

# **Buffalo Urban Development Corporation**

## **2017 Budget**

**Approved by the Board of Directors October 25, 2016**



# **Buffalo Urban Development Corp.**

## **2017 Budget**

Attached for your review and comments is the proposed budget for Buffalo Urban Development Corp (“BUDC”) for the fiscal year ending December 31, 2017.

### **A. Overview:**

Throughout 2016, BUDC has made significant progress in advancing the “Northland Corridor Redevelopment Project” on Buffalo’s East Side. This development project began in late 2014 with the acquisition of the 11-acre former Houdaille Industries / Vibrattech facility at 537 East Delavan Avenue. In 2015, an additional 40 acres of property were acquired that included four additional buildings. The construction management team has been selected and a contractor will soon be solicited to initiate remediation and renovation of these properties in order to transform them from underutilized eyesores to productive commercial facilities, including a 100,000 square foot, \$44 million advanced manufacturing and clean energy Workforce Training Center at 683 Northland Avenue. Additionally, firms have been engaged to perform work related to the historical preservation and brownfield tax credits that will be obtained throughout this project.

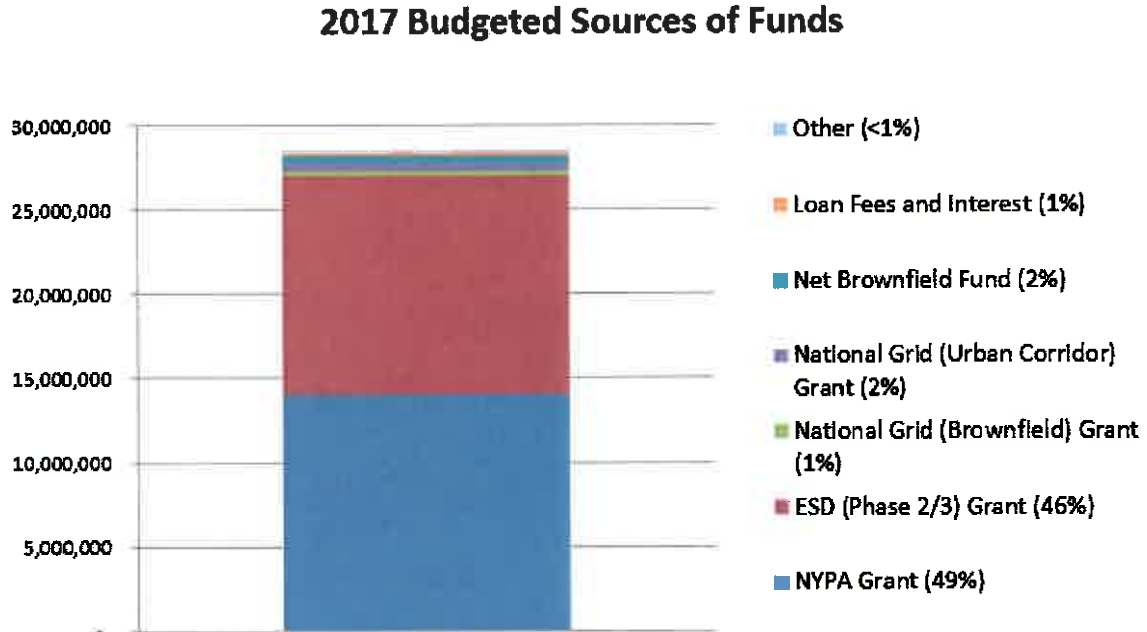
In 2017, BUDC will continue with the implementation of the Buffalo Building Reuse Project (“BBRP”). BUDC is in the process of funding loans through the BBRP Loan Program. In 2016, with assistance from the Buffalo Niagara Partnership and the New York State Business Development Council, BUDC successfully leveraged additional private bank funding to add to the BBRP Revolving Loan pool, allowing BUDC to fund additional adaptive reuse projects that add to downtown’s residential base. BUDC also utilized the previously released Infrastructure & Public Realm Master Plan as a guide for strategic infrastructure investments for a more cohesive and vibrant downtown. The guidance of the Master Plan was critical in BUDC’s preparation of two successful grant applications for Infrastructure improvements to Franklin Street as well as the planning and design of a series of parks along Erie Street in downtown Buffalo. The Queen City Pop Up Program was created to encourage small business retail along Main Street. This on-going program acts as a spring board for small business retailers by allowing them to set up shop on downtown Main Street on a temporary basis, rent free. The program has already resulted in 7 retailers opening permanent stores along downtown Main Street. BUDC’s 2016 Downtown Development Guide was released to highlight development projects, demographics, statistics and development tools as part of a comprehensive strategy to foster relationships with national developers and investors to further downtown Buffalo’s development and growth. The Downtown Development Guide has been an important and useful tool that has generated additional interest in downtown investment opportunities. BUDC plans to continue this initiative with the release of the 2017 Downtown Development Guide.

Finally, in 2017, BUDC will continue to operate and market the Buffalo Lakeside Commerce Park (“BLCP”). The 2017 budget assumes that 10 acres of BLCP property will be sold for gross proceeds of \$300K.

# Buffalo Urban Development Corp. 2017 Budget

## B. Sources of BUDC Funds:

The following chart summarizes the significant sources of the \$28.6M in funds that have been budgeted for BUDC projects in 2017:



The key sources of BUDC funds are as follows:

- (1) **New York Power Authority (“NYPA”) Grant Income** – In 2017, BUDC is expected to receive \$15M in grant funds from NYPA (of which \$1M will be held back) for the WNY Workforce Training Center development.
- (2) **Empire State Development (“ESD”) Grant Income** – In 2017, BUDC is expected to receive a “phase 2” and “phase 3” grant of \$9M and \$6M, respectively, of which 10% will be held back on each grant. These monies will be used for various aspects of the Northland Corridor Redevelopment Project.
- (3) **National Grid Grant Income** – In 2017, BUDC is expected to receive multiple grants from National Grid. These are expected to consist of a \$300K Brownfield grant, a \$500K Urban Corridor grant and a \$5K strategic marketing grant. These monies will be primarily used for various aspects of the Northland Corridor Redevelopment Project.
- (4) **Buffalo Brownfields Redevelopment & RSP Funds-net (“Brownfields Fund”)** – The Brownfields Fund was established in 2005 to pay for certain costs in connection with the development of subsequent phases of the Buffalo Lakeside Commerce Park (“BLCP”) and, after completion of the Park, similar brownfield projects located in Buffalo. In 2017, the Brownfields Fund is expected to receive approximately \$489K in net PILOT receipts from Cobey Inc., Certainteed Corp. and Sonwil Distribution. As a result of the completion of BLCP, BUDC utilizes this fund for operating costs at BLCP and development of the Northland Corridor.

# Buffalo Urban Development Corp. 2017 Budget

## B. Sources of BUDC Funds (Continued):

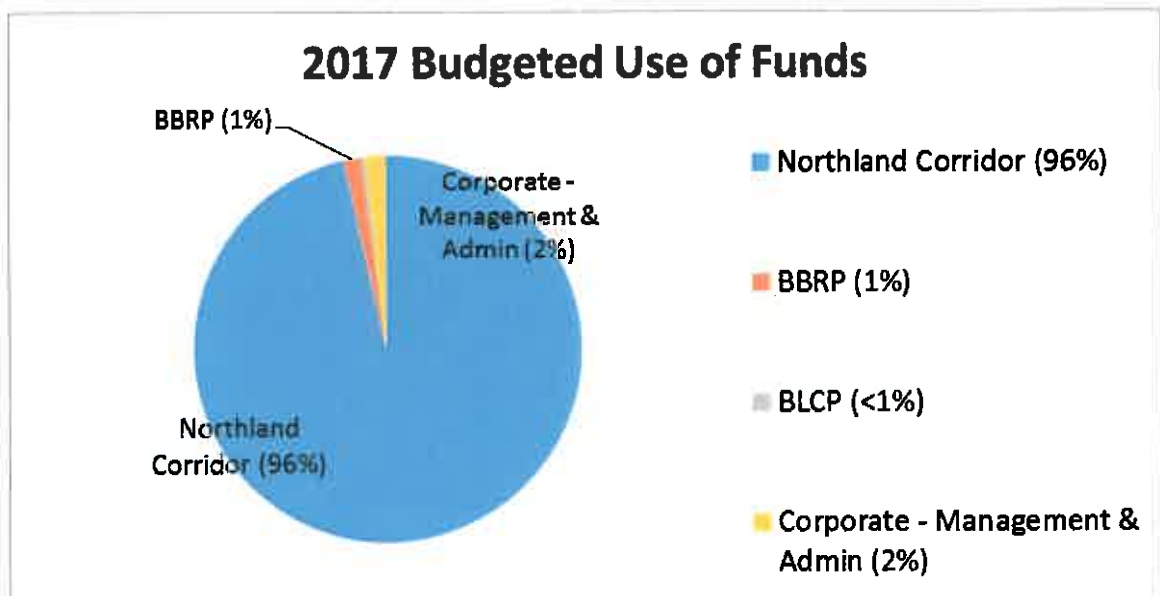
(5) **Loan Interest Income & Fees** – In 2017, BUDC is expected to have a joint BUDC/private sector loan fund with an average of approximately \$3 million in Downtown loans outstanding. The net loan fee and interest revenue attributable to these loans is approximately \$165K (loans bear interest at 5.5% and are interest only throughout 2017), plus the Corporation is anticipating collection 1% commitment fees on approximately 5 new loans averaged \$600K, which will result in an additional \$30K of revenues.

(6) **Other Income** – Other income totaling approximately \$113K reflects the following:

- a. \$75K grant from the Erie County Industrial Development Agency.
- b. \$20K of rental income (one tenant confirmed as of 9/13/2016, accounting for approximately \$5K of income).
- c. BUDC anticipates the sale of approximately 10 acres of property at BLCP, accounting for gross proceeds of \$300K less all costs, netting to a loss of approximately \$86K.
- d. \$8K of investment interest income.

## C. Uses of BUDC Funds:

In 2017, BUDC is expected to spend approximately \$28.8M as outlined in the following chart:



The key uses of BUDC funds are as follows:

(1) **Northland Corridor** – As part of the continuing Northland Corridor project, BUDC anticipates spending \$500K on consulting and general development costs for the various properties, \$27M for further property development and construction and \$211K in operating costs including: management of the property, utilities, maintenance, security, legal, insurance, marketing and taxes.

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**C. Uses of BUDC Funds (Continued):**

- (2) BBRP** – The Buffalo Building Reuse Project anticipates spending \$403K in total. \$143K is anticipated to be spent for personnel, marketing, administrative and legal costs; \$10K is expected to be spent on the downtown pop-up project and \$250K for the urban corridor development.
- (3) BLCP**– In 2017, BUDC will spend \$111K for operations and maintenance costs of Ship Canal Commons, less an anticipated contribution of \$15K from the Property Owners' Association. Ongoing costs, including legal, insurance, marketing and other administrative costs will total an additional \$52K.
- (4) Corporate – Management & Administrative** – In 2017, BUDC is budgeted to spend \$353K on management and administrative costs. This includes salary and benefit costs for Peter Cammarata (President) and David Stebbins (Executive Vice President) of \$328K. In addition, \$42K in other administrative, financial and property management services provided by ECIDA staff are budgeted to be reimbursed based on the number of hours ECIDA employees devote to these activities. The remainder of the management & administrative costs include: legal (\$35K), interns (\$20K), rent (\$19K), insurance (\$20K), audit (\$11K), and marketing (\$10K).

**Buffalo Urban Development Corporation ("BUDC")**  
**2017 Budget**

<b>REVENUE</b>	<b>Budget 2017</b>	<b>Projected 2016</b>	<b>YTD July 2016</b>	<b>Actual 2015</b>
Grant Revenue				
NYPA	\$ 14,000,000	\$ -	\$ -	\$ -
ESD (Phases 2 and 3)	13,000,000	1,851,564	1,034,908	4,956,829
National Grid - Brownfield	300,000	-	-	152,245
National Grid - Urban Corridor Program	500,000	1,000	-	13,472
National Grid - Strategic Marketing	5,000	-	-	-
ECIDA	75,000	76,555	59,313	120,292
Other	-	-	-	285
Gross Proceeds from Land Sales	300,000	-	-	-
Less: Cost of Land Sales	(385,660)	-	-	-
Buffalo Brownfield Fund Revenue (net)	471,000	475,000	226,766	490,779
Regionally Significant Project Fund (net)	18,000	22,000	6,813	21,518
Rental Income	20,000	-	-	-
Interest Income & Fees - Loans	195,000	62,654	33,422	17,994
Investment Interest Income	8,000	6,838	3,989	6,138
Other Income	-	12,275	12,275	53,479
<b>Total</b>	<b>28,506,340</b>	<b>2,507,886</b>	<b>1,377,485</b>	<b>5,833,031</b>
<b>OPERATING EXPENSES</b>				
Property Operations & Maintenance	(104,000)	(441,691)	(257,653)	(151,142)
Less: Property Owners' Association	15,000	-	-	-
Legal	(115,000)	(120,000)	(67,655)	(165,622)
Insurance	(115,000)	(127,500)	(79,029)	(108,382)
Marketing	(55,000)	(25,753)	(15,023)	(35,470)
Utilities	(30,000)	(21,323)	(12,439)	(10,303)
Misc.	(13,000)	(2,311)	(1,348)	(3,650)
Consultants	(250,000)	(490,380)	(286,055)	(602,355)
General Development Expenses	(505,000)	(500,044)	(26)	(2,169)
Personnel Costs	(426,400)	(402,749)	(234,937)	(387,069)
Interns	(20,000)	(18,426)	(10,749)	(21,693)
Rent	(18,809)	(18,779)	(10,954)	(18,767)
ECIDA Management Fee	(42,000)	(42,000)	(24,500)	(38,637)
Audit	(11,400)	(12,150)	(12,150)	(11,900)
General & Administrative	(30,000)	(43,036)	(25,104)	(41,310)
Depreciation	(118,500)	(118,500)	(85,356)	(146,325)
<b>Total</b>	<b>(1,839,109)</b>	<b>(2,384,643)</b>	<b>(1,122,978)</b>	<b>(1,744,794)</b>
<b>Net Income / (Loss)</b>	<b>\$ 26,667,231</b>	<b>\$ 123,244</b>	<b>\$ 254,507</b>	<b>\$ 4,088,237</b>
<b>CAPITAL/LOAN FUND BUDGET</b>				
Property Acquisition	(27,050,000)	-	-	(4,243,827)
Leasehold improvements & equipment	-	-	-	(19,527)
<b>CASH FLOW ADJUSTMENTS</b>				
Cost of Land Sales	340,660	-	-	-
Depreciation	118,500	118,500	85,356	146,325
Principal Repayments - loans	-	-	-	750,000
<b>Net Cash Increase/(Decrease)</b>	<b>\$ 76,391</b>	<b>\$ 241,744</b>	<b>\$ 339,863</b>	<b>\$ 721,207</b>

## Buffalo Urban Development Corporation 2017 Budget - Project Detail

	BLCP*	BBRP**	Northland Corridor	Corporate Operations	Total
<b>REVENUE</b>					
Grant Revenue					
NYPA			\$ 14,000,000		\$ 14,000,000
ESD (Phases 2 and 3)			13,000,000		13,000,000
National Grid - Brownfield			300,000		300,000
National Grid - Urban Corridor Program		250,000	250,000		500,000
National Grid - Strategic Marketing		5,000			5,000
ECIDA		75,000			75,000
Gross Proceeds from Land Sales	300,000				300,000
Less: Cost of Land Sales + closing costs	(385,660)				(385,660)
Buffalo Brownfield Fund Revenue (net)				471,000	471,000
Regionally Significant Project Fund (net)				18,000	18,000
Rental Income			20,000		20,000
Interest Income & Fees - Loans		189,640		5,360	195,000
Investment Interest Income				8,000	8,000
Total	(85,660)	519,640	27,570,000	502,360	28,506,340
<b>OPERATING EXPENSES</b>					
Property Operations & Maintenance	(59,000)		(45,000)		(104,000)
Less: Property Owners' Association	15,000				15,000
Legal	(25,000)	(15,000)	(40,000)	(35,000)	(115,000)
Insurance	(14,000)		(81,000)	(20,000)	(115,000)
Marketing	(5,000)	(25,000)	(15,000)	(10,000)	(55,000)
Utilities			(30,000)		(30,000)
Misc.	(3,000)	(10,000)			(13,000)
Consultants			(250,000)		(250,000)
General Development Expenses	(5,000)	(250,000)	(250,000)		(505,000)
Personnel Costs		(98,235)		(328,166)	(426,400)
Interns				(20,000)	(20,000)
Rent				(18,809)	(18,809)
ECIDA Management Fee				(42,000)	(42,000)
Audit				(11,400)	(11,400)
General & Administrative		(5,000)		(25,000)	(30,000)
Depreciation			(117,500)	(1,000)	(118,500)
Total	(96,000)	(403,235)	(828,500)	(511,374)	(1,839,109)
<b>Net Income / (Loss)</b>	<b>(181,660)</b>	<b>116,405</b>	<b>26,741,500</b>	<b>(9,014)</b>	<b>26,667,231</b>
<b>CAPITAL/LOAN FUND BUDGET</b>					
Property Acquisition			(27,050,000)		(27,050,000)
Equipment					-
Total			(27,050,000)		(27,050,000)
<b>CASH FLOW ADJUSTMENTS</b>					
Cost of Land Sales	340,660				340,660
Depreciation			117,500	1,000	118,500
<b>Net Cash Increase/(Decrease)</b>	<b>\$ 159,000</b>	<b>\$ 116,405</b>	<b>\$ (191,000)</b>	<b>\$ (8,014)</b>	<b>\$ 76,391</b>

**Composed of:**

Net increase in Buffalo Brownfields Fund	164,000
Net increase in RSP Fund	18,000
Net decrease in Operating account/Downtown Fund	(105,609)
	<u>\$ 76,391</u>

\* Buffalo Lakeside Commerce Park

\*\* Buffalo Building Reuse Project

## Buffalo Urban Development Corporation ("BUDC") 2017 Budget and 3 Year Forecast

<b>REVENUE</b>	<b>Proposed Budget 2017</b>	<b>Projected 2018</b>	<b>Projected 2019</b>	<b>Projected 2020</b>
Grant Revenue	\$ 27,880,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Gross Proceeds from Land Sales	300,000	300,000	300,000	300,000
Less: Cost of Land Sales	(385,660)	(385,660)	(385,660)	(385,660)
Buffalo Brownfield Fund Revenue (net)	471,000	442,000	436,000	274,000
Regionally Significant Project Fund (net)	18,000	18,000	-	-
Rental Income	20,000	500,000	500,000	500,000
Interest Income & Fees - Loans	195,000	100,000	100,000	100,000
Investment Interest Income	8,000	8,000	8,000	8,000
Other Income	-	-	-	-
<b>Total</b>	<b>28,506,340</b>	<b>1,982,340</b>	<b>1,958,340</b>	<b>1,796,340</b>
<b>OPERATING EXPENSES</b>				
Property Operations & Maintenance	(104,000)	(200,000)	(225,000)	(250,000)
Less: Property Owners' Association	15,000	15,000	15,000	15,000
Legal	(115,000)	(150,000)	(160,000)	(170,000)
Insurance	(115,000)	(70,000)	(75,000)	(80,000)
Marketing	(55,000)	(25,000)	(25,000)	(25,000)
Utilities	(30,000)	(35,000)	(40,000)	(45,000)
Misc.	(13,000)	(15,000)	(15,000)	(15,000)
Consultants	(250,000)	(200,000)	(200,000)	(200,000)
General Development Expenses	(505,000)	(5,000)	(10,000)	(15,000)
Personnel Costs	(426,400)	(443,456)	(461,195)	(479,642)
Interns	(20,000)	(16,000)	(17,000)	(18,000)
Rent	(18,809)	(19,500)	(20,000)	(20,500)
ECIDA Management Fee	(42,000)	(62,500)	(65,000)	(67,500)
Audit	(11,400)	(20,000)	(21,000)	(22,000)
General & Administrative	(30,000)	(30,000)	(30,000)	(30,000)
Depreciation	(118,500)	(118,500)	(118,500)	(118,500)
<b>Total</b>	<b>(1,839,109)</b>	<b>(1,394,956)</b>	<b>(1,467,695)</b>	<b>(1,541,142)</b>
<b>Net Income / (Loss)</b>	<b>\$ 26,667,231</b>	<b>\$ 587,384</b>	<b>\$ 490,645</b>	<b>\$ 255,198</b>



Budget Report for Buffalo Urban Development Corporation  
Fiscal Year Ending 12/31/2017

**Budget & Financial Plan: Budgeted Revenues, Expenditures, and Changes in Current Net Assets**

	Last Year (Actual) 2015	Current Year (Estimated) 2016	Next Year (Adopted) 2017	Proposed 2018	Proposed 2019	Proposed 2020
<b>REVENUE &amp; FINANCIAL SOURCES</b>						
<b>Operating Revenues</b>						
Charges for services	\$0	\$0	\$0	\$0	\$0	\$0
Rentals & Financing Income	\$17,994	\$62,654	\$215,000	\$600,000	\$600,000	\$600,000
Other Operating Revenues	\$731,777	\$510,275	\$1,294,000	\$460,000	\$436,000	\$274,000
<b>Nonoperating Revenues</b>						
Investment earnings	\$6,138	\$6,838	\$8,000	\$8,000	\$8,000	\$8,000
State subsidies / grants	\$4,956,829	\$1,851,564	\$27,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Federal subsidies / grants	\$0	\$0	\$0	\$0	\$0	\$0
Municipal subsidies / grants	\$120,292	\$76,555	\$75,000	\$0	\$0	\$0
Public authority subsidies	\$0	\$0	\$0	\$0	\$0	\$0
Other Non-Operating Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Proceeds from the issuance of debt	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Revenues &amp; Financing Sources</b>	<b>\$5,833,030</b>	<b>\$2,507,886</b>	<b>\$28,592,000</b>	<b>\$2,068,000</b>	<b>\$2,044,000</b>	<b>\$1,882,000</b>
<b>EXPENDITURES</b>						
<b>Operating Expenditures</b>						
Salaries and Wages	\$322,584	\$329,318	\$343,471	\$353,516	\$367,935	\$382,898
Other Employee Benefits	\$86,178	\$91,856	\$102,929	\$105,940	\$110,260	\$114,744
Professional Services Contracts	\$779,878	\$622,530	\$376,400	\$370,000	\$381,000	\$392,000
Supplies and Materials	\$0	\$0	\$0	\$0	\$0	\$0
Other Operating Expenditures	\$556,153	\$1,340,938	\$1,101,969	\$651,160	\$694,160	\$737,160
<b>Nonoperating Expenditures</b>						
Payment of principal on bonds and financing arrangements	\$0	\$0	\$0	\$0	\$0	\$0
Interest and other financing charges	\$0	\$0	\$0	\$0	\$0	\$0
Subsidies to other public authorities	\$0	\$0	\$0	\$0	\$0	\$0
Capital asset outlay	\$0	\$0	\$0	\$0	\$0	\$0
Grants and Donations	\$0	\$0	\$0	\$0	\$0	\$0
Other Non-Operating Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Expenditures</b>	<b>\$1,744,793</b>	<b>\$2,384,642</b>	<b>\$1,924,769</b>	<b>\$1,480,616</b>	<b>\$1,553,355</b>	<b>\$1,626,802</b>
Capital Contributions	\$0	\$0	\$0	\$0	\$0	\$0
<b>Excess (deficiency) of revenues and capital contributions over expenditures</b>	<b>\$4,088,237</b>	<b>\$123,244</b>	<b>\$26,667,231</b>	<b>\$587,384</b>	<b>\$490,645</b>	<b>\$255,198</b>

The authority's budget, as presented to the Board of Directors, is posted on the following website: <http://www.buffalourbandevelopment.com/budc-corporate-reports>



PARIS  
Public Authorities Reporting Information System

Budget Report for Buffalo Urban Development Corporation

Fiscal Year Ending 12/31/2017

Run Date: 10/28/2016

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Additional Comments: