

# **Fiscal 2009 Preliminary Budget Hearings**

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## **Economic Development (Capital)**

*March 2008*

*Hon. Christine C. Quinn  
Speaker of the Council*

*Hon. David I. Weprin, Chair  
Committee on Finance*

*Hon. Thomas White, Chair  
Committee on Economic  
Development*

*James Caras, Acting Director  
Finance Division*

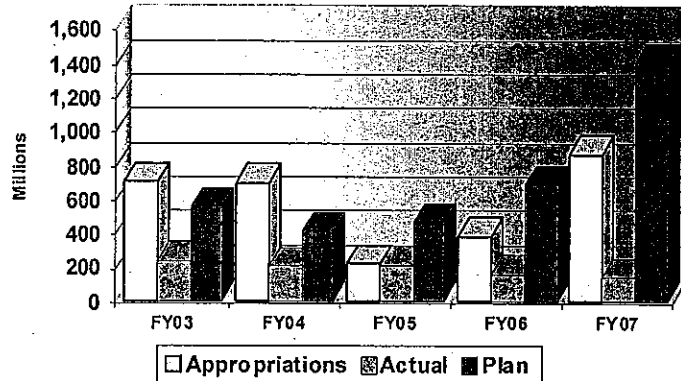
## Agency Overview

New York City's economic development programs are initiated and managed by two agencies: The Department of Small Business Services (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,

the Corporation 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. The Corporation is also involved in property management and development of the City's marine terminals, airports, heliports, rail yards, and industrial parks.

**ECONOMIC DEVELOPMENT**  
Appropriations vs. Actual & Planned Commitments  
(City funds)



### ***Current Budget Summary***

The January 2008 Capital Commitment Plan includes \$2.30 billion in Fiscals 2008-2011 for the Economic Development Corporation (including City and Non-City funds). This represents 4.4 percent of the City's total \$52.5 billion January Plan for Fiscals 2008-2011. The agency's January Commitment Plan for Fiscals 2008-2011 is 2.2 percent greater than the \$2.25 billion in the September Commitment Plan, an increase of \$48.9 million.

Over the past five years, EDC has only committed an average of 26.7 percent of its annual capital plan. Therefore, it is assumed that a large portion of the agency's Fiscal 2008 capital plan will be rolled into Fiscal 2009, thus greatly increasing the size of the Fiscal 2009-2012 capital plan. Since adoption last June, the Capital Commitment Plan for Fiscal 2008 has decreased from \$1.772 billion to \$1.769 billion, a reduction of \$3.6 million or 0.20 percent.

Currently, EDC has appropriations totaling \$1.43 billion of city-funds for Fiscal 2008. These appropriations are to be used to finance EDC's \$1.37 billion city-funded Fiscal 2008 capital commitment program. The agency has 4 percent more funding than it needs to meet its entire capital commitment program for the current fiscal year.

## Fiscal 2009 Preliminary Capital Budget Report

The Economic Development Corporation's capital commitments for the last five years are shown below:

FIVE YEAR HISTORY – CAPITAL BUDGET (\$ in millions)					
	FY03	FY04	FY05	FY06	FY07
CITY	237	202	207	155	134
NON-CITY	18	14	8	14	41
TOTAL	255	216	215	169	175

The Adopted Four-Year Capital Plan is shown below:

ADOPTED CAPITAL BUDGET – SEPTEMBER 2007 (\$ in millions)					
	FY08	FY09	FY10	FY11	FY's 08-11
CITY	1,472.2	229.5	86.4	157.5	1,945.6
NON-CITY	300.7	0	0	0	300.7
TOTAL	1,772.9	229.5	86.4	157.5	2,246.3

The Preliminary Four-Year Capital Plan is shown below:

PRELIMINARY CAPITAL PLAN – JANUARY 2008 (\$ in millions)					
	FY08	FY09	FY10	FY11	FY's 08-11
CITY	1,466.7	286.5	81.9	157.5	1,992.6
NON-CITY	302.5	0	0	0	302.5
TOTAL	1,769.2	286.5	81.9	157.5	2,295.1

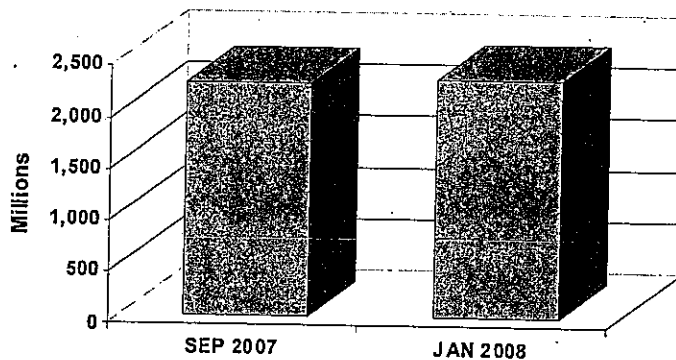
**PRELIMINARY BUDGET HIGHLIGHTS:**

The following are the ten largest projects in EDC's January 2008 commitment plan in terms of planned commitments for Fiscal 2008- Fiscal 2011:

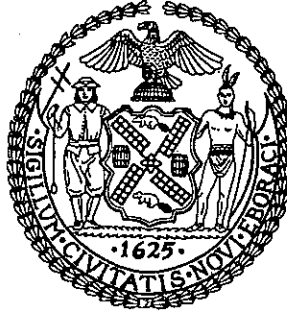
◦ **Jacob Javits Convention Center:** The 2008 January Plan continues to carry \$350 million in Fiscal 2008 for the renovation and expansion of the Javits Convention Center. The Spitzer Administration has proposed a scaled down version of the plan that these funds were originally to be dedicated to and selling land adjacent to the Javits Center to fund housing and transportation initiatives.

**ECONOMIC DEVELOPMENT**

September 2007 vs. January 2008  
CAPITAL COMMITMENT PLANS



- **BNYDC Infrastructure:** EDC's January Capital Commitment Plan for Fiscals 2008-2011 includes \$192.4 million for Brooklyn Navy Yard Development Corporation (BNYDC) Infrastructure, which is expected to create approximately one million square feet of additional commercial, industrial, manufacturing and retail space and generate between 500 and 800 new jobs at the Brooklyn Navy Yard.
- **Coney Island Redevelopment:** EDC's January Capital Commitment Plan for Fiscals 2008-2011 includes \$121.9 million for Coney Island Redevelopment. The Administration's plan calls for upgrading the amusement and recreational facilities as well as housing and residential development.
- **The Passenger Ship Terminal—Cruise Industry Development:** EDC's January Capital Commitment Plan for Fiscals 2008-2011 includes \$107.4 million for improvements at the Passenger Ship Terminal—Cruise Industry Development. Funding will be used for major improvements in piers and bulkheads at the Manhattan Cruise Terminals in order to increase the City's ability to accommodate bigger cargo and passenger ships, expand tourism businesses, and beautify the waterfronts for public use.
- **Downtown Brooklyn Redevelopment:** EDC's January Capital Commitment Plan for Fiscals 2008-2011 includes \$101.2 million for Downtown Brooklyn Redevelopment. This funding is part of the plan based on the 2004 re-zoning to create additional commercial space, housing, and expansion of existing academic institutions.



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## **❖ Committee on Economic Development**

*March 2008*

### **Scheduled To Testify:**

- *Department of Small Business Services (joint with Small Business Committee)*

*Hon. Christine C. Quinn  
Speaker of the Council*

*Hon. David I. Weprin, Chair  
Committee on Finance*

*Hon. Thomas White, Jr., Chair  
Committee on Economic Development*

*Hon. David Yassky, Chair  
Committee on Small Business*

*James Caras, Acting Director  
Finance Division*

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**DEPARTMENT OF SMALL BUSINESS SERVICES (801)**

**Agency Operations**

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 58 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, Workforce 1 Career Center System, and the Minority/Women-owned Business Enterprise program.

**AGENCY FUNDING OVERVIEW**

Agency Funding Sources	Fiscal 2008 Adopted Budget	Fiscal 2008 Current Modified	Fiscal 2009 Preliminary Budget
City	\$114,300,949	\$114,505,705	\$51,090,712
Other Categorical	\$2,523,334	\$2,523,334	\$0
Capital IFA	\$0	\$0	\$0
State	\$0	\$15,000	\$0
Community Development	\$6,149,168	\$8,106,847	\$6,153,043
Federal-Other	\$49,362,599	\$59,172,685	\$52,578,599
Intra-City	\$50,478	\$270,568	\$55,370
<b>Total</b>	<b>\$172,386,528</b>	<b>\$184,594,139</b>	<b>\$109,877,724</b>

The Fiscal 2009 Preliminary Budget proposes \$51.1 million in City-tax levy funding for SBS, which is \$63.2 million less than the Fiscal 2008 Adopted Budget due primarily to one-time funding in Fiscal 2008 for the following: PlaNYC's Brownfields Fund (\$25 million); Brownfield Assessment (\$1.5 million); Economic Development Corporation's (EDC) Pier A lease buy-out (\$8 million); Center for Economic Opportunity (CEO) initiatives (\$14.4 million); City Council-supported initiatives (\$12 million); and Governor's Island Preservation & Education Corporation's (GIPEC) operating expense (\$7 million);

**HEADCOUNT OVERVIEW**

Headcount (Uniform and Civilian)	Fiscal 2008 Adopted Budget	6/30/2008 Forecast	Fiscal 2009 Preliminary Budget
City	148	139	116
Non-City	117	117	117
<b>Total</b>	<b>265</b>	<b>256</b>	<b>233</b>

**PROGRAM FUNDING OVERVIEW**

In addition to examining the Agency's operations by funding sources, this document will also provide analysis by program area. The table below highlights the key program areas in this Agency and the amount of funding allocated to those programs.

Program	2005 Actual Spending	2006 Actual Spending	2007 Actual Spending	2008 Budget (Jan 24, 2008 Financial Plan)	2009 Preliminary Budget
Agency Administration and Operations	\$6,716	\$11,519	\$12,300	\$13,636	\$13,503
Business Development	\$3,072	\$3,681	\$4,468	\$4,949	\$4,575
Contract Services: Economic Development Corp.	\$13,148	\$16,954	\$12,975	\$49,948	\$16,823
Contract Services: Empowerment Zone	\$5,738	\$7,012	\$7,463	\$7,481	\$7,481
Contract Services: NYC & Co. / Tourism Support	\$7,218	\$7,105	\$21,220	\$20,586	\$19,557
Contract Services: Other	\$5,436	\$5,396	\$6,379	\$10,157	\$1,568
Economic & Financial Opportunity: Labor Services	\$324	\$424	\$469	\$804	\$627
Economic & Financial Opportunity: M/WBE	\$813	\$1,221	\$3,212	\$3,490	\$1,817
Mayor's Office of Film, Theatre, and Broadcasting	\$1,533	\$1,565	\$1,719	\$1,992	\$1,975
Mayor's Office of Industrial & Manufacturing Businesses	\$4	\$3,979	\$2,105	\$2,553	\$80
Neighborhood Development	\$5,987	\$7,741	\$8,537	\$11,488	\$3,264
Workforce Development: One Stop Centers	\$11,815	\$16,572	\$13,847	\$24,874	\$16,387
Workforce Development: Program Management	\$19,733	\$18,780	\$13,577	\$11,930	\$11,292
Workforce Development: Training	\$25,746	\$22,739	\$13,123	\$24,790	\$10,347
Workforce Development: WIB and Other	\$994	\$668	\$1,014	\$1,596	\$632
<b>Total</b>	<b>\$108,277</b>	<b>\$125,296</b>	<b>\$122,408</b>	<b>\$190,274</b>	<b>\$109,878</b>

**PROGRAM HEADCOUNT OVERVIEW**

Program	2008 Budget (Jan 24, 2008 Financial Plan)	2009 Preliminary Budget
Agency Administration and Operations	65	66
Business Development	35	35
Contract Services: Empowerment Zone	1	1
Economic & Financial Opportunity: Labor Services	11	11
Economic & Financial Opportunity: M/WBE	20	20
Mayor's Office of Film, Theatre, and Broadcasting	24	24
Mayor's Office of Industrial & Manufacturing Businesses	0	0
Neighborhood Development	10	10
Workforce Development: One Stop Centers	7	0
Workforce Development: Program Management	66	62
Workforce Development: Training	13	1
Workforce Development: WIB and Other	4	4
<b>Total</b>	<b>256</b>	<b>234</b>

**PROGRAM ANALYSIS**

**Contract Services**

- **Economic Development Corporation (EDC):** EDC is a non-profit organization under contract with SBS with the mission of attracting and retaining businesses and promoting a wide range of projects through capital subsidies, tax incentives, and tax-exempt financing. The Fiscal 2009 Preliminary Budget of the EDC budget under SBS is \$33 million less than the 2008 budget as of the 2008 January Plan due to the one-time funding in Fiscal 2008 for the PlaNYC's Brownfields Fund and for the buyout of a privately held lease at Manhattan's Pier A.
- **Other:** This is 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. The Fiscal 2009 Preliminary Budget is \$8.6 million less than the 2008 Budget as of the 2008 January Plan due to one-time funding in Fiscal 2008 for GIPEC's operating expenses, the Construction Commission — Construction Work Readiness Program; GIDC, and the Downtown Alliance.
- **Neighborhood Development:** This is funding for neighborhood development, including the creation of Business Improvement Districts (BIDS) and other neighborhood organizations, retail assistance, and improving the physical conditions of neighborhoods. The Fiscal 2009 Preliminary Budget is \$8.2 million less than the 2008 Budget as of the 2008 January Plan due to one-time funding for City Council supported initiatives in Fiscal 2008 including Avenue NYC, Economic Development/Business Incubation, Small Business and Job Development, and the New York City Green Manufacturing Initiative.

**Workforce Development**

- **One Stop Centers:** This is funding for employment services offered through Workforce1 Career Center system, including job placement assistance, career advisement, job search counseling and referrals to skills training. The Fiscal 2009 Preliminary Budget is \$8.5 million less than the 2008 Budget as of the 2008 January Plan because of the gradual decrease in federal funding of the Workforce Investment Act (WIA) from Fiscal 2007 to Fiscal 2009 and also because of the one-time funding of \$6.6 million for workforce development funds secured by the City Council Funds in Fiscal 2008.
- **Training:** This is funding for training programs for adult jobseekers and dislocated workers, including services obtained under individual training grants. The Fiscal 2009 Preliminary Budget is \$14.4 million less than the 2008 Budget as of the 2008 January Plan due to one-time funding in Fiscal 2008 for CEO programs. Currently, the CEO programs are being evaluated and funding in Fiscal 2009 will depend on the results of the evaluation.

**Council Initiatives Not Restored**

The Fiscal 2009 Preliminary Budget does not contain several City Council supported initiatives totaling \$12 million that were included in the Fiscal 2008 Adopted Budget. Those initiatives include funding to Consortium of Worker Education (\$3.3 million); Workforce Development (\$3 million); MWBE Leadership Association (\$1.5 million); Avenue NYC (\$914,00); Small and Job

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Development (\$884,000); Financial Literacy (\$500,000); Economic Development/Business Incubation (\$346,000); GIDC (\$336,000); Commercial Revitalization—Bronx (\$335,000); Move Smart/Stay Lean (\$300,000); Independent Worker Services (\$250,000); New York City Green Manufacturing Initiative (\$225,000); and the Non-traditional Employment for Women (\$150,000).

### UNITS OF APPROPRIATION

The operating budget of an agency is structured into several levels, each of which provides varying levels of detail on an agency's spending plans. The City Charter requires that U/As represent the amount appropriated for Personal Services (i.e. salaries) or Other Than Personal Services (i.e. supplies) for a particular program, purpose, activity or institution.

U/A#	U/A Name	Fiscal 2008 Adopted Budget	Fiscal 2008 Modified as of 1/24/2008	Fiscal 2009 Preliminary Budget
001	Department of Business-PS	\$11,260,543	\$11,375,861	\$8,686,257
004	Contract Comp & Bus. Opp-PS	\$2,081,332	\$1,979,869	\$1,940,390
008	Economic Planning/Film-PS	\$1,545,701	\$1,545,701	\$1,636,223
010	Workforce Investment Act-PS	\$5,184,256	\$5,184,256	\$5,184,256
	<b>Total PS</b>	<b>\$20,071,832</b>	<b>\$20,085,687</b>	<b>\$17,447,126</b>
002	Department of Business-OTPS	\$69,529,477	\$71,605,091	\$37,607,234
005	Contract Comp & Bus. Opp-OTPS	\$879,636	\$879,636	\$503,000
006	Economic Development Corp-OTPS	\$45,510,712	\$54,475,507	\$17,971,058
009	Economic Planning/Film-OTPS	\$383,992	\$383,992	\$338,427
011	Workforce Investment Act-OTPS	\$36,010,879	\$37,164,226	\$36,010,879
	<b>Total OTPS</b>	<b>\$152,314,696</b>	<b>\$164,508,452</b>	<b>\$92,430,598</b>
	<b>Total Agency</b>	<b>\$172,386,528</b>	<b>\$184,594,139</b>	<b>\$109,877,724</b>

# Fiscal 2009 Preliminary Budget Report

## PRELIMINARY BUDGET ACTIONS (\$000)

Description	Fiscal 2008			Fiscal 2009		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as per Adopted Plan	\$114,301		\$114,301	\$49,885		\$49,885
<b>January Plan New Needs</b>						
Downtown Alliance Security Rollover	\$125		\$125	\$0		\$0
Downtown Brooklyn Partnership	\$0		\$0	(\$500)		(\$500)
Film Office Position & PS Adjustments	\$57		\$57	\$85		\$85
West Side Security (BDC)	\$3,500		\$3,500	\$3,500		\$3,500
Energy Steering Committee - PlaNYC	\$3,050		\$3,050	\$0		\$0
<b>Total New Needs</b>	<b>\$6,732</b>		<b>\$6,732</b>	<b>\$3,085</b>		<b>\$3,085</b>
<b>Other Adjustments</b>						
CW 1180 Collective Bargaining	\$209		\$209	\$209		\$209
FY 08 MN 1	\$205		\$205	\$0		\$0
Heat, Light and Power	(\$148)		(\$148)	\$0		\$0
<b>Total Other Adjustments</b>	<b>\$266</b>		<b>\$266</b>	<b>\$209</b>		<b>\$209</b>
<b>Programs to Eliminate Gap</b>						
Clean Streets	(\$13)		(\$13)	(\$219)		(\$219)
Comprehensive Neighborhood Economic Development (CNED)	(\$3)		(\$3)	(\$15)		(\$15)
Downtown Brooklyn Partnership Passthrough	(\$48)		(\$48)	(\$96)		(\$96)
Empowerment Zone	(\$169)		(\$169)	(\$169)		(\$169)
Garment Industry Development Corporation (GIDC) Passthrough	(\$15)		(\$15)	\$0		\$0
Governors Island Preservation and Education Corp. (GIPEC) Passthrough	(\$168)		(\$168)	\$0		\$0
Mayor's Commission on Construction Opportunity (MCCO)	(\$42)		(\$42)	\$0		\$0
NYC & Co. Passthrough	\$0		\$0	(\$1,029)		(\$1,029)
Savings from PS accruals	(\$214)		(\$214)	(\$206)		(\$206)
Workforce Development & Commercial Revitalization	(\$341)		(\$341)	\$0		\$0
Increase in Contractual Payments	\$0		\$0	\$0		\$0
Wind-Down Payment from the NYC Marketing Development Corporation	(\$410)		(\$410)	\$0		\$0
Additional Premier Fee Revenue	(\$49)		(\$49)	(\$95)		(\$95)
Contractor Reimbursement	(\$20)		(\$20)	\$0		\$0
Hiring Freeze and Vacancy Reduction Program	(\$103)		(\$103)	(\$354)		(\$354)
<b>Total Programs to Eliminate Gap</b>	<b>(\$1,595)</b>		<b>(\$1,595)</b>	<b>(\$2,183)</b>		<b>(\$2,183)</b>
<b>Less Amount Reflected in Revenue Budget</b>	<b>\$479</b>		<b>\$479</b>	<b>\$95</b>		<b>\$95</b>
Agency Budget as per January Plan	\$120,183		\$120,183	\$51,091		\$51,090

### Preliminary Budget Action Analysis

#### New Needs

- **Downtown Brooklyn Partnership.** The January Plan includes a decrease of \$500,000, which represents funding that the Downtown Brooklyn Partnership has stated it does not need in Fiscal 2009 and an increase of \$1 million in Fiscal 2010 only at the request of the Partnership.
- **Film Office Position & PS Adjustments.** The January Plan increases the Department's budget by \$57,000 in Fiscal 2008 and \$85,000 in Fiscal 2009 and the out-years for 1

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executive assistant to the Commissioner for the Mayor's Office of Film, Theatre, and Broadcasting.

- **West Side Security (EDC).** The January Plan increases the Department's budget by \$3.5 million in Fiscal 2008 and Fiscal 2009 and by \$1 million in the out-years for EDC to fund a security contract for the development in Hudson Yards area of Manhattan.
- **Energy Steering Committee – PlaNYC.** The January Plan increases the Department's budget by \$3.05 million in Fiscal 2008 only for PlaNYC's Engineering Steering Committee chaired by Deputy Mayor Ed Skyler. This funding is part of the short-term energy conservation action plan in response to PlaNYC and Executive Order 109 which committed the City to spend approximately 10% of the City's energy bill on efforts to reduce City government energy consumption and help to achieve the city's goal of reducing carbon dioxide emissions by 30% by 2017. Funding was previously under the City's miscellaneous budget and is now placed under EDC after the Mayor's Office of Long Term Planning and Sustainability determined that EDC should house the Energy Steering Committee.
- **Downtown Alliance Security Rollover.** The January Plan includes a rollover of \$125,000, which is unspent funding for the Downtown Alliance security in Fiscal 2008.

### **Other Adjustments**

- **CWA 1180 Collective Bargaining.** Beginning in Fiscal 2008, funds totaling \$209,000 are being transferred from the Labor Reserve in the Miscellaneous Budget to the budget of SBS to cover the costs associated with recent collective bargaining settlements with the Communications Workers of America, Local 1180.
- **Heat, Light and Power.** The January Plan removes \$148,000 from the agency's budget in Fiscal 2008 only to properly reflect the costs associated with heat, light, and power.

### **Program to Eliminate the Gap (PEGs)**

- **Hiring Freeze and Vacancy Reduction Program.** This initiative reflects savings of \$103,000 in Fiscal 2008 and \$354,000 in Fiscal 2009 and the out-years from the partial elimination of vacancies and replacement of future attrition. The Hiring Freeze results in a reduction of 10 heads from the budget, resulting in savings for the Department.
- **Clean Streets.** The January Plan includes \$13,000 in Fiscal 2008, \$219,000 in Fiscal 2009, and \$77,000 in Fiscal 2010 as savings in Clean Streets contractor costs as the result of bids coming in lower than projected. The Clean Streets program, funded for \$1.6 million for two years and launched in Fiscal 2008, supplements funding for street clean-up in certain business improvement districts.
- **Comprehensive Neighborhood Economic Development (CNED).** The January Plan includes \$3,000 in Fiscal 2008, \$15,000 in Fiscal 2009, and \$10,000 in Fiscal 2010 as CNED savings, which are the 2.5% and 5% pro rata reduction. CNED, launched in April 2006, is a pilot program in Bedford-Stuyvesant with the goal of addressing poverty by having city

## **Fiscal 2009 Preliminary Budget Report**

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agencies, community partners, and philanthropic organizations working together and also by concentrating City government resources within poor neighborhoods.

- **Downtown Brooklyn Partnership Passthrough.** The January Plan reduces funding for the Downtown Brooklyn Partnership by \$48,000 in Fiscal 2008 and \$96,000 in Fiscal 2009, which is 2.5% and 5% pro rata reduction.
- **Empowerment Zone.** The January Plan includes \$169,000 in savings in Fiscals 2008 and 2009, which represents a technical adjustment to the Empowerment Zone budget to match the contract value. The January Plan also includes \$656,000 in Fiscal 2010 and in the out-years as savings, which is the 5% pro rata reduction.
- **NYC & Co. Passthrough.** The January Plan decreases \$1 million in Fiscal 2009 and the out-years for NYC & Co., which is the 5% reduction to non-profit organizations in contract with SBS.
- **Savings from PS accruals.** The January Plan includes \$218,000 in Fiscal 2008, \$206,000 in Fiscal 2009 and 2010, and \$209,000 in the out-years as savings from PS accruals in Fiscal 2008 and attrition savings in the out-years.
- **Increase in Contractual Payments.** As part of the renegotiation between the City and EDC, the January Plan includes \$2.7 million in revenue in Fiscal 2011 and in the out-years, representing increased payments by EDC to the City.
- **Additional Premier Fee Revenue.** The January Plan includes \$49,000 in Fiscal 2008, and \$95,000 in Fiscal 2009 and in the out-years from the Mayor's Office of Film, Theatre and Broadcasting generating additional premier fee revenue.

## Department of Small Business Services

The Department of Small Business Services (SBS) makes it easier for businesses in New York City to form, do business and grow by providing direct assistance to businesses, training New Yorkers for jobs in growing sectors, connecting businesses to a skilled workforce, fostering economic development in commercial districts, and promoting economic opportunity for minority- and women-owned businesses. SBS oversees and supports New York City's 55 Business Improvement Districts and runs the City's Business Solutions system, Workforce1 Career Center system and the Minority/Women-owned Business Enterprise Program. SBS also houses the Mayor's Office of Industrial and Manufacturing Businesses, which oversees the City's 16 Industrial Business Zones and 11 Empire Zones.

	2005 Actuals	2006 Actuals	2007 Actuals	2008 Budget (Jan 24, 2008 Financial Plan)	2009 Preliminary Budget
<b>Spending by Program</b>					
Agency Administration and Operations	\$6,716,229	\$11,519,244	\$12,300,351	\$13,635,891	\$13,502,543
Business Development	\$3,072,181	\$3,681,091	\$4,468,203	\$4,949,233	\$4,575,455
Contract Services: Economic Development Corp.	\$13,148,207	\$16,954,205	\$12,975,492	\$49,947,676	\$16,822,958
Contract Services: Empowerment Zone	\$5,737,731	\$7,011,506	\$7,462,928	\$7,481,374	\$7,481,373
Contract Services: NYC&Co / Tourism Support	\$7,218,000	\$7,105,000	\$21,219,672	\$20,586,240	\$19,556,928
Contract Services: Other	\$5,436,000	\$5,336,000	\$6,378,603	\$10,157,000	\$1,568,300
Economic & Financial Opportunity: Labor Services	\$323,896	\$424,488	\$468,712	\$803,950	\$626,675
Economic & Financial Opportunity: M/WBE	\$813,223	\$1,220,521	\$3,211,543	\$3,489,672	\$1,816,715
Mayor's Office of Film, Theatre, and Broadcasting	\$1,533,354	\$1,565,230	\$1,719,457	\$1,991,895	\$1,974,650
Mayor's Office of Industrial & Manufacturing Business	\$3,696	\$3,979,081	\$2,104,702	\$2,553,334	\$30,000
Neighborhood Development	\$5,986,851	\$7,740,502	\$8,537,403	\$11,488,240	\$3,264,236
Workforce Development: One Stop Centers	\$11,815,196	\$16,571,681	\$13,846,756	\$24,874,382	\$16,387,380
Workforce Development: Program Management	\$19,732,645	\$18,779,887	\$13,577,181	\$11,929,797	\$11,291,729
Workforce Development: Training	\$25,745,731	\$22,738,924	\$13,123,306	\$24,789,859	\$10,347,232
Workforce Development: WIB and Other	\$993,595	\$667,586	\$1,013,923	\$1,596,046	\$631,550
<b>Total</b>	<b>\$108,276,534</b>	<b>\$125,294,947</b>	<b>\$122,408,230</b>	<b>\$190,274,589</b>	<b>\$109,877,724</b>
<b>Funding</b>					
City Funds	NA	NA	NA	\$120,182,280	\$51,090,712
Federal - Community Development	NA	NA	NA	\$8,110,722	\$6,153,043
Federal - Other	NA	NA	NA	\$59,172,685	\$52,578,599
Intra City	NA	NA	NA	\$270,568	\$55,370
Other Categorical	NA	NA	NA	\$2,523,334	\$0
State	NA	NA	NA	\$15,000	\$0
<b>Total</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>\$190,274,589</b>	<b>\$109,877,724</b>
<b>Full-Time Positions</b>	<b>199</b>	<b>201</b>	<b>222</b>	<b>256</b>	<b>234</b>

Note: "NA" means that data is not available

## Agency Administration and Operations

This program includes the administrative functions of the agency.

	2005 Actuals	2006 Actuals	2007 Actuals	2008 Budget (Jan 24, 2008 Financial Plan)	2009 Preliminary Budget
<b>Spending</b>					
Personal Services	\$2,634,481	\$5,685,441	\$5,901,018	\$6,094,021	\$5,829,456
Other than Personal Services	\$4,081,747	\$5,833,803	\$6,399,333	\$7,541,870	\$7,673,087
Total	\$6,716,229	\$11,519,244	\$12,300,351	\$13,635,891	\$13,502,543
<b>Funding</b>					
City Funds	NA	NA	NA	\$8,117,672	\$7,999,324
Federal - Other	NA	NA	NA	\$5,493,364	\$5,493,364
Intra City	NA	NA	NA	\$9,855	\$9,855
State	NA	NA	NA	\$15,000	\$0
Total	NA	NA	NA	\$13,635,891	\$13,502,543
Full-Time Positions	40	72	67	65	66

Note: "NA" means that data is not available

**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.

	2005 Actuals	2006 Actuals	2007 Actuals	2008 Budget (Jan 24, 2008 Financial Plan)	2009 Preliminary Budget
<b>Spending</b>					
Personal Services	\$1,387,204	\$1,298,436	\$1,557,859	\$1,992,850	\$1,992,850
Other than Personal Services	\$1,684,978	\$2,382,655	\$2,910,344	\$2,956,383	\$2,582,605
<b>Total</b>	<b>\$3,072,181</b>	<b>\$3,681,091</b>	<b>\$4,468,203</b>	<b>\$4,949,233</b>	<b>\$4,575,455</b>
<b>Funding</b>					
City Funds	NA	NA	NA	\$1,371,987	\$1,344,987
Federal - Community Development	NA	NA	NA	\$1,123,641	\$776,863
Federal - Other	NA	NA	NA	\$2,453,605	\$2,453,605
<b>Total</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>\$4,949,233</b>	<b>\$4,575,455</b>
Full-Time Positions	25	26	32	35	35

**Performance Measures**

	Type of Measure	2005 Annual Target	2005 Annual Actual	2006 Annual Target	2006 Annual Actual	2007 Annual Target	2007 Annual Actual	2008 Annual Target	2008 4-Month Actual
Business Improvement Districts (BIDs) formed	Outcome	NA	5	NA	3	NA	2	NA	2
Jobs created or retained by Industrial Relocation Grants (IRG)	Outcome	NA	412	NA	245	NA	377	NA	NA
New businesses served through NYC Business Solutions	Output	NA	NA	NA	12,917	NA	14,245	NA	4,763
Newly certified businesses in Locally Based Enterprise Program	Output	60	60	60	30	20	31	NA	11
Total City blocks receiving supplemental sanitation services through BIDs	Output	NA	NA	NA	NA	NA	1,091	NA	1,127
Value of grants dispensed through Industrial Relocation Grants (IRG)	Output	NA	\$283,000	NA	\$252,000	NA	\$212,000	NA	NA

Note: "NA" means that data is not available

**Contract Services: Economic Development Corp.**

The Economic Development Corporation (EDC) is a non-city agency, nonprofit organization 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.

	2005 Actuals	2006 Actuals	2007 Actuals	2008 Budget (Jan 24, 2008 Financial Plan)	2009 Preliminary Budget
<b>Spending</b>					
Other than Personal Services	\$13,148,207	\$16,954,205	\$12,975,492	\$49,947,676	\$16,822,958
<b>Total</b>	<b>\$13,148,207</b>	<b>\$16,954,205</b>	<b>\$12,975,492</b>	<b>\$49,947,676</b>	<b>\$16,822,958</b>

**Funding**

City Funds	NA	NA	NA	\$36,870,633	\$7,198,091
Federal - Community Development	NA	NA	NA	\$4,218,203	\$3,363,352
Federal - Other	NA	NA	NA	\$8,649,850	\$6,216,000
Intra City	NA	NA	NA	\$208,990	\$45,515
<b>Total</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>\$49,947,676</b>	<b>\$16,822,958</b>

**Performance Measures**

	Type of Measure	2005 Annual Target	2005 Annual Actual	2006 Annual Target	2006 Annual Actual	2007 Annual Target	2007 Annual Actual	2008 Annual Target	2008 4-Month Actual
New private investment related to sale/lease of City-owned property (\$ millions)	Outcome	NA	\$554.8	NA	\$718.0	NA	\$2,495.5	NA	\$64.0
New York City unemployment rate (%)	Outcome	NA	6.1%	NA	5.5%	NA	4.7%	NA	5.5%
Projected construction jobs created or retained in connection with the sale/lease of City-owned property	Outcome	NA	NA	NA	NA	NA	10,202	NA	250
Projected jobs committed in connection with closed contracts	Outcome	NA	24,459	NA	10,827	NA	13,264	NA	321
Projected permanent jobs created or retained in connection with the sale/lease of City-owned property	Outcome	NA	NA	NA	NA	NA	1,899	NA	457
Total City tax revenues generated in connection with closed contracts (\$ millions)	Outcome	NA	\$5,931.2	NA	\$799.3	NA	\$2,207.0	NA	\$36.1

Note: "NA" means that data is not available

**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.

	2005 Actuals	2006 Actuals	2007 Actuals	2008 Budget (Jan 24, 2008 Financial Plan)	2009 Preliminary Budget
<b>Spending</b>					
Personal Services	\$69,228	\$41,506	\$49,692	\$77,381	\$77,381
Other than Personal Services	\$5,668,503	\$6,970,000	\$7,413,236	\$7,403,993	\$7,403,992
<b>Total</b>	<b>\$5,737,731</b>	<b>\$7,011,506</b>	<b>\$7,462,928</b>	<b>\$7,481,374</b>	<b>\$7,481,373</b>
<b>Funding</b>					
City Funds	NA	NA	NA	\$7,403,993	\$7,403,992
Federal - Community Development	NA	NA	NA	\$77,381	\$77,381
<b>Total</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>\$7,481,374</b>	<b>\$7,481,373</b>
<b>Full-Time Positions</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>

**Performance Measures**

	Type of Measure	2005 Annual Target	2005 Annual Actual	2006 Annual Target	2006 Annual Actual	2007 Annual Target	2007 Annual Actual	2008 Annual Target	2008 4-Month Actual
Jobs created in Empire Zones (calendar year)	Outcome	NA	1,642	NA	4,010	NA	NA	NA	NA
Businesses newly certified in Empire Zones (calendar year)	Output	NA	224	NA	0	NA	61	NA	NA

Note: "NA" means that data is not available

**Contract Services: NYC&Co / Tourism Support**

NYC & Co. 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 & Co. to support its work in promoting NYC as a premier tourist destination and convention center.

	2005 Actuals	2006 Actuals	2007 Actuals	2008 Budget (Jan 24, 2008 Financial Plan)	2009 Preliminary Budget
<b>Spending</b>					
Other than Personal Services	\$7,218,000	\$7,105,000	\$21,219,672	\$20,586,240	\$19,556,928
<b>Total</b>	<b>\$7,218,000</b>	<b>\$7,105,000</b>	<b>\$21,219,672</b>	<b>\$20,586,240</b>	<b>\$19,556,928</b>
<b>Funding</b>					
City Funds	NA	NA	NA	\$20,586,240	\$19,556,928
<b>Total</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>\$20,586,240</b>	<b>\$19,556,928</b>

**Performance Measures**

	Type of Measure	2005 Annual Target	2005 Annual Actual	2006 Annual Target	2006 Annual Actual	2007 Annual Target	2007 Annual Actual	2008 Annual Target	2008 4-Month Actual
Visitors to New York City (millions) (calendar year)	Outcome	NA	39.9	NA	43.8	NA	44.0	NA	NA

Note: "NA" means that data is not available

**Contract Services: Other**

This includes other contracts that SBS administers.

	2005 Actuals	2006 Actuals	2007 Actuals	2008 Budget (Jan 24, 2008 Financial Plan)	2009 Preliminary Budget
<b>Spending</b>					
Other than Personal Services	\$5,436,000	\$5,336,000	\$6,378,603	\$10,157,000	\$1,568,300
<b>Total</b>	<b>\$5,436,000</b>	<b>\$5,336,000</b>	<b>\$6,378,603</b>	<b>\$10,157,000</b>	<b>\$1,568,300</b>
<b>Funding</b>					
City Funds	NA	NA	NA	\$10,007,000	\$1,418,300
Federal - Other	NA	NA	NA	\$150,000	\$150,000
<b>Total</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>\$10,157,000</b>	<b>\$1,568,300</b>

Note: "NA" means that data is not available

**Economic & Financial Opportunity: Labor Services**

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

	2005 Actuals	2006 Actuals	2007 Actuals	2008 Budget (Jan 24, 2008 Financial Plan)	2009 Preliminary Budget
<b>Spending</b>					
Personal Services	\$323,896	\$424,488	\$460,338	\$560,200	\$576,675
Other than Personal Services	\$0	\$0	\$8,374	\$243,750	\$50,000
<b>Total</b>	<b>\$323,896</b>	<b>\$424,488</b>	<b>\$468,712</b>	<b>\$803,950</b>	<b>\$626,675</b>
<b>Funding</b>					
City Funds	NA	NA	NA	\$803,950	\$626,675
<b>Total</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>\$803,950</b>	<b>\$626,675</b>
Full-Time Positions	7	8	8	11	11

Note: "NA" means that data is not available

**Economic & 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.

	2005 Actuals	2006 Actuals	2007 Actuals	2008 Budget (Jan 24, 2008 Financial Plan)	2009 Preliminary Budget
<b>Spending</b>					
Personal Services	\$725,440	\$944,350	\$1,172,184	\$1,397,536	\$1,363,715
Other than Personal Services	\$87,782	\$276,171	\$2,039,359	\$2,092,136	\$453,000
<b>Total</b>	<b>\$813,223</b>	<b>\$1,220,521</b>	<b>\$3,211,543</b>	<b>\$3,489,672</b>	<b>\$1,816,715</b>
<b>Funding</b>					
City Funds	NA	NA	NA	\$3,489,672	\$1,816,715
<b>Total</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>\$3,489,672</b>	<b>\$1,816,715</b>
<b>Full-Time Positions</b>	<b>11</b>	<b>12</b>	<b>22</b>	<b>20</b>	<b>20</b>

**Performance Measures**

	Type of Measure	2005 Annual Target	2005 Annual Actual	2006 Annual Target	2006 Annual Actual	2007 Annual Target	2007 Annual Actual	2008 Annual Target	2008 4-Month Actual
Total minority and women-owned Business Enterprises created	Outcome	NA	955	NA	1,035	NA	1,236	NA	1,403
Newly certified businesses in Minority/ Women owned Business Enterprise Program	Output	300	362	400	379	400	452	NA	194

Note: "NA" means that data is not available

**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.

	2005 Actuals	2006 Actuals	2007 Actuals	2008 Budget (Jan 24, 2008 Financial Plan)	2009 Preliminary Budget
<b>Spending</b>					
Personal Services	\$1,047,131	\$1,161,003	\$1,396,041	\$1,607,903	\$1,636,223
Other than Personal Services	\$486,222	\$404,227	\$323,416	\$383,992	\$338,427
<b>Total</b>	<b>\$1,533,354</b>	<b>\$1,565,230</b>	<b>\$1,719,457</b>	<b>\$1,991,895</b>	<b>\$1,974,650</b>
<b>Funding</b>					
City Funds	NA	NA	NA	\$1,991,895	\$1,974,650
<b>Total</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>\$1,991,895</b>	<b>\$1,974,650</b>
<b>Full-Time Positions</b>	<b>16</b>	<b>17</b>	<b>21</b>	<b>24</b>	<b>24</b>

Note: "NA" means that data is not available

**Mayor's Office of Industrial & Manufacturing Businesses**

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

	2005 Actuals	2006 Actuals	2007 Actuals	2008 Budget (Jan 24, 2008 Financial Plan)	2009 Preliminary Budget
<b>Spending</b>					
Personal Services	\$3,696	\$0	\$54,572	\$140,000	\$30,000
Other than Personal Services	\$0	\$3,979,081	\$2,050,130	\$2,413,334	\$0
<b>Total</b>	<b>\$3,696</b>	<b>\$3,979,081</b>	<b>\$2,104,702</b>	<b>\$2,553,334</b>	<b>\$30,000</b>
<b>Funding</b>					
City Funds	NA	NA	NA	\$30,000	\$30,000
Other Categorical	NA	NA	NA	\$2,523,334	\$0
<b>Total</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>\$2,553,334</b>	<b>\$30,000</b>
Full-Time Positions	0	0	0	0	0

Note: "NA" means that data is not available

**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.

	2005 Actuals	2006 Actuals	2007 Actuals	2008 Budget (Jan 24, 2008 Financial Plan)	2009 Preliminary Budget
<b>Spending</b>					
Personal Services	\$494,251	\$616,840	\$581,796	\$655,874	\$674,309
Other than Personal Services	\$5,492,600	\$7,123,662	\$7,955,606	\$10,832,366	\$2,589,927
<b>Total</b>	<b>\$5,986,851</b>	<b>\$7,740,502</b>	<b>\$8,537,403</b>	<b>\$11,488,240</b>	<b>\$3,264,236</b>
<b>Funding</b>					
City Funds	NA	NA	NA	\$7,061,687	\$1,328,789
Federal - Community Development	NA	NA	NA	\$2,691,497	\$1,935,447
Federal - Other	NA	NA	NA	\$1,723,956	\$0
Intra City	NA	NA	NA	\$11,100	\$0
<b>Total</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>\$11,488,240</b>	<b>\$3,264,236</b>
<b>Full-Time Positions</b>	<b>7</b>	<b>8</b>	<b>6</b>	<b>10</b>	<b>10</b>

**Performance Measures**

	Type of Measure	2005 Annual Target	2005 Annual Actual	2006 Annual Target	2006 Annual Actual	2007 Annual Target	2007 Annual Actual	2008 Annual Target	2008 4-Month Actual
Business Improvement Districts (BIDs) formed	Outcome	NA	5	NA	3	NA	2	NA	2
Total City blocks receiving supplemental sanitation services through BIDs	Output	NA	NA	NA	NA	NA	1,091	NA	1,127

Note: "NA" means that data is not available

**Workforce Development: One Stop Centers**

SBS operates Workforce1 Centers in each borough which provide job placement assistance, career advisement, job search counseling and referrals to skills training.

	2005 Actuals	2006 Actuals	2007 Actuals	2008 Budget (Jan 24, 2008 Financial Plan)	2009 Preliminary Budget
<b>Spending</b>					
Personal Services	\$0	\$0	\$2,877	\$461,088	\$2,888
Other than Personal Services	\$11,815,196	\$16,571,681	\$13,843,879	\$24,413,294	\$16,384,492
<b>Total</b>	<b>\$11,815,196</b>	<b>\$16,571,681</b>	<b>\$13,846,756</b>	<b>\$24,874,382</b>	<b>\$16,387,380</b>
<b>Funding</b>					
City Funds	NA	NA	NA	\$7,709,106	\$287,888
Federal - Other	NA	NA	NA	\$17,165,276	\$16,099,492
<b>Total</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>\$24,874,382</b>	<b>\$16,387,380</b>
Full-Time Positions	0	0	1	7	0

**Performance Measures**

	Type of Measure	2005 Annual Target	2005 Annual Actual	2006 Annual Target	2006 Annual Actual	2007 Annual Target	2007 Annual Actual	2008 Annual Target	2008 4-Month Actual
Number of new jobseekers registered through the Workforce1 Career Center System	Demand	NA	23,834	NA	28,175	NA	41,671	NA	19,776
Workforce1 system-wide placements	Output	NA	6,195	NA	12,637	NA	17,212	NA	5,942

Note: "NA" means that data is not available

**Workforce Development: Program Management**

This funds the administration, program management, and design of workforce development services.

	2005 Actuals	2006 Actuals	2007 Actuals	2008 Budget (Jan 24, 2008 Financial Plan)	2009 Preliminary Budget
<b>Spending</b>					
Personal Services	\$6,370,491	\$4,966,712	\$5,152,858	\$5,921,790	\$4,920,294
Other than Personal Services	\$13,362,154	\$13,813,176	\$8,424,323	\$6,008,007	\$6,371,435
<b>Total</b>	<b>\$19,732,645</b>	<b>\$18,779,887</b>	<b>\$13,577,181</b>	<b>\$11,929,797</b>	<b>\$11,291,729</b>
<b>Funding</b>					
City Funds	NA	NA	NA	\$1,477,266	\$2,888
Federal - Other	NA	NA	NA	\$10,411,908	\$11,288,841
Intra City	NA	NA	NA	\$40,623	\$0
<b>Total</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>\$11,929,797</b>	<b>\$11,291,729</b>
<b>Full-Time Positions</b>	<b>56</b>	<b>55</b>	<b>58</b>	<b>66</b>	<b>62</b>

Note: "NA" means that data is not available

**Workforce Development: Training**

SBS offers a range of training programs for adults jobseekers and dislocated workers, including services obtained through individual training grants.

	2005 Actuals	2006 Actuals	2007 Actuals	2008 Budget (Jan 24, 2008 Financial Plan)	2009 Preliminary Budget
<b>Spending</b>					
Personal Services	\$1,019,744	\$87,808	\$24,554	\$870,585	\$76,485
Other than Personal Services	\$24,725,987	\$22,651,116	\$13,098,752	\$23,919,274	\$10,270,747
Total	\$25,745,731	\$22,738,924	\$13,123,306	\$24,789,859	\$10,347,232
<b>Funding</b>					
City Funds	NA	NA	NA	\$13,261,179	\$101,485
Federal - Other	NA	NA	NA	\$11,528,680	\$10,245,747
Total	NA	NA	NA	\$24,789,859	\$10,347,232
Full-Time Positions	33	0	2	13	1

Note: "NA" means that data is not available

**Workforce Development: WIB and Other**

The New York City Workforce Investment Board (WIB) is comprised of over 40 members, appointed by the Mayor, who represent the City's leading businesses, labor unions, economic and workforce development organizations, educational institutions and community-based organizations. The WIB oversees, and establishes policies for, an array of employment and training services for businesses and jobseekers funded by the Workforce Investment Act of 1998.

	2005 Actuals	2006 Actuals	2007 Actuals	2008 Budget (Jan 24, 2008 Financial Plan)	2009 Preliminary Budget
<b>Spending</b>					
Personal Services	\$406,896	\$275,572	\$212,090	\$266,850	\$266,850
Other than Personal Services	\$586,699	\$392,015	\$801,833	\$1,329,196	\$364,700
<b>Total</b>	<b>\$993,595</b>	<b>\$667,586</b>	<b>\$1,013,923</b>	<b>\$1,596,046</b>	<b>\$631,550</b>
<b>Funding</b>					
Federal - Other	NA	NA	NA	\$1,596,046	\$631,550
<b>Total</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>\$1,596,046</b>	<b>\$631,550</b>
<b>Full-Time Positions</b>	<b>3</b>	<b>2</b>	<b>4</b>	<b>4</b>	<b>4</b>

Note: "NA" means that data is not available

## **Fiscal 2009 Preliminary Capital Budget Report**

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- **Brooklyn Atlantic Yards:** EDC's January Capital Commitment Plan for Fiscal 2008 includes \$100 million, which the State would match, for the Atlantic Yards project in Brooklyn.
- **Governors Island Redevelopment:** EDC's January Capital Commitment Plan for Fiscals 2008-2011 includes \$99.6 million for the redevelopment of Governors Island. Funding will cover capital costs such as renovating historic buildings and improving the island infrastructure to support redevelopment.
- **Staten Island Homeport Redevelopment:** EDC's January Capital Commitment Plan for Fiscals 2008-2011 includes \$61.9 million for Staten Island Homeport redevelopment. The plan includes housing, retail, a sports complex, and a farmers market along a new mile-long waterfront esplanade that will provide the community with access to the waterfront. Funding will be used for the construction of the esplanade and infrastructure improvements.
- **BAM Cultural District:** EDC's January Capital Commitment Plan for Fiscals 2008-2011 includes \$38 million for the BAM Cultural District. 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.
- **East River Waterfront:** EDC's January Capital Commitment Plans for Fiscals 2008-2009 includes \$122.8 million non-city funding for East River Waterfront. The plan includes enhancing the esplanade, upgrading several piers, and creating major new waterfront amenities. Construction is anticipated to begin in spring 2008.

TESTIMONY BY  
COMMISSIONER ROBERT W. WALSH  
NEW YORK CITY  
DEPARTMENT OF SMALL BUSINESS SERVICES  
BEFORE  
THE COMMITTEES ON ECONOMIC DEVELOPMENT  
AND SMALL BUSINESS  
OF THE  
NEW YORK CITY COUNCIL  
MARCH 5, 2008

Good morning Chairman White, Chairman Yassky and members of the Economic Development and Small Business Committees. I am Rob Walsh, Commissioner of the Department of Small Business Services. I am joined by First Deputy Commissioner Andy Schwartz, and members of our staff who are here to help answer questions you might have.

What I would like to do today is give you a snapshot of the work of our three major divisions, highlight the accomplishments of the past year, and outline some of our new initiatives.

## **BUSINESS DEVELOPMENT**

The Division of Business Development continues to help businesses start, operate, and expand, and works with community-based organizations to develop commercial corridors throughout the five boroughs.

### **1) District Development**

Business Improvement Districts (BIDs) continue to grow. Over the past five years, we have created 15 new BIDs, bringing the total number of BIDs in the City to 59. This past year, four BIDs, Court-Livingston-Schermerhorn in Brooklyn, Sunnyside and Bayside Village in Queens, and Southern Boulevard in the Bronx were signed in to law.

Collectively, BIDs contribute more than \$83 million in supplemental services for the direct benefit of over 70,000 businesses annually. We are expecting to present five additional BIDs for your approval this year: three in Brooklyn (5<sup>th</sup> Avenue commercial district of Park Slope, Broadway in Bushwick, and Fulton St in Bed-Stuy); Hudson Square in Manhattan; and Belmont Avenue in the Bronx. There are also 7 additional BIDs in the development stages.

BIDs have had an enormous impact on the City's neighborhoods. And while we've seen the number of BIDs increase for the past two decades, we also want to make sure we focus our work on developing and strengthening them. This is why we now have better tools in place that help BIDs communicate and share best practices. For example, we are

also developing a series of workshops focused on topics such as non-profit management, fundraising, and managing capital projects.

Our work in the City's neighborhoods, however, goes beyond BIDs. One of the areas we've focused on this year is providing technical assistance and support to community-based organizations, such as Local Development Corporations and Merchants' Associations that need extra help to make a greater difference in neighborhoods. Through the **NYC Clean Streets** program, we partner with neighborhood organizations, offering them the opportunity to manage a supplementary sanitation program while building their capacity to better serve their commercial corridors.

Eight organizations are currently providing services to 8 commercial corridors in all five boroughs. We are now reviewing applications for the next round of this program and intend to select 6-8 additional organizations.

Through this new initiative, we will not only have cleaner commercial corridors, we will also be strengthening organizations that can bring together small businesses and improve neighborhoods.

## **2) Business Services**

Beyond making sure neighborhoods are good places to do business we serve individual businesses and entrepreneurs. Since we first introduced **NYC Business Solutions** as the cornerstone of our business assistance efforts in September 2004, NYC Business Solutions has served more than 36,000 businesses (13,289 in 2007) and responded to over 65,000 service requests—28,000 in 2007. In 2007, NYC Business Solutions helped facilitate 130 loans to businesses, totaling nearly \$11 million. (\$10,933,000.00)

We are focusing much more of our efforts on helping businesses access financing. Over the last year, our Business Solutions Centers have increased the number of businesses they've helped with loans by 50% per quarter. We are also building on a study released by EDC that showed there were gaps in the microfinance market for small businesses—

we've taken this opportunity to release a Request for Information to ask lenders and business assistance organizations how to fill the gaps in microfinance services. Once the proposals are reviewed, we will use this information to tailor and expand our services even further.

The creation of 311 significantly helped businesses connect to the services they need to start and grow. **NYC Business Express** builds off of the 311 model by not only providing information in one place, but by the end of 2009, will do the following:

- Provide customized, up-to-date information and step-by-step instructions to businesses in all sectors for meeting government requirements for opening, operating or expanding a business in New York City. This year the website will expand beyond restaurants to include the retail, services, arts and entertainment, wholesale, and healthcare sectors
- Provide a single source of information for all businesses to identify and estimate the City, State, and Federal benefits for which they are eligible
- Provide all businesses an "account" where they will be able to access information about their business such as status of permits, taxes owed, outstanding balances, and inspection dates
- Allow business customers to provide their information to the City only once and when it's needed

Ultimately, NYC Business Express will make it clearer, faster and simpler to open a business in New York City so businesses can focus on what's really important: generating revenue and creating jobs.

This initiative is one of the biggest and boldest projects we're working on. We are working with many City agencies (such as Buildings, Finance, Consumer Affairs, and DOITT) to make sure the site has all the necessary functions. You can take a look at it on [nyc.gov/BusinessExpress](http://nyc.gov/BusinessExpress).

## **DIVISION OF ECONOMIC AND FINANCIAL OPPORTUNITY**

Access to opportunity and growth for New York City's minority- and women-owned businesses has also been a key priority for SBS and the Bloomberg administration. This time last year, I told you about several initiatives we were launching to increase the value of becoming certified with the City's Minority and Women Business Owned Enterprise program. In cooperation with the City Council, City agencies, community organizations, and our certified M/WBEs, these efforts are paying off.

The number of contracts awarded to companies we work with is up 77% from this time last year, resulting in \$153 million in City contracts for certified companies. This includes a recent award of an \$83 million contract, the largest single contract ever won by one of our M/WBEs.

To date, there are a total of 1,535 companies certified as M/WBEs, our highest number yet. And we are also seeing another important trend— M/WBEs now recognize they have something to come back for, and more companies are choosing to come back and recertify with us. This time last year, over 50% of our expiring companies chose to recertify as M/WBEs. That rate has increased to over 70% this year.

Like our other programs, the numbers show progress, but we know there is a lot more work to do. Our continued success rests in our ability to hold agencies accountable, provide greater value to companies once they are certified, and to get the word out about our program.

### **1) Holding Agencies Accountable**

Twice a year, in coordination with the Mayor's Office of Contract Services, we release data that reports MWBE utilization by City agency, company demographic and industry. This reporting helps agencies monitor their progress towards meeting their MWBE goals.

It also helps us work with City agencies to review their goals and determine where they may need help increasing their utilization.

But we also help certified firms access opportunities to contract with the City. Our certified companies now receive personalized assistance from our procurement specialists and invitations to industry networking events to connect them with City buyers. In Fiscal Year 07, we organized the first Citywide Procurement Fair. We brought together over 40 agencies and more than 330 M/WBEs for a day of workshops and networking, which resulted in over 1,150 contracting opportunities for our certified firms.

## **2) Building Capacity**

One of the areas we are having a greater impact on now is building the capacity of New York City companies to go after and win contracts. Through programs like Breaking New Ground and Fundamentals in Construction Management with New York Technical College, we are helping construction firms prepare bids and proposals and understand the post-award process.

In January, we also launched a pilot mentorship program with Columbia University. The program ensures that the 22 selected firms have exclusive opportunities to bid on designated projects with Columbia University for work on rehabilitation, renovation, and maintenance of residential and academic buildings. We need to get these kinds of services right, on a small scale, and then expand them throughout the five boroughs.

## **3) Getting the Word Out**

To continue the success of the M/WBE program, it's never been more important to get the word out. We've taken an active role in advertising our program to community news outlets, but we've also relied on the continued support of our partners to reach out to businesses. Over the last year we've been working with the City Council and 14 community partners to reach out to companies to get them certified and help them understand how to do business with the City. Going forward, we hope to continue these relationships and increase the number of M/WBEs we serve.

## WORKFORCE DEVELOPMENT

We've made tremendous gains in the area of Workforce Development, placing more New Yorkers in jobs than ever before. This success is clear in our performance results:

- In 2007, **Workforce1 Career Centers** placed New Yorkers in more than 17,000 jobs. Since April 2004, job placements in the Workforce1 Career Centers have risen from 127 per quarter to over 4,300 per quarter presently. Throughout the seven Centers, we served over 80,000 jobseekers in 2007, providing workshops, pre-vocational skills training, on-site recruitments and job referral services in a professional setting.
- We have expanded the total number of Workforce1 Career Centers from three in 2004 to our current portfolio of six Centers and we will be opening a seventh center this year in Hunts Points.
- We have seen record growth in helping businesses with their hiring and training needs. In 2007, NYC Business Solutions Hiring helped 35 large city-wide businesses hire 3,356 employees in target industries, a 98% increase over 2006 figures. Additionally, we tripled the average number of placements made through these employers from 32 in 2006 to 96 in 2007.
- In addition to placing people in jobs, we've made better investments in training. Last month, I spoke to Council about one of our Center for Economic Opportunity initiatives—the **NYC Training Guide**—which will make the distribution of training vouchers more transparent. The Guide is an online tool that will allow our Career Center customers to make informed decisions about which school and which type of training is best for them. It allows customers to view a training provider's completion and job placement rate and read feedback from prior students. The Guide was just launched last week. Please visit it at [www.nyc.gov/trainingguide](http://www.nyc.gov/trainingguide).

- We have also taken a more proactive approach to training, by developing a new program, NYC Business Solutions **Training Funds**. The program helps businesses invest in their workforce and gives employees opportunities for career advancement. Here's how it works: companies who want to upgrade the skills of their employees apply, and if they are selected we pay up to 70% of the training costs and provide free technical assistance. Funding is available for occupational training, but also for English as a Second Language classes and adult literacy education.

In 2007, we served 21 companies through this program, in sectors such as manufacturing, healthcare, and information technology. We awarded \$2.5 million in training funds and leveraged another \$4 million in employer contributions to upgrade the skills of a projected 1,763 employees. Most participants in the program experience wage gains, which average 22%. The Training Funds program is great for companies committed to New York City—it helps them grow and remain competitive. The pre-application for the next round is due March 17<sup>th</sup>.

- And finally, we are making greater investments in partnering with community-based organizations throughout the City. Through an investment from the Center for Economic Opportunity, the number of partners placing people in jobs through the Workforce1 Career Center system is greater than ever before. And we are also working with the City Council to administer *Community Workforce Innovations*, a program that funds 26 organizations to serve and place individuals with high barriers to employment.

## **CONCLUSION**

As you can see, we've worked hard to serve small businesses across the boroughs, empower neighborhoods, and help New Yorkers find jobs. We've put forward an aggressive and ambitious agenda.

I would be remiss not to thank the Council for all of your help in supporting our programs, whether it's helping us build a strong M/WBE program, developing BIDs throughout the five boroughs, or partnering with us on our workforce initiatives. It is our goal is to become the first place businesses think of when they need to turn to government. With your strong support, it's clear that we're getting there.

I would be happy to answer any questions you might have.

**New York City Economic Development Corporation:**  
**New York City Council Oversight Hearing:**  
**Fiscal Year 2009 Preliminary Budget Testimony**  
by  
**Seth W. Pinsky, President**  
**Wednesday, March 5, 2008**

**Introduction**

**Slide 2:** Good morning Chairman White and members of the Economic Development Committee. I am Seth Pinsky, President of the New York City Economic Development Corporation (“NYCEDC”). This morning I am joined by members of my staff and we are pleased to present NYCEDC’s Preliminary Budget for fiscal year 2009. I have a brief presentation on NYCEDC’s mission and work, along with examples of some of our projects. I will also go through our operating and capital budgets. After the presentation, I will be happy to take questions.

**Slide 3:** NYCEDC has played a key role in the growth and diversification of the City’s economy. Our mission is to encourage economic development throughout the five boroughs and to strengthen the City’s competitive position. We accomplish this by aiding and facilitating private sector investment that builds capacity, creates jobs and supports a safer, cleaner and more vibrant City. Over the past seven years, there has been incredible development throughout all five boroughs of the City. Later on in this presentation I will provide a brief overview of some examples of this growth, with a discussion of certain projects on which we are currently working.

## **Economic Overview**

**Slide 4:** Before getting into specifics, let me start by providing some indicators to give you a sense about the recent state of our local economy.

**Slide 5:** In 2007, the city added 45,800 private sector jobs, and the number of employed City residents grew by 4,700 versus 2006. In March of last year, New York City's unemployment rate dropped to a record low 4.3%. From 2003 to 2007, the unemployment rates in

- The Bronx, decreased from 10.5% to 6.8%,
- Brooklyn, from 9.0% to 5.5%,
- Manhattan, from 8.2% to 4.4%,
- Queens, from 6.9% to 4.5%, and
- Staten Island, from 7.4% to 4.7%

Although, the unemployment rate has trended upwards since last March, ending 2007 at 5.1%, even this rate is historically low for the City (the second lowest year-end figure in recorded history), representing an increase of only 0.2% from the end of the previous year and representing a healthy decrease from 2001 levels. Notwithstanding the still-healthy employment picture in the City, we do note that the steady downward trend of the last several years appears, for the time being, to have bottomed out. Not surprisingly, this indicates that we are not completely insulated from the difficult market conditions and trends that the rest of the nation is experiencing. We at EDC remain vigilant of

these trends and believe that they serve, more than ever, to underline the importance of the development work that we do.

### **Commercial Vacancy Rates**

**Slide 6:** New York City remains a preferred location for many businesses, with firms continuing to move to, and expand in, the City at a very rapid pace. As a result, the Direct, Class A office vacancy rate has fallen from a recent high of 7.63% in 2003 to 4.57% in 2007. Meanwhile, the annual average rental rate of that same office space rose from a recent low of \$48.09 per square foot in 2004 to a high of \$69.73 per square foot in the 4<sup>th</sup> Quarter of 2007.

Going forward, even if the slowing national economy temporarily dampens some of the trends shown on this slide (which we recognize they very well might), we anticipate that there will continue, over the long-term, to be demand for more office space in the City. For this growth to continue, we know that we need to keep building capacity throughout the City. To this end:

- We continue to create additional opportunities at the WTC site in Lower Manhattan.
- The newly rezoned Hudson Yards, including the Rail Yards themselves, will also accommodate growth in the office market.
- And central business districts in Downtown Brooklyn, Long Island City, Upper Manhattan and elsewhere will ensure that demand for diversified office space is met throughout the City.

### **Construction Activity:**

**Slide 7:** As you can see, in 2006, the City experienced a slight decline in the square footage under construction as compared to 2005. That trend continued between 2006 and 2007, though there remains a significant volume of activity.

For the four months ending January 2008:

- 2,116 building projects (including new, additions and alterations) started construction.
- There were 79 infrastructure (non-building) projects.
- Planned space for building projects is approximately 11.2 million square feet.

Though, of course, new construction is something that is generally good news for the City. However, we also recognize that with the current private and public pipeline of construction projects, rising construction costs remain a real issue. NYCEDC and our City partners continue to look at what we can do to help mitigate these potential obstacles to growth.

### **Tourism**

**Slide 8:** Turning to tourism, a sector that pulls a substantial level of capital into the City from other regions of the country and world, New York City hosted a record number of visitors in 2007 — 46 million — a 31% increase from 2001 and a 5.0% increase over 2006. In fact, during the last 16 years, the number of visitors to New York City has grown on average 5% every year. As these visitor numbers have grown, so has employment in tourism-related sectors. New York City tourism-related employment was 290,900 in 2007, the highest it has been

since 1990, accounting for an average annual growth of 2 percent per year since then. Meanwhile, hotel occupancy in the City was 86.5% in 2007, up from 85.6% in 2006, and the average daily hotel room rate was \$305 in December 2007, up from \$270 in December 2006. As with other sectors of the City's economy, a slowdown in the economy could impact tourism in New York in the coming year. However, NYCEDC continues to hope that, thanks to a favorable exchange rate environment, New York will continue to attract a growing number of visitors, keeping this vital sector healthy.

### **Project Highlights**

**Slide 9:** With this overview completed, let's now look at a sampling of projects with which NYCEDC is involved across the City.

**Slide 10:** As is typical of our portfolio in general, the projects that I would like to discuss represent a wide-range of projects from all five boroughs, each of which is consistent with our overall goal of facilitating private sector investment, creating jobs and supporting a safer, cleaner and more vibrant city.

#### **National Lighthouse Harbor Site**

**Slide 11:** The first project I would like to discuss is the National Lighthouse Harbor site in Staten Island. In January 2007, NYCEDC designated Triangle Equities as the developer for the Lighthouse site; a project that will provide quality residential and retail development and improved public spaces for the local community and visitors. It will also help the long-awaited National Lighthouse Museum project move forward. The development proposal includes: a capital commitment to the National Lighthouse Museum; preservation of 4 land-

marked buildings on the site; a commitment to provide security and maintenance to the public esplanade, plaza area and pier 1; and development of 80,000 square feet of retail space and 170 residential units that will be located in historic buildings and on vacant areas of the site.

Currently, NYCEDC's Transaction Services Group is securing project approvals from the Department of City Planning, Landmarks, the Metropolitan Transit Authority, and the Federal Transit Administration. We anticipate closing on the lease to the National Lighthouse Museum and the disposition of the property to Triangle Equities in the Fall.

#### Downtown Brooklyn – Central Business District

**Slide 12:** As you obviously know, New York City has incredible assets throughout the five boroughs that can be leveraged to create central business districts, presenting more options (by geography and by price point) for businesses looking to locate and expand in New York City, and retaining and creating a greater diversity of jobs in the City. A perfect example of a central business district outside of Midtown and Lower Manhattan that has been experiencing significant growth is Downtown Brooklyn. In 2004, the City Council adopted a comprehensive development plan to facilitate the continued growth of this crucial area. As a complement to this, design is currently underway for a \$13 million Flatbush Avenue streetscape project to create a new gateway into downtown Brooklyn. Meanwhile, last year, two private developers, BFC Partners and Red Apple, purchased portions of the demapped streetbed of Prince Street and Red Apple purchased a portion of Fair Street. This land forms

a portion of the land that is being developed for residential purposes in the Myrtle Avenue area. As shown here, their projects together will create over 60,000 square feet of retail space and over 600 housing units, more than 25% of which will be affordable.

Committed and completed public investment in streetscape improvements, open space and structured parking in Downtown Brooklyn totaling more than \$100 million has helped to encourage the private market to invest in additional projects in the area. On Flatbush Avenue, for example, the proposed City Point project is forecast to add 400,000 square feet of retail, 125,000 square feet of office space, and 800 units of housing. Though As this and other Downtown Brooklyn projects continue to secure their financing in this more challenging environment, we have continued to remain in regular contact with the applicable development teams to monitor the situation and help move the projects forward.

In terms of commercial activity in the area, 33,000 square feet of retail space is being created at 345 Adams Street. Private hotel developments are also underway. Over 600 hotels rooms are under construction around Willoughby Square, building on the 2006 Marriot expansion of 280 rooms. The commercial office market in Downtown Brooklyn meanwhile continues to gain strength. Direct vacancy at the Metrotech Center was a low 5.3% at the end of 2007, while creative companies are increasingly seeing Brooklyn, which is home to so much of the City's "creative class" as a logical location.

Finally, on the subject of the “creative class”, NYCEDC, partnering with City Planning and the Downtown Brooklyn Partnership, has prepared and is working to implement a development plan for the BAM Cultural District to enhance public spaces and streetscapes; improve transportation connections throughout the area, and, maintain and enhance the district’s position as an important cultural destination. To this end, we are working closely with Downtown Brooklyn Partnership, HPD, DCA, and City Planning to develop parcels around the BAM cultural district, which parcels will contain, among other things, additional performing art space, rehearsal space, and mixed income housing.

#### Hunter’s Point South

**Slide 13:** Let’s turn next to Hunter’s Point South. This project represents a prime opportunity for the City to develop 30 acres of waterfront property in the Hunter’s Point neighborhood of Long Island City, and is a key part of the Mayor’s New Housing Marketplace Plan. With \$180 million managed by EDC and additional funds managed by HPD for middle-income housing, the City’s Commitment will result in the creation of up to 5,000 residential units, at least 60 percent of which will be affordable to middle income families; the development of 90,500 square feet of retail space; 45,000 square feet of community facility space; and over 10 acres of open space. Additionally, a 1600-seat intermediate/high school is part of the overall plan.

A draft EIS for the project is underway and we are aiming to certify into ULURP in late March. We have completed our master planning effort and will be

kicking off the detailed design of the streets, infrastructure and parkland in the upcoming weeks. Acquisition of the property from the Port Authority and Queens West Development Corporation is anticipated by mid-2008. Our plan is then to begin site prep work in early 2009.

### Mount Hope Community Center

**Slide 14:** Our next featured project is The Mount Hope Community Center. This project is located on East 175<sup>th</sup> Street and Townsend Ave in the Tremont neighborhood of the Bronx. The project is a 30,778 SF building consisting of four floors, with classrooms and related facilities on the first floor, office and meeting space for youth services programs on the second and third floors, and a conference center on the fourth floor. The primary use of the Center will be to provide facilities for a number of community-based programs, including employment services, financial literacy and vocational training, and asset building programs. There will also be office space for fundraising and executive functions. The Center includes a Community Learning Center with six classrooms and two computer labs that can serve over 750 community members per day in various educational programs. The facility also offers on-grade and rooftop open space for recreational activities.

The facility was built along sustainable design principles, maximizing use of natural light and environmentally-friendly materials. Recycled content was used wherever possible.

Cost to the City of this project currently stands at approximately \$9 million, with total project costs of approximately \$16 million. Though we would generally

be proud of this project, Phase I of which is scheduled to open in the Spring, what makes this project particularly noteworthy is the fact that it is the first NYCEDC project that has successfully taken advantage of the federal New Markets Tax Credit Program, attracting more than \$4 million in investor equity from Citibank, N.A. and Deutsch Bank USA. With this project under our belts, we hope that we will now be able to help other non-profits to take advantage of this federal tax program, which encourages investments in low-income communities.

### East River Science Park

**Slide 15:** Next, let's turn to the East River Science Park. As many of you know, we at NYCEDC remain quite excited about the opportunity to attract new bioscience companies to New York City and provide expansion space for our existing bioscience businesses. This industry, which the Mayor has identified as a substantial growth opportunity for the City, leveraging the fabulous basic science that takes place in our world-class teaching hospitals and educational institutions, is, we believe, about to experience a substantial boost, thanks to the development of the East River Science Park.

Phase I of this massive project includes:

- the construction of two bioscience laboratory towers, totaling 725,000 square feet,
- a 2,400 square foot publicly accessible glass-enclosed pavilion,
- 46,000 square feet of publicly accessible open space with views of the East River, and

- 600 parking spaces, 400 of which are reserved for Bellevue Hospital use.

Meanwhile, Phase II of the project will include

- a third 375,000 square foot laboratory building,
- another 14,000 square feet of publicly accessible open space, and
- another 120 parking spaces

The development of East River Science Park will create an estimated 2,000 jobs for researchers, technicians, and other bioscience professionals as well as 1,800 construction jobs in the first Phase. The funding of this project involved relatively modest City contributions of approximately \$14 million, which then helped secure an additional \$70 million in federal, state and other public funds and approximately \$700 Million from the developer, Alexandria.

Construction of Phase I began in early 2007. The West Tower is expected to open in Winter 2009 and the East Tower is expected to open in the Summer of 2010.

#### New York City Industrial Development Agency (NYCIDA)

**Slide 16:** Another important part of NYCEDC's mission involves staffing the New York City Industrial Development Agency or IDA. The IDA, as you doubtless know, is a public benefit corporation organized under Article 18-A of the New York State General Municipal Law and serves the five boroughs of New York City.

The mission of NYCIDA is to encourage economic development throughout the five boroughs, and to assist in the retention of existing jobs, and

the creation and attraction of new ones. This is accomplished through programs that provide companies with access to triple tax-exempt bond financing or tax benefits to acquire or create capital assets, such as purchasing real estate, constructing or renovating facilities, and acquiring new equipment. Since 1990, NYCIDA has catalyzed more than \$25 billion in private investment throughout the City by hundreds of companies and not-for-profit organizations. One recent example of which we are very proud is the renovation of the 3,000-square foot Center for Family Support in the Bronx. This project, which totaled \$5,435,000, retained 90 jobs and ensures that this organization continue to provide a wide range of in-home services to the developmentally disabled.

Notwithstanding the great work that the IDA has done over the years, in particular, for the not-for-profit community, earlier this year, the IDA's ability to help those in need was essentially cut off a few weeks ago. Albany stood by while the legal authority expired for industrial development agencies statewide to offer assistance to so-called "civic facilities". This authority, which appears to have been caught up in larger discussions about increased transparency primarily in upstate IDAs and a debate about living and prevailing wage, may seem esoteric. However, it is having real-world impacts here in New York City. For example, if the Center for Family Support were to come to us today for assistance, we would be able to offer them and the people they serve nothing. And, the same not only would be true, but actually is true, for a number of other important City institutions, including Fordham Prep, Richmond University Medical Center, the Doe Fund, the New York Blood Center, the Mercantile Library and

SUNY-Downstate Medical Center. All of them have come to the IDA for help since this authority expired. In addition, a number of not-for-profit institutions with existing IDA deals that are now being buffeted by significantly higher interest rates thanks to problems in the auction rate market are similarly unable to refinance their debt through the IDA thanks to the loss of its "civic facility authority". It is our hope that this issue gets resolved in Albany expeditiously, so that the IDA can go back to doing what it does best: helping the people of the City.

#### Minority and Women-Owned Business Enterprises (M/WBE)

**Slide 17:** Yet another important of our mission at NYCEDC is to promote minority and women-owned business enterprises or M/WBEs. In accordance with Local Law 129, NYCEDC's M/WBE Program was launched in July 2006 to encourage and promote M/WBE participation in all aspects of NYCEDC's projects operations. Through this program, NYCEDC is committed to providing equal access and opportunities to minority and women owned business enterprises in our various activities throughout the five boroughs.

As a part of this commitment, NYCEDC has set M/WBE participation goals on all projects that are funded with City dollars, including Mayoral Capital, City Council Capital, Borough President Capital and City Tax Levy monies for subcontracts under \$1 million.

- For projects with M/WBE goals, in FY2008, NYCEDC's M/WBE Participation rate has been 22%, representing \$6.9 million in subcontracts. During the same period, NYCEDC has also awarded

\$6.8 million in prime contracts to M/WBE firms, for a total of \$13.7 million worth of M/WBE contracts.

- During FY2008, 39 M/WBE firms participated in NYCEDC's M/WBE program.

Generally, the M/WBE program identifies and encourages M/WBE participation on NYCEDC projects through a variety of means, including:

- providing support and information to contractors and consultants about procurement and contracting procedures,
- assisting contractors/consultants to expand their lists of certified M/WBE subcontractors/sub-consultants,
- building name recognition and capacity of M/WBE firms by hosting networking and training workshops, and
- making a comprehensive database of M/WBE firms available to the public to encourage vendors and NYCEDC staff to utilize the diverse talent base housed within these firms.

An example of a recent M/WBE event co-sponsored by NYCEDC occurred at York College in Queens. There, in cooperation with the Department of Small Business Services and the Jamaica Minority- and Women-owned Business Enterprise Advisory Committee, NYCEDC sponsored a Certification workshop, at which 100 attendees representing 83 businesses came to learn how to be certified with the City as an M/WBE. Locally-based workshops, such as this, help traditionally underrepresented businesses throughout the City

become major contributing forces to the local economy. We intend to continue our efforts on this front over the coming months and years.

### OPERATING & CAPITAL BUDGETS

**Slide 18:** Before ending the formal part of my remarks, let me turn to a discussion of NYCEDC's budget and how we support ourselves and the initiatives that I have been describing.

**Slide 19:** As you know, unlike City agencies, NYCEDC does not receive tax levy funds from the City to support our operations. Instead, operating expenses are predominately covered by revenues generated by properties we manage on behalf of the City. Our annual audited financial statements can be found on the NYCEDC website.

The left-hand side of this slide captures NYCEDC's projected revenues for fiscal year 2009. We anticipate generating \$362 million in operating revenue, next year. As you can see, over two-thirds of this revenue is generated by two activities. First, \$161 million in revenue next year (or 44% of the forecast total) is likely to come from real estate sales. These are anticipated to include major transactions such as the development of a property on East 125th Street and development of Bush Terminal buildings B, C, and D. Second, \$89 million in revenue (or 25% of the total) is likely to come from property rental revenue. Among the sources of this revenue are sites such as the Brooklyn Army Terminal and the Hunts Point markets.

Meanwhile, as you will note from the left-hand side, in Fiscal Year 2009, we anticipate operating expenses of approximately \$321 million. These expenses

are more diffuse than EDC's revenues and include a range of items, including various charges related to NYCEDC's management of maritime and other assets, as well as personnel and other general administrative charges.

**Slide 20:** Turning now to our Capital Budget, this consists of \$1.616 billion of estimated capital expenditures for Fiscal Year 2008 and \$250 million for Fiscal Year 2009. The Capital Budget can be broken down into 4 main components: Commercial Development projects (\$831 million), Joint State Initiatives (\$536 million), Asset Management projects (\$380 million), and Funding Agreements (\$119 million). Additionally EDC manages capital projects for various City agencies, which I will discuss separately in a moment. A representative sampling of Commercial Development projects include West 125th Street Transportation Improvements, work on the Staten Island North Shore Esplanade, and the Hunts Point Streetscape Project. Joint State Initiatives include Atlantic Yards, the Governors Island Redevelopment, and the Javits Center Expansion. Asset Management projects include ongoing work at the Brooklyn and Manhattan Cruise Terminals, Staten Island Railroad improvements, and bulkhead work at the South Brooklyn Marine Terminal. Finally, funding agreements include arrangements with organizations as diverse as the YMCA, the Manhattan Youth and Recreational Center, and the Fifth Avenue Committee.

**Slide 21:** Finally, as described above, NYCEDC's Capital Budget also consists of projects that we manage on behalf of City agencies. This includes our efforts on behalf of the Department of Parks (an example being the recently opened Flushing Meadows-Corona Park Pool & Ice Rink), our efforts on behalf of

the Department of Transportation (an example being the reconstruction of the Whitehall Ferry Terminal in Lower Manhattan), and our efforts on behalf of DCAS (an example being the Queens Family Courthouse Garage). As you can see from the slide, the combined Fiscal Year 2008 and 2009 value of capital expenditures of this type represents almost \$1 billion and includes well-over 100 different projects.

**Slide 22:** This concludes my testimony. I'll now be happy to answer your questions.