



Fiscal 2009 Preliminary Budget Hearings

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*

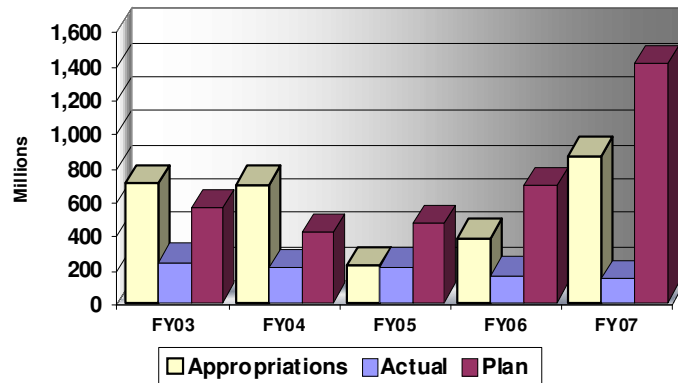
*James Caras, Acting Director
Finance Division*

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)



Fiscal 2009 Preliminary Capital Budget Report

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.

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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

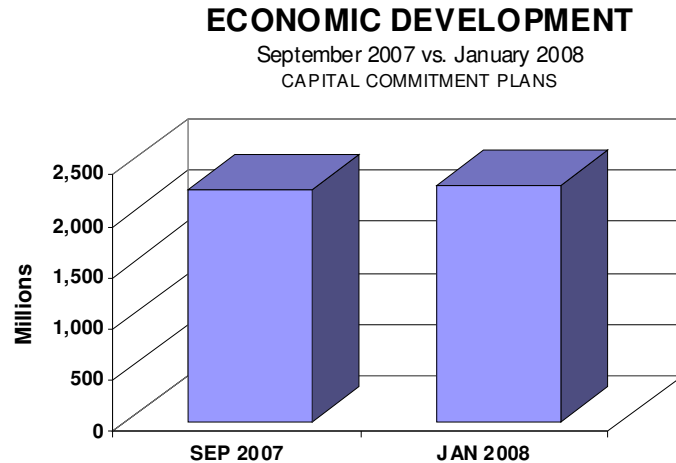
The Preliminary Four-Year Capital Plan is shown below:

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.



- **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.

Fiscal 2009 Preliminary Capital Budget Report

- **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.