

# **Buffalo Urban Development Corporation**

## **Proposed 2011 Budget**

**Presented to the Board of Directors 10/5/2010**



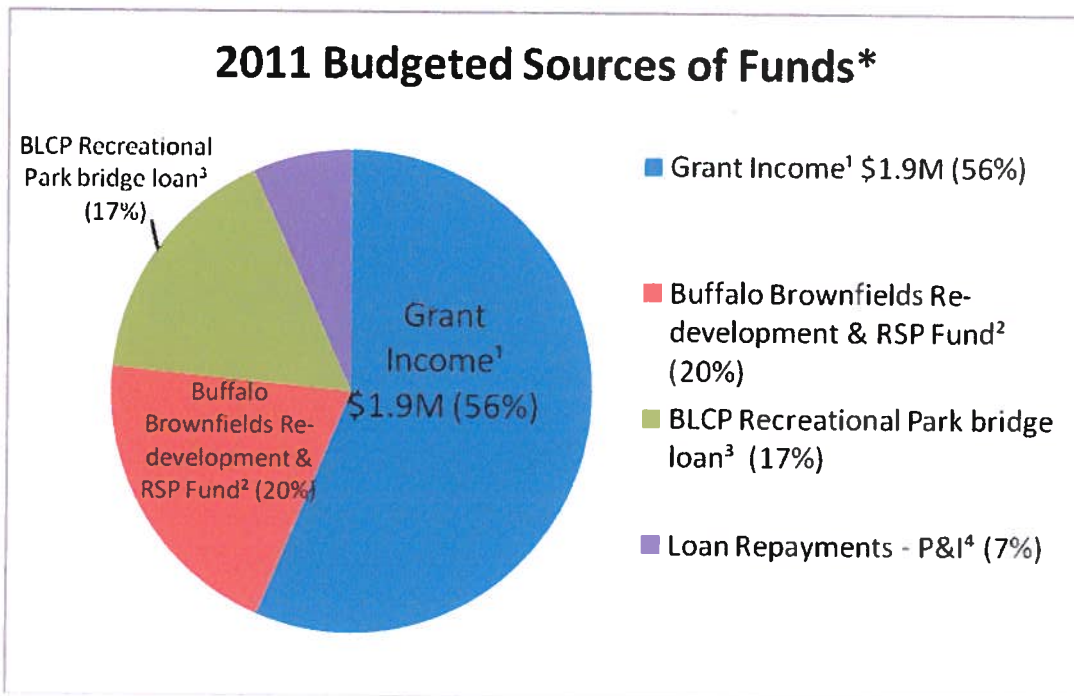
# Buffalo Urban Development Corp. Proposed 2011 Budget

Attached for your review and comments is the proposed budget for Buffalo Urban Development Corp (“BUDC”) for the fiscal year ending December 31, 2011.

## A. Sources of BUDC Funds:

In 2011, Buffalo Urban Development Corporation will complete the fourth and final phase of road & infrastructure construction at the Buffalo Lakeside Commerce Park (“BLCP”) and will also complete the development of a new 22-acre recreational park within BLCP. Also in 2011, BUDC will begin site plan development at its nearby 185-acre Riverbend Commerce Park (“Riverbend”). Finally, BUDC will continue to assist City of Buffalo development projects by acting as a pass-through entity for National Grid economic development grants.

The following chart summarizes the significant sources for the \$3.3 million in funds that have been budgeted for BUDC projects in 2011:



\* The above chart is based on cash inflows & excludes pass-through grants for non-BUDC projects.

The key sources of BUDC funds are as follows:

- (1) **Grant Income** – Grant income primarily reflects BUDC utilizing the remaining portion of the following grants:
  - \$732,000 or 30% of a \$2,440,000 Empire State Development Corporation “Blueprint” grant for the final phase of Road Construction at the Buffalo Lakeside Commerce Park (“BLCP”)

# **Buffalo Urban Development Corp.**

## **Proposed 2011 Budget**

### **A. Sources of BUDC Funds (Continued):**

- \$500,000 of a \$600,000 grant from the NYS Department of State for Riverbend site planning.
- \$250,000 or 50% of a \$500,000 grant from the NYPA Greenway Commission for improvements at the BLCP recreational park.
- \$125,000 or 50% of a \$250,000 grant from the NYS Department of State for improvements at the BLCP recreational park.

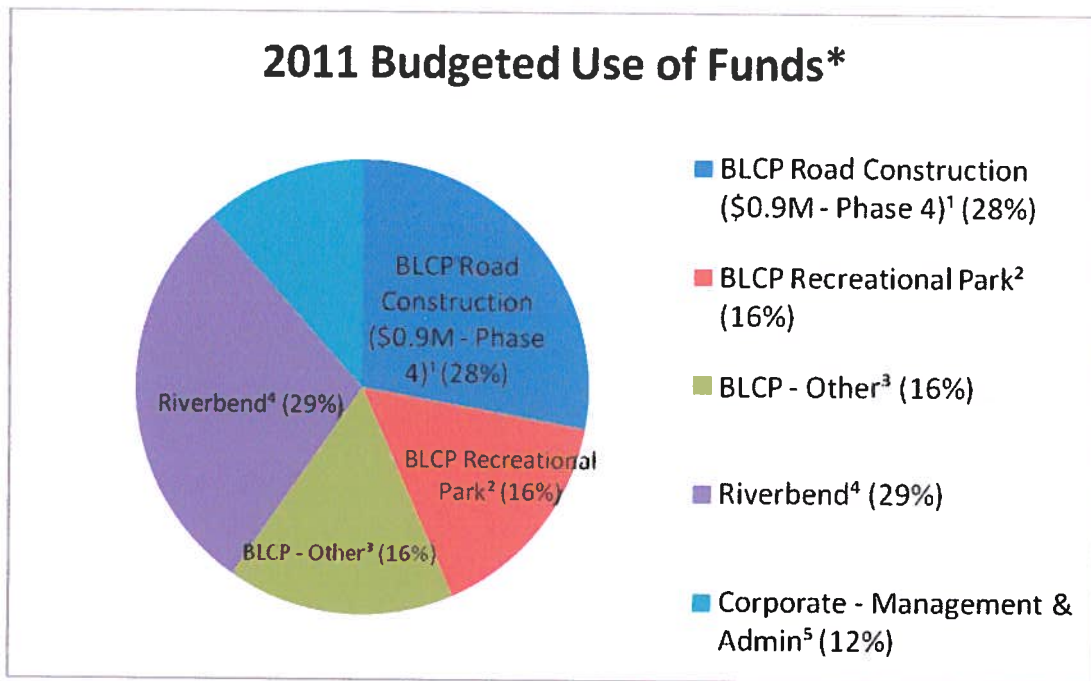
Also included in Grant Income is \$250,000 from National Grid for Riverbend site planning.

- (2) **Buffalo Brownfields Redevelopment & RSP Fund-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 projects located in Buffalo. In 2011, the Brownfields Fund is expected to receive \$644,000 in net PILOT receipts from Cobey, Certainteed and Sonwil. This represents a decrease of \$59,000 or 8% from the 2010 projection due to scheduled decreases in the Fund’s share of PILOT receipts from Cobey and Sonwil.
- (3) **BLCP Recreational Park Bridge Loan** –In 2010 BUDC is expected to have used \$550,000 of the Brownfields Fund to temporarily fund construction costs related to the recreational park. In 2011, this bridge loan will be repaid from the applicable grant sources.
- (4) **Loan Repayments – P&I** – BUDC has two long-standing loans receivable plus a note received from the 2008 sale of the Sonwil property. These loans are budgeted to generate principal and interest repayments totaling \$220,000 in 2011.

# Buffalo Urban Development Corp. Proposed 2011 Budget

## B. Uses of BUDC Funds:

In 2011, BUDC is expected to spend approximately \$3.0 million as outlined in the following chart:



\* The above chart is based on cash outflows & excludes pass-through grants for non-BUDC projects.

The key uses of BUDC funds are as follows:

(1) **BLCP – Road Construction (Phase 4)** – BUDC is expected to spend \$852,000 to finish construction of the fourth and final phase of roadway and utility infrastructure at BLCP.

(2) **BLCP – Recreational Park** – BUDC is expected to spend \$475,000 to finish construction of the 22-acre BLCP recreational park. The following grants are expected to provide the applicable funds: NYPA Greenway Commission (\$250,000), NYS Department of State (\$125,000) and the Brownfields Fund (\$100,000).

BUDC will also complete its role as administrator and coordinator for the following grants related to the BLCP recreational park: a \$6 million grant provided by the NYS Department of Environmental Conservation, a \$1.4 million grant provided by the Federal Highways Administration through NYS DOT and a \$1 million grant provided by Erie County.

(3) **BLCP – Other** – In 2011 BUDC will spend \$400,000 for a new Sanitary Sewer Force Main at BLCP as well as \$99,000 in other operating and maintenance costs.

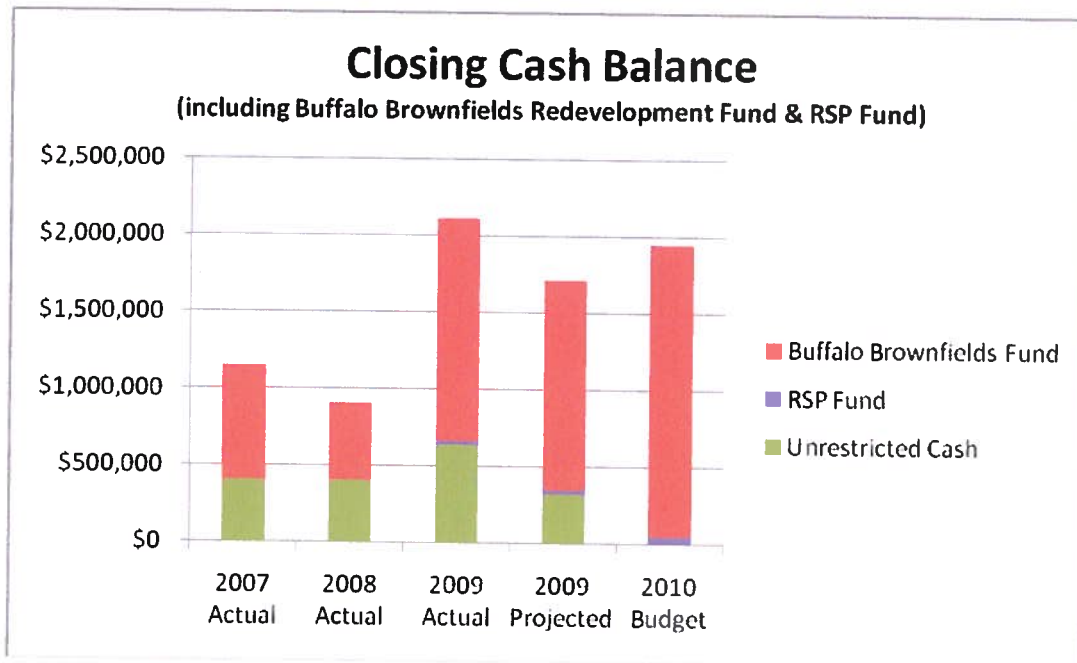
## Buffalo Urban Development Corp. Proposed 2011 Budget

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

- (4) **Riverbend** – BUDC is budgeted to spend \$500,000 of the \$600,000 NYS Department of State grant on site development and planning for the Riverbend Commerce Park (formerly known as Steelfields). In addition, BUDC will spend \$100,000 for operation, maintenance and monitoring services, as well as \$29,000 for other operating costs related to this property.
- (5) **Corporate – Management & Administrative** – In 2011, BUDC is budgeted to spend \$355,000 on management and administrative costs. Since Peter Cammarata and David Stebbins are employees of the Erie County Industrial Development Agency (“ECIDA”), BUDC will reimburse the ECIDA for 100% of their salary and benefit costs. In addition, other administrative, financial and property management services provided by the ECIDA are budgeted to be reimbursed based on the number of hours ECIDA employees devote to these activities. This represents an increase from 2009 primarily because the ECIDA elected to waive the other administrative, financial and property management support services in 2009 due to BUDC’s financial condition. The remainder of the management & administrative costs include: insurance, legal, audit and other administrative costs.

### C. Cash Position / Risk Factors Impacting the 2011 Budget:

The following chart summarizes the historical and budgeted closing cash balances of BUDC as of December 31<sup>st</sup> of each year:



## **Buffalo Urban Development Corp. Proposed 2011 Budget**

### **C. Cash Position / Risk Factors Impacting the 2011 Budget (Continued):**

Unrestricted Cash, which is currently the sole source of operating funds for BUDC, is budgeted to decrease by \$320,000 in 2011 to approximately zero by December 31<sup>st</sup> 2011. However, the 2011 budget has been developed without the following potential sources of cash:

- 1) The 2011 budget does not budget for any land sales at BLCP. Two specific sites (a ten acre and a six acre site) have generated prior interest and if sold could generate a total of approximately \$700,000 in gross sales proceeds.
- 2) With the announced dissolution of the Buffalo Economic Renaissance Corporation (“BERC”), various proposals have been made to transfer certain real estate properties and/or other assets from BERC to BUDC. It is anticipated that should such a transfer of assets occur, it would have both a positive and dramatic impact on BUDC’s cash and financial position in 2011 and beyond.

*Depending on the exact impact and timing of the above events, BUDC’s Audit and Finance Committee will closely monitor the corporation’s cash position on a regular basis in 2011 and make operational and/or budget revisions to ensure that there are sufficient funds available to fund operations for 2011 and beyond.*

Since the Brownfields Fund is restricted for BLCP activities until the office/industrial park is completed, BUDC has been working towards completion of development activities by the end of 2011 or early 2012. This will provide needed funds for other BUDC projects, including the Riverbend Commerce Park and other redevelopment projects within the City of Buffalo.

# Buffalo Urban Development Corporation ("BUDC")

## 2011 Proposed Budget

REVENUE	Proposed Budget 2011	Projected 2010	YTD August Actual 2010	Actual 2009
Grant Revenue				
Empire State Development Corp	\$ 732,000	\$ 1,708,000	\$ 134,959	\$ 249,090
National Grid	1,050,000	400,000	-	250,000
NYPA Greenway Commission Funds	250,000	250,000	-	-
NYS Dept. of State	625,000	225,000	-	-
Other	-	20,000	20,000	692,811
Gross Proceeds from Land Sales	-	-	-	23,000
Less: Cost of Land Sales	-	-	-	-
Buffalo Brownfield Fund Revenue (net)	644,000	713,286	410,235	844,334
Regionally Significant Project Fund (net)	22,750	22,750	7,797	26,091
Rental Income	-	-	-	56,048
Interest Income - Loans	19,824	27,721	14,907	32,746
Investment Interest Income	500	739	492	402
Other Income	1,000	1,065	710	93,468
<b>Total</b>	<b>3,345,074</b>	<b>3,368,560</b>	<b>589,100</b>	<b>2,267,989</b>
<b>OPERATING EXPENSES</b>				
BLCP - Road Construction (Phase 4)	(852,291)	(1,988,678)	(123,352)	-
BLCP - Recreational Park Improvements	(475,000)	(375,000)	-	-
BLCP - Force Main	(400,000)	-	-	-
Property Operations & Maintenance	(110,000)	(98,821)	(65,881)	(126,820)
BLCP - Environmental Insurance	(19,276)	(19,276)	(12,850)	(19,276)
Legal	(40,000)	(38,577)	(25,718)	(62,445)
Insurance	(37,500)	(36,402)	(24,268)	(34,937)
BLCP - Property Owner's Association Fee	(7,500)	-	-	-
Marketing	(3,000)	(7,000)	(975)	(9,890)
Misc.	(15,000)	-	-	-
Consultants	(5,000)	-	-	(321,758)
General Development Expenses	(5,000)	(145,020)	(145,020)	(18,137)
Interest Expense	(38,430)	(13,725)	-	-
Pass-through Grants	(800,000)	(420,000)	(20,000)	(249,090)
Personnel Costs Reimbursed - ECIDA	(293,000)	(300,000)	(200,000)	(258,826)
Audit	(8,100)	(9,500)	(9,500)	(9,800)
Grant to BBRC	-	(26,000)	(26,000)	-
General & Administrative	(20,000)	(17,314)	(11,543)	(20,281)
<b>Total</b>	<b>(3,129,097)</b>	<b>(3,495,314)</b>	<b>(665,108)</b>	<b>(1,131,259)</b>
<b>Net Income / (Loss)</b>	<b>\$ 215,977</b>	<b>\$ (126,754)</b>	<b>\$ (76,007)</b>	<b>\$ 1,136,730</b>
<b>CAPITAL BUDGET</b>				
Riverbend Capitalized Development Costs	(750,000)	(102,500)	(612)	(9,258)
<b>CASH FLOW ADJUSTMENTS</b>				
BLCP - Recreational Park bridge loan	550,000	(550,000)	-	-
Principal Repayments - loans	200,547	193,808	128,433	187,379
Environmental Insurance - prepaid cost	19,276	19,276	12,850	19,276
<b>Net Cash Increase/(Decrease)</b>	<b>\$ 235,800</b>	<b>\$ (566,171)</b>	<b>\$ 64,664</b>	<b>\$ 1,334,127</b>

**Buffalo Urban Development Corporation**  
**2011 Proposed Budget - Project Detail**

	BLCP	BLCP Special Funds	RiverBend	Canalside	Downtown Projects*	Corporate	Total
<b>REVENUE</b>							
Grant Revenue							
Empire State Development Corp	732,000						732,000
National Grid			250,000	500,000	300,000		1,050,000
NYPA Greenway Commission Funds	250,000						250,000
NYS Dept. of State	125,000		500,000				625,000
Buffalo Brownfield Fund Revenue (net)		644,000					644,000
Regionally Significant Project Fund (net)		22,750					22,750
Interest Income - Loans	7,957					11,867	19,824
Investment Interest Income						500	500
Other Income						1,000	1,000
Total	1,114,957	666,750	750,000	500,000	300,000	13,367	3,345,074
<b>OPERATING EXPENSES</b>							
BLCP - Road Construction (Phase 4)	(732,000)	(120,291)					(852,291)
BLCP - Recreational Park Improvements	(375,000)	(100,000)					(475,000)
BLCP - Force Main		(400,000)					(400,000)
Property Operations & Maintenance	(10,000)		(100,000)				(110,000)
BLCP - Environmental Insurance	(19,276)						(19,276)
Legal	(15,000)					(25,000)	(40,000)
Insurance	(8,000)		(19,000)			(10,500)	(37,500)
BLCP - Property Owner's Association Fee	(7,500)						(7,500)
Marketing	(3,000)						(3,000)
Misc.	(5,000)		(10,000)				(15,000)
Consultants	(5,000)						(5,000)
General Development Expenses	(5,000)						(5,000)
Interest Expense		(38,430)					(38,430)
Pass-through Grants				(500,000)	(300,000)		(800,000)
Personnel Costs Reimbursed - ECIDA						(293,000)	(293,000)
Audit		(2,100)				(6,000)	(8,100)
General & Administrative						(20,000)	(20,000)
Total	(1,184,776)	(660,821)	(129,000)	(500,000)	(300,000)	(354,500)	(3,129,097)
<b>Net Income / (Loss)</b>	<b>(69,819)</b>	<b>5,929</b>	<b>621,000</b>	<b>-</b>	<b>-</b>	<b>(341,133)</b>	<b>215,977</b>
<b>CAPITAL BUDGET</b>							
Riverbend Capitalized Development Costs			(750,000)				(750,000)
<b>CASH FLOW ADJUSTMENTS</b>							
BLCP - Recreational Park bridge loan		550,000					550,000
Principal Repayments - loans	121,013					79,533	200,547
Environmental Insurance - prepaid cost	19,276						19,276
Net Cash Increase/(Decrease)	70,470	555,929	(129,000)	-	-	(261,600)	235,800

**Composed of:**

Net Increase/(Decrease) in Buffalo Brownfields Fund	533,179
Net Increase in RSP Fund	22,750
Net Increase/(Decrease) in Operating account	(320,130)
	<u>235,800</u>

\* Represents Larkin District (\$250,000), Cornucopia (\$25,000) and Calumet (\$25,000)

**Budget Report for Buffalo Urban Development Corporation**

Fiscal Year Ending 12/31/2011

Run Date: 03/29/2011  
Status: CERTIFIED

**Budget & Financial Plan: Budgeted Revenues, Expenditures, And Changes In Current Net Assets**

	Last Year (Actual) 2009	Current Year (Estimated) 2010	Next Year (Adopted) 2011	Proposed 2012	Proposed 2013	Proposed 2014
<b>REVENUE &amp; FINANCIAL SOURCES</b>						
<b>Operating Revenues</b>						
Charges for services	\$23,000	\$0	\$0	\$669,500	\$500,000	\$500,000
Rentals & Financing Income	\$88,794	\$27,721	\$19,824	\$12,738	\$6,442	\$0
Other Operating Revenues	\$1,213,893	\$1,407,101	\$1,967,750	\$670,000	\$625,000	\$585,000
<b>Nonoperating Revenues</b>						
Investment earnings	\$402	\$739	\$500	\$500	\$500	\$500
State subsidies / grants	\$941,901	\$1,933,000	\$1,357,000	\$0	\$2,000,000	\$2,000,000
Federal subsidies / grants	\$0	\$0	\$0	\$0	\$0	\$0
Municipal subsidies / grants	\$0	\$0	\$0	\$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	(\$550,000)	\$550,000	\$0	\$0	\$0
<b>Total Revenues &amp; Financing Sources</b>	<b>\$2,267,990</b>	<b>\$2,818,561</b>	<b>\$3,895,074</b>	<b>\$1,352,738</b>	<b>\$3,131,942</b>	<b>\$3,085,500</b>
<b>EXPENDITURES</b>						
<b>Operating Expenditures</b>						
Salaries and Wages	\$0	\$0	\$0	\$0	\$0	\$0
Other Employee Benefits	\$0	\$0	\$0	\$0	\$0	\$0
Professional Services Contracts	\$72,245	\$48,077	\$48,100	\$50,000	\$51,500	\$53,000
Supplies and Materials	\$0	\$0	\$0	\$0	\$0	\$0
Other Operating Expenditures	\$1,039,739	\$3,388,238	\$3,023,291	\$1,000,000	\$500,000	\$500,000
<b>Nonoperating Expenditures</b>						
Payment of principal on bonds and financing arrangements	(\$187,379)	(\$193,808)	(\$200,547)	(\$207,356)	(\$115,014)	\$0
Interest and other financing charges	\$0	\$13,725	\$38,430	\$0	\$0	\$0
Subsidies to other public authorities	\$0	\$0	\$0	\$0	\$0	\$0
Capital asset outlay	\$9,258	\$102,500	\$750,000	\$510,094	\$2,695,456	\$2,532,500
Grants and Donations	\$0	\$26,000	\$0	\$0	\$0	\$0
Other Non-Operating Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Expenditures</b>	<b>\$933,863</b>	<b>\$3,384,732</b>	<b>\$3,659,274</b>	<b>\$1,352,738</b>	<b>\$3,131,942</b>	<b>\$3,085,500</b>
Capital Contributions	\$0	\$0	\$0	\$0	\$0	\$0
<b>Excess (deficiency) of revenues and capital contributions over expenditures</b>	<b>\$1,334,127</b>	<b>(\$566,171)</b>	<b>\$235,800</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

**Budget Report for Buffalo Urban Development Corporation**  
**Fiscal Year Ending 12/31/2011**

**Run Date: 03/29/2011**  
**Status: CERTIFIED**

**Additional Comments:**