		\$35
WIA Increase		\$836	\$836			
CD Adjustment	\$0		\$0	\$0	(\$790)	(\$790)
CD Stimulus Funding	\$0		\$0	\$0	\$2,890	\$2,890
Center for Economic Opportunity	\$0		\$0	(\$515)		(\$515)
EDC Airport Study	\$200		\$200	\$0		\$0
EDC OER Brownfield Fund	(\$1,333)		(\$1,333)	\$667		\$667
EDC East River Water Federal Grant	\$0	\$900	\$900	\$0		\$0
Heat, Light and Power	(\$647)	(\$11)	(\$658)	(\$76)	(\$12)	(\$88)
Lease Adjustment	\$0		\$0	\$6		\$6
I/C with DBS and EDC	\$0	\$99	\$99	\$0		\$0
Taxi for Tomorrow	\$0	\$190	\$190	\$0		\$0
HQ Security EIS	\$0	\$25	\$25	\$0		\$0
OTPS Mod: Randall's Island TEP Grant	\$0	\$270	\$270	\$0		\$0
City Council Local Initiatives	(\$3)		(\$3)	\$0		\$0
<b>Total Other Adjustments</b>	<b>(\$1,622)</b>	<b>\$2,315</b>	<b>\$693</b>	<b>\$492</b>	<b>\$2,097</b>	<b>\$2,589</b>
<b>Total Executive Plan Budget Changes</b>	<b>(\$1,622)</b>	<b>\$2,315</b>	<b>\$693</b>	<b>(\$1,968)</b>	<b>\$2,097</b>	<b>\$129</b>
<b>Agency Budget as per the Executive Plan</b>	<b>\$99,097</b>	<b>\$80,650</b>	<b>\$179,747</b>	<b>\$64,514</b>	<b>\$58,621</b>	<b>\$123,135</b>

## Executive Budget Actions Analysis

### New Needs

- **Financial Services Contracts:** The Executive Plan increases SBS' budget by \$1.5 million in Fiscals 2011 and 2011 for the Financial Services Contracts initiative, which will provide early-stage financing to 250 New York-based start-up companies over the next eight years and also loan guarantees for small businesses.

### Programs to Eliminate Gaps

- **Center for Economic Opportunity (CEO) PEG:** The Executive Budget includes a PEG reduction of \$2.29 million for Fiscal 2010 only for the CEO program.
- **Headcount Savings through Layoffs and Attrition:** The Executive Budget includes a reduction of \$211,000 for Fiscal 2010 as a result of four headcount savings through two layoffs and two personal reduction through attrition. For attrition savings, one administrative employee will retire and not be backfilled, and one position that has a current vacancy will not be filled. SBS will be able to adjust to make sure services remain the same.
- **Fleet-Related Expense Reduction:** Embracing an alternative savings proposal made by the City Council, the Office of Management and Budget included in the November Plan lump sum reductions in City funds associated with a citywide fleet reduction. These lump sum reductions included \$20 million in Fiscal 2010 associated with the purchase of fewer vehicles, and \$2 million annually beginning in Fiscal 2011 associated with lowered vehicle maintenance costs. The Executive Plan now zeroes out this lump sum figure and apportions the savings throughout the City's many agencies. For SBS, the Executive Plan shows a fleet reduction savings of \$20,000 in Fiscal 2010 and a vehicle fuel and maintenance savings of \$2,000 in Fiscal 2011 and the outyears.

### Other Adjustments

- **Community Development (CD) Adjustment:** The Fiscal 2010 Executive Budget includes a reduction of \$790,000 to reflect two CD adjustments: an increase of \$500,000 for the Avenue NYC program and a reduction of \$1.29 million for the Graffiti-Free NYC program. The Graffiti-Free NYC is not a real reduction but is a technical reduction of "traditional" CD funds, which have been replaced with the federal stimulus CD funds in the amount of \$2.89 million (see below).
- **CD Stimulus Funding:** The Fiscal 2010 Executive Budget reflects an increase of \$2.89 million in federal stimulus CD funding that will support the Graffiti-Free NYC program to clean graffiti in city and privately-owned properties.

## Summary of Changes Since June 2009 Plan

City Funds only, \$\$ 000's

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
<b>June 2009 Plan</b>	<b>\$101,477</b>	<b>\$53,373</b>	<b>\$48,092</b>	<b>\$47,003</b>	<b>\$38,116</b>
New Needs	\$3,923	\$1,500	\$1,500	\$0	\$0
Collective Bargaining	\$367	\$683	\$729	\$729	\$421
Other Adjustments	(\$6,239)	\$16,352	(\$1,455)	(\$1,112)	(\$4)
PEG	(\$433)	(\$7,393)	(\$5,537)	(\$5,529)	(\$1,204)
<b>Exec 2010 Plan</b>	<b>\$99,095</b>	<b>\$64,515</b>	<b>\$43,329</b>	<b>\$41,091</b>	<b>\$37,329</b>

## Units of Appropriation

U/A#	U/A Name	2009 Adopted Budget	2010 Preliminary Budget	2010 Executive Budget	Percent Change from 2009 Adoption
001	Department of Business-PS	\$8,888,459	\$8,344,016	\$8,368,709	-5.85%
004	Contract Comp & Business Opportunity-PS	\$2,092,396	\$2,031,830	\$2,073,700	-0.89%
008	Economic Planning/Film-PS	\$1,636,223	\$1,675,439	\$1,683,820	2.91%
010	Workforce Investment Act-PS	\$7,434,400	\$5,235,648	\$6,937,535	-6.68%
	<b>Total PS</b>	<b>\$20,051,478</b>	<b>\$17,286,933</b>	<b>\$19,063,764</b>	<b>-4.93%</b>
002	Department of Business-OTPS	\$61,850,985	\$36,963,040	\$36,376,706	-41.19%
005	Contract Comp & Business Opportunity-OTPS	\$780,410	\$465,889	\$465,889	-40.30%
006	Economic Development Corp-OTPS	\$32,579,394	\$18,922,721	\$22,393,609	-31.26%
009	Economic Planning/Film-OTPS	\$360,103	\$284,103	\$290,423	-19.35%
011	Workforce Investment Act-OTPS	\$50,396,983	\$49,082,274	\$44,543,560	-11.61%
	<b>Total OTPS</b>	<b>\$145,967,875</b>	<b>\$105,718,027</b>	<b>\$104,070,187</b>	<b>-28.70%</b>
	<b>Total Agency</b>	<b>\$166,019,353</b>	<b>\$123,004,960</b>	<b>\$123,133,951</b>	<b>-25.83%</b>