

Erie County Industrial Development Agency

2024 Budget

Erie County Industrial Development Agency (ECIDA)

2024 Budget + 3 Year Forecast

A. Overview of Changes in 2024 Budget

Presented herein is the projected operating budget for the Erie County Industrial Development Agency's ("ECIDA") year ending December 31, 2024 and a three-year forecast for 2025–2027.

The ECIDA is a not-for-profit, public benefit corporation that provides tax incentives, financing programs and economic development services to Buffalo and Erie County. In accomplishing its mission, ECIDA does not receive any operational funding from Federal, State, County or local sources. Instead, the key source of revenue for the ECIDA is the administrative fees charged to those companies that utilize its various products and services. The income that the ECIDA generates is utilized to provide salaries to its professional staff for managing various economic development programs, as well as payments for professional fees, general office expenses, public notices/marketing, building costs and other miscellaneous expenses.

For the year ending December 31, 2024, the Agency is projecting a net loss from operations of \$103,900. Depreciation and amortization, noncash expenses, are estimated at \$270,000 and brings the budgeted operating loss to \$373,900. There is also a net of \$25,000 budgeted for external projects, most of which will be funded with existing UDAG funds, rather than operating cash. After reserving \$1,000,000 for future projects the potential net loss for 2024 is \$1,398,900. Most of the budgeted loss would come from existing UDAG funds that have accumulated over several years.

The following significant risk factors may impact the 2024 results:

1. A significant portion of the ECIDA's administrative fee income is derived from a few large tax incentives and/or tax-exempt bond projects. The Agency does not collect a fee until the project (usually construction) is started, since many factors affect project timing. Depending on the timing of these projects, the Agency's fee income can fluctuate significantly from year to year.
2. Changes in the overall national and/or regional economy could result in a decrease in local investment projects that are assisted by the Agency, resulting in a corresponding decrease in administrative fee income.

The following information details the key changes in the 2024 budget compared to the 2023 projected revenues and expenses:

Erie County Industrial Development Agency (ECIDA)

2024 Budget + 3 Year Forecast

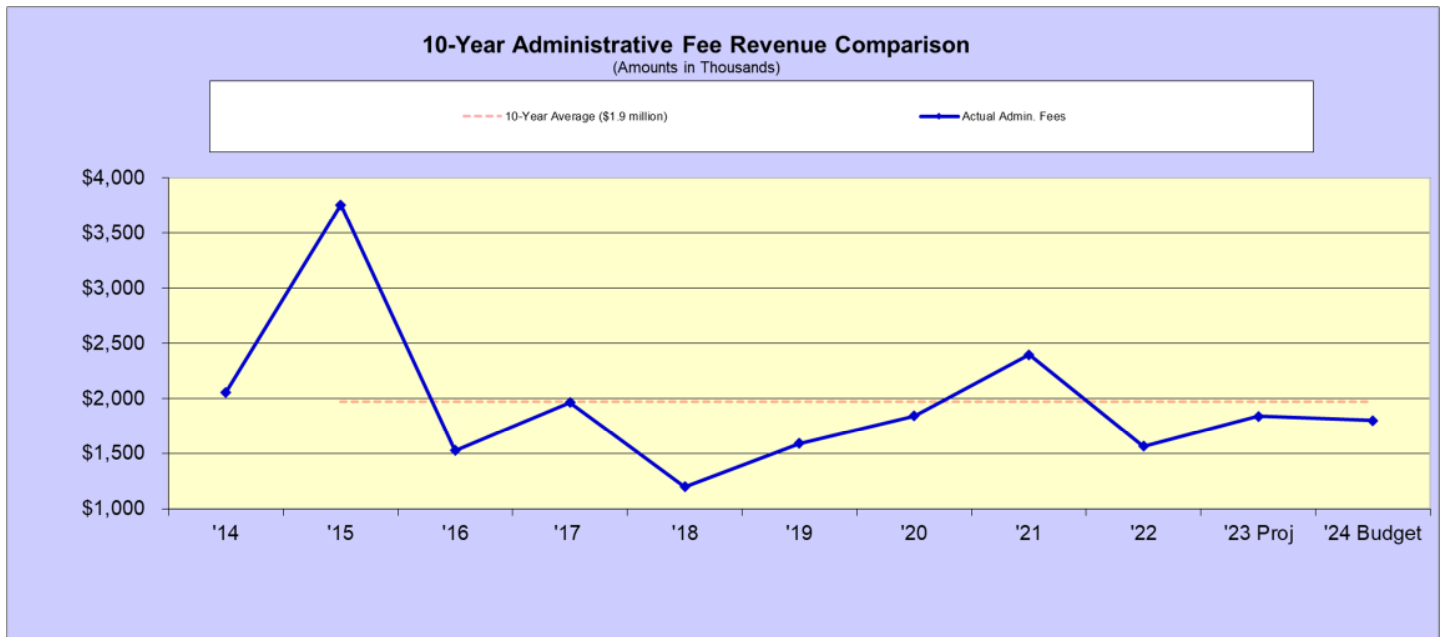
A. Overview of Changes in 2024 Budget (continued)

Revenues:

Administrative Fees (2024 Budget - \$1.8 million):

Administrative fees primarily consist of fees earned by the ECIDA through the provision of tax abatements. During 2023, administrative fees included projects such as Moog in Elma and Renaissance 6 LLC for the construction of industrial space at Renaissance Commerce Park in Lackawanna. Additionally, the Agency has closed on one bond issuance in 2023, which resulted in fees collected of \$330,000. Two additional bonds are expected to close before the end of 2023 with estimated fees totaling \$300,000. Since some fees are recognized over multiple years (in accordance with the terms of the related fee agreements), the Agency expects to recognize approximately \$840,000 of fees in 2024 related to prior year project approvals. The budgeted figure of \$1.8 million was derived using the 2014-2023 10-year average.

The following chart summarizes the actual administrative fee revenue over the past 10 years compared to the average administrative fee for the 10-year period from 2014-2023:



Erie County Industrial Development Agency (ECIDA)

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A. Overview of Changes in 2024 Budget (continued)

Affiliate Management Fees (increasing 2.1% from \$334,700 to \$341,700):

Affiliate Management Fees represent salary, benefit, and facilities costs charged to ECIDA's affiliated companies (RDC & ILDC) for office space and services that ECIDA employees provide to these organizations, since they have no employees of their own. Charges to ILDC relate to the Erie County Business Development Fund (BDF) microloan fund only. Time related to land development is supported by ECIDA, although property is owned by ILDC. Affiliate management fees are expected to increase in 2024 due to increases in employee salaries and benefit costs.

Management Fees – BUDC (increasing 1.6% from \$128,000 to \$130,000):

Management Fees – BUDC are salaries and benefit costs charged to Buffalo Urban Development Corporation (“BUDC”) and its affiliates for services that ECIDA employees provide. ECIDA provides financial reporting, facilities management, and administrative services to BUDC as part of a shared services agreement. Management fees are expected to increase slightly in 2024 due to increased salaries and benefits costs for employees who charge hours to BUDC and its affiliates.

Rental Income (increasing 0.3% from \$327,300 to \$328,200):

Rental Income represents rent received by ECIDA from BUDC for office space, two facilities owned by ECIDA and other smaller agreements. Rent for leased space at 143 Genesee Street is recognized as a combination of rent revenue and interest income related to the lease, with the lease agreement in place through July 2027. Rent received from the Port Terminal management agreement of \$103,987 in 2023 is budgeted at \$107,000 in 2024 based on projections from the management company.

Expenses:

Salaries & Benefits (increasing 13.0% from \$2.06 million to \$2.33 million):

The increase in the 2024 budgeted salaries and benefits compared to the projected 2023 figures is due to several factors. ECIDA plans to hire an additional employee to assist with the compliance function. Salary increases and a potential performance incentive pool calculated at 4% of total salaries are also included in the budget. Compensation increases are based on an independent compensation study of ECIDA employees, comparing Agency employee salaries with other individuals in the local labor market who have similar titles and responsibilities. These adjustments, if any, will also be reviewed and approved by the ECIDA Board Compensation Committee for Executive Management and by the CEO for other staff. Annual rate increases for health care also contributes to higher employee benefit costs. Professional development and training costs are also included in this category. As an organization of specialized professionals, salaries and benefits account for 80% of 2024 budgeted operating expenses.

General Office Expenses (decreasing 13.4% from \$159,500 to \$138,100):

The decrease in 2024 budgeted general office expenses compared to the projected 2023 figures is due mainly to a decrease in budgeted telephone and internet costs. Telephone and internet expense for 2023 is projected to be \$57,370, while we are budgeting \$39,100 for 2024. This is due to a change in providers for both telephone and internet during 2023, resulting in a cost savings. Other expenses included in this line item are information technology expenses, membership dues and subscriptions, office supplies and copier expense.

Erie County Industrial Development Agency (ECIDA)
2024 Budget + 3 Year Forecast

A. Overview of Changes in 2024 Budget (continued)

Building Operating Costs (increasing 9.1% from \$63,600 to \$69,400):

Building operating costs include costs related to ECIDA’s office at 95 Perry Street (rent and interest expense associated with the lease, parking) and the ECIDA-owned building at 143 Genesee Street (property taxes, maintenance, etc.). Costs associated with ECIDA’s office lease are recognized as a liability and intangible right-to-use asset in accordance with GASB Statement No. 87, *Leases*. As a result, cash outflows will differ from expense recorded. ECIDA’s current office sublease expires in 2023, and management is budgeting for a higher per square foot cost.

Professional Services (increasing 6.6% from \$94,200 to \$100,400):

Professional Services consist of the following:

	2024 Budget	2023 Budget	2023 Projection
Legal	\$45,000	\$45,000	\$35,500
Consultants	\$25,000	\$25,000	\$29,700
Auditing	\$30,400	\$29,000	\$29,000
Total	\$100,400	\$99,000	\$94,200

In 2024, legal expenses are budgeted at \$45,000, consistent with the 2023 budget. Consultant expenses are budgeted at \$25,000. 2023 consultant costs are projected higher than budget due to services related to a railroad grant application that were unbudgeted. Audit costs are in accordance with current proposals.

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2024 Budget + 3 Year Forecast

B. External Special Projects & Reserves for Future Projects

The ECIDA’s 2024 budget currently includes \$175,000 for external projects and \$1 million allocated for potential future projects that are consistent with the ECIDA’s strategic plan and the restrictions on the UDAG and/or General Funds as follows:

Project	2024 Budget	2023 Budget	2023 Projection
External Special Projects	\$ 175,000	\$ 225,000	\$ 175,000
Industrial Land Park Grant	100,000	-	200,000
Angola Ag Park Grant	50,000	100,000	50,000
Other Special projects	-	671,319	69,500
Reserves for Future Projects:			
Venture Capital Co-Investment	-	1,000,000	-
Forgivable Attraction Loan	1,000,000	1,000,000	-
Total	\$ 1,325,000	\$ 2,946,319	\$ 494,500

External Special Project allocations of \$175,000 include organizations that have received funding in the past, such as Buffalo’s Race for Place spearheaded by BUDC (\$100,000) and the Agency’s annual membership expenditure with Invest Buffalo Niagara (\$75,000). These items will not require specific Board action to be expended.

\$100,000 is budgeted for Industrial Land Park, representing anticipated carrying costs related to Renaissance Commerce Park in 2024. \$50,000 is budgeted for Angola Ag Park, representing one-sixth of the estimated carrying costs approved by the Board. The Reserves for Future Projects of \$1 million are discussed on the following pages and would also require Board approval prior to funding.

Erie County Industrial Development Agency (ECIDA)
2024 Budget + 3 Year Forecast

B. Special Projects & ECIDA Program Allocations (continued)

Forgivable Attraction Loan(s) **\$1,000,000**

Qualification – Businesses must be relocating to a HUD-defined distressed area or meet other HUD qualifications and provide a significant regional impact in terms of investment and/or job creation.

The Issue – Currently a number of communities across the nation are aggressively pursuing businesses to entice them to their region. One vehicle that communities have used to tip the relocation decision in their favor is the use of a high-impact project expenditure fund. Until 2013, the Buffalo region did not have such a program, while neighboring states were offering these programs with positive results, to Erie County's detriment.

The Proposal – The ECIDA would continue to fund a forgivable attraction loan fund that could aid in the attraction of key new businesses that would have a regional employment or investment impact. The attraction incentive would be structured in the form of a loan, with a portion or all of it forgiven if the company establishes their business in Erie County and meets specified investment and/or job goals. The ECIDA would work with Invest Buffalo Niagara to offer this incentive to those businesses that are the most promising and/or target the attraction loan to specific industries or regions (such as Southern Ontario). By providing this incentive, the Buffalo region would be perceived as demonstrating the community's support for the business relocation and could be the tipping point that leads to the relocation of the business as well as related "follow on" investments.

Use of Funds – To make project expenditures to companies located outside of Western New York to offset a portion of their investment costs in relocating. Companies assisted would be in one of the regional targeted industry sectors and have a regional employment or investment impact. The program would have a targeted maximum incentive of \$25,000 per job created.

Partners – Invest Buffalo Niagara

Approval – The ECIDA Board would approve all awards under this program.

Consistency with Community Plans – This strategy is consistent with the County Executive's "Initiatives for a Smart Economy 2.0" which states: "*Projects assisted by the ECIDA will be those that bring outside investment and self-sustaining jobs to Erie County while strengthening the regional economic base, helping to create a more inclusive economy and leading to population stabilization throughout the area*".

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY ("ECIDA")
Budget for 2024

	Budget 2024	Approved Budget 2023	Projected 2023	Actual 2022
REVENUES:				
Administrative Fees	\$ 1,800,000	\$ 1,800,000	\$ 1,840,000	\$ 1,656,279
Affiliate Management Fees	341,700	499,700	334,700	468,192
Management Fees - BUDC	130,000	105,000	128,000	98,018
Rental Income	328,200	365,100	327,254	308,450
Other Income	34,000	34,000	42,028	29,125
Interest Income - Cash & Investments	125,000	6,000	335,029	59,598
Interest Income - Leases	33,500	-	32,450	42,673
Total Revenues	2,792,400	2,809,800	3,039,461	2,662,335
EXPENSES:				
Salaries & Benefits	2,327,850	2,095,500	2,060,680	1,999,345
General Office Expenses	138,100	179,200	159,458	140,514
Insurance Expense	110,000	100,000	104,458	96,611
Building Operating Costs	69,400	254,045	63,627	68,826
Professional Services	100,400	99,000	94,193	166,759
Marketing, Promotion & Public Hearings	95,000	65,000	98,849	115,421
Travel, Mileage & Meeting Expenses	37,000	37,000	20,833	14,782
Website Compliance & Design	10,000	-	-	-
Other Expenses	16,750	8,750	189,262	99,984
Total Expenses	2,904,500	2,838,495	2,791,360	2,702,242
GRANT INCOME:				
Revenues	2,439,804	831,893	327,858	862,085
Expenses	(2,431,604)	(823,693)	(279,496)	(663,042)
	8,200	8,200	48,362	199,042
NET INCOME (LOSS) BEFORE DEPRECIATION, EXTERNAL SPECIAL PROJECTS AND OTHER RESERVES:	(103,900)	(20,495)	296,462	159,135
Depreciation and amortization	(270,000)	(120,000)	(267,482)	(258,776)
NET INCOME (LOSS) BEFORE EXTERNAL SPECIAL PROJECTS AND OTHER RESERVES:	(373,900)	(140,495)	28,981	(99,641)
External Special Projects:				
Buffalo Race for Place (BUDC)	100,000	100,000	100,000	100,000
Annual Membership (IBN)	75,000	75,000	75,000	75,000
Industrial Land Park grant paid	100,000	-	200,000	8,055
ILDC Land Sale Proceeds (reimbursement)	(300,000)	(150,000)	(276,250)	(103,625)
Angola Ag Park grant paid	50,000	100,000	50,000	49,183
Other Special Projects	-	671,319	69,500	-
Total Special Projects	25,000	796,319	218,250	128,613
NET INCOME (LOSS) BEFORE OTHER RESERVES:	(398,900)	(936,814)	(189,269)	(228,254)
Reserves for Future Projects:				
Venture Capital Co-Investment	-	1,000,000	-	-
Forgivable Attraction Loan(s)	1,000,000	1,000,000	-	-
Total Other Reserves	1,000,000	2,000,000	-	-
NET INCOME (LOSS):	\$ (1,398,900)	\$ (2,936,814)	\$ (189,269)	\$ (228,254)

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY ("ECIDA")
Budget and Three Year Forecast 2025-2027

	Budget 2024	Forecast 2025	Forecast 2026	Forecast 2027
REVENUES:				
Administrative Fees	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000
Affiliate Management Fees	341,700	352,000	363,000	374,000
Management Fees - BUDC	130,000	134,000	138,000	142,000
Rental Income	328,200	328,200	328,200	328,200
Other Income	34,000	40,000	40,000	40,000
Interest Income - Cash & Investments	125,000	129,000	133,000	137,000
Interest Income - Leases	33,500	35,000	36,000	37,000
Total Revenues	2,792,400	2,818,200	2,838,200	2,858,200
EXPENSES:				
Salaries & Benefits	2,327,850	2,374,000	2,421,000	2,494,000
General Office Expenses	138,100	142,000	146,000	150,000
Insurance Expense	110,000	113,000	116,000	119,000
Building Operating Costs	69,400	71,000	73,000	75,000
Professional Services	100,400	103,000	106,000	109,000
Marketing, Promotion & Public Hearings	95,000	98,000	101,000	104,000
Travel, Mileage & Meeting Expenses	37,000	38,000	39,000	40,000
Website Compliance & Design	10,000	-	-	-
Other Expenses	16,750	17,000	18,000	19,000
Total Expenses	2,904,500	2,956,000	3,020,000	3,110,000
GRANT INCOME:				
Revenues	2,439,804	250,000	250,000	250,000
Expenses	(2,431,604)	(250,000)	(250,000)	(250,000)
	8,200	-	-	-
NET INCOME (LOSS) BEFORE DEPRECIATION, EXTERNAL SPECIAL PROJECTS AND OTHER RESERVES:				
	(103,900)	(137,800)	(181,800)	(251,800)
Depreciation and amortization	(270,000)	(260,000)	(260,000)	(260,000)
NET INCOME (LOSS) BEFORE EXTERNAL SPECIAL PROJECTS AND OTHER RESERVES:				
	(373,900)	(397,800)	(441,800)	(511,800)
<u>External Special Projects and Strategic Initiatives:</u>				
Buffalo Race for Place (BUDC)	100,000	100,000	100,000	100,000
Annual Membership (IBN)	75,000	75,000	75,000	75,000
Industrial Land Park grant paid	100,000	100,000	100,000	100,000
ILDC Land Sale Proceeds (reimbursement)	(300,000)	(150,000)	(150,000)	(150,000)
Angola Ag Park grant paid	50,000	50,000	50,000	50,000
Total Special Projects	25,000	175,000	175,000	175,000
NET INCOME (LOSS) BEFORE OTHER RESERVES:				
	(398,900)	(572,800)	(616,800)	(686,800)
<u>Reserves for Future Projects:</u>				
Forgivable Attraction Loan(s)	1,000,000	-	-	-
Total Other Reserves	1,000,000	-	-	-
NET INCOME (LOSS):				
	\$ (1,398,900)	\$ (572,800)	\$ (616,800)	\$ (686,800)

Erie County Industrial Development Agency
Five Year Capital Budget 2024-2028

	2024	2025	2026	2027	2028	Total
Facilities:						
143 Genesee Street	\$ 20,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 80,000
95 Perry Street	180,000	5,000	5,000	5,000	5,000	200,000
Total Facilities	200,000	20,000	20,000	20,000	20,000	280,000
Information Technology:						
Servers	-	12,000	-	-	12,000	24,000
Infrastructure Upgrade	4,500	-	-	-	-	4,500
Misc.	3,000	3,000	3,000	3,000	3,000	15,000
Total Information Technology	7,500	15,000	3,000	3,000	15,000	43,500
GRAND TOTAL	\$ 207,500	\$ 35,000	\$ 23,000	\$ 23,000	\$ 35,000	\$ 323,500

Budget Report for Erie County Industrial Development Agency

Fiscal Year Ending: 12/31/2024

Run Date: 10/27/2023

Status: CERTIFIED

Certified Date: 10/27/2023

Budget & Financial Plan

Budgeted Revenues, Expenditures, And Changes in Current Net Assets.

	Last Year (Actual) 2022	Current Year (Estimated) 2023	Next Year (Adopted) 2024	Proposed 2025	Proposed 2026	Proposed 2027
REVENUE & FINANCIAL SOURCES						
Operating Revenues						
Charges For Services	\$1,656,279.00	\$1,840,000.00	\$1,800,000.00	\$1,800,000.00	\$1,800,000.00	\$1,800,000.00
Rental And Financing Income	\$308,450.00	\$327,254.00	\$328,200.00	\$328,200.00	\$328,200.00	\$328,200.00
Other Operating Revenues	\$595,335.00	\$504,728.00	\$505,700.00	\$561,000.00	\$577,000.00	\$593,000.00
Non-Operating Revenues						
Investment Earnings	\$59,598.00	\$335,029.00	\$125,000.00	\$129,000.00	\$133,000.00	\$137,000.00
State Subsidies/Grants	\$14,221.00	\$29,450.00	\$1,782,255.00	\$0.00	\$0.00	\$0.00
Federal Subsidies/Grants	\$628,676.00	\$129,000.00	\$164,000.00	\$0.00	\$0.00	\$0.00
Municipal Subsidies/Grants	\$40,126.00	\$80,146.00	\$455,349.00	\$0.00	\$0.00	\$0.00
Public Authority Subsidies	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Nonoperating Revenues	\$325,361.00	\$397,963.00	\$371,700.00	\$400,000.00	\$400,000.00	\$400,000.00
Proceeds From The Issuance Of Debt	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total revenues and financing sources	\$3,628,046.00	\$3,643,570.00	\$5,532,204.00	\$3,218,200.00	\$3,238,200.00	\$3,258,200.00
EXPENDITURES						
Operating Expenditures						
Salaries And Wages	\$1,489,603.00	\$1,619,478.00	\$1,809,500.00	\$1,845,374.00	\$1,881,909.00	\$1,938,654.00
Other Employee Benefits	\$509,742.00	\$441,201.00	\$518,350.00	\$528,626.00	\$539,091.00	\$555,346.00
Professional Services Contracts	\$166,759.00	\$94,193.00	\$100,400.00	\$142,000.00	\$146,000.00	\$150,000.00
Supplies And Materials	\$406,953.00	\$417,980.00	\$407,500.00	\$245,197.00	\$252,438.00	\$259,680.00
Other Operating Expenses	\$373,544.00	\$477,579.00	\$323,750.00	\$454,803.00	\$460,562.00	\$466,320.00
Non-Operating Expenditures						
Payment Of Principal On Bonds And Financing Arrangements	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Interest And Other Financing Charges	\$14,419.00	\$8,412.00	\$15,000.00	\$0.00	\$0.00	\$0.00
Subsidies To Other Public Authorities	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Capital Asset Outlay	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Grants And Donations	\$606,988.00	\$133,500.00	\$164,000.00	\$0.00	\$0.00	\$0.00
Other Nonoperating Expenses	\$288,292.00	\$640,496.00	\$3,592,604.00	\$575,000.00	\$575,000.00	\$575,000.00
Total expenses	\$3,856,300.00	\$3,832,839.00	\$6,931,104.00	\$3,791,000.00	\$3,855,000.00	\$3,945,000.00
Capital Contributions	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Excess (Deficiency) Of Revenues And Capital Contributions Over Expenses	(\$228,254.00)	(\$189,269.00)	(\$1,398,900.00)	(\$572,800.00)	(\$616,800.00)	(\$686,800.00)

Budget Report for Erie County Industrial Development Agency

Fiscal Year Ending: 12/31/2024

Run Date: 10/27/2023

Status: CERTIFIED

Certified Date:10/27/2023

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

Additional Comments