

The Buffalo Urban Development Corporation
By Heather Anderson
University at Buffalo Law Student



What is the agency's website and contact information?

<http://budc.ecidany.com>

275 Oak Street, Suite 150

Buffalo, NY 14203

716.856.6525

President, Peter M. Cammarata

Buffalo Urban Development Corp. (BUDC)

Director of Urban Development

Erie County Industrial Development Agency (ECIDA)

P: (716) 856-6525 Ext. 130

C: (716) 868-0374

pcammarata@ecidany.com

Vice President, David A. Stebbins

(716) 856-6526

dstebbins@ecidany.com

What geographic area does it serve?

The County of Erie with a primary emphasis on the City of Buffalo.

Who runs the agency?

The non-profit corporation is run by a Board of Directors, which consists of the members of the Corporation. The By-laws of the BUDC set forth how the

members/directors are to be selected. Although the Officers may have salaries, at this time, none of the Officers are compensated for their services. The By-laws provide that there are to be eighteen members/directors of the corporation, and that the members/directors are to be elected or appointed as follows:

- a) The County Executive of the County of Erie: Hon. Chris Collins
- b) The Mayor of the City of Buffalo: Hon. Byron Brown
- c) Commissioner of Economic Development, Permit and Inspection Services of the City of Buffalo: Brian Reilly
- d) Chairman of the Niagara Frontier Transportation Authority or his/her designee: Gregory Stamm
- e) Executive Director of the City of Buffalo Office of Strategic Planning: (name not listed as a Board member)
- f) The City of Buffalo Common Council President: Hon. David A. Franczyk
- g) Commissioner of Erie County Department of Environment and Planning: Holly Sinnott
- h) President of the Buffalo Niagara Partnership: Andrew Rudnick
- i) President of the Buffalo Niagara Enterprise: Thomas Kucharski
- j) Regional Director of Empire State Development Corporation: Christina Orsi
- k) President of the Erie Canal Harbor Development Corporation: Charles Rosenow
- l) Seven citizen members, appointed from time to time by vote of the Board of Directors; who in the absence of contrary action by the Board, shall serve in each case a term of three years, with a limit of two terms.¹

The seven (7) citizen members are:

- | | | |
|------------------------|---|---------------|
| 1. Dennis Penman | Vice President - MJ Peterson | Vice Chairman |
| 2. Catherine Braniecki | KeyBank NA | |
| 3. Dennis Elsenbeck | National Grid | |
| 4. Woodrow Maggard | University at Buffalo - Office of Science,
Technology Transfer & Economic Outreach | |
| 5. Benjamin Oblatz | First Amherst Development Group | |
| 6. Sundra Ryce | President & CEO - SLR Contracting & Service Co. | |
| 7. Craig Slater, Esq. | Partner - Harter Secrest & Emery, LLP | |

How is the agency staffed?

The Corporation uses employees of the Erie County Industrial Development Agency to provide management and administrative services on a fee basis.²

What is the annual budget?

2007 Financial Statements

Cash and Equivalents: 1.15 ml in cash, which were amounts related to the brownfields funds from 2006, and 2007.

Mortgages and Notes (less allowance for doubtful loans of \$15, 694,109): \$725,115 (2007), and 487,054 (2006). Mortgages and Notes consist of various loans made to the private sector in City development.

Grants Receivable: \$3.8 million- New York State Dormitory Authority, most of which was received in 2007.

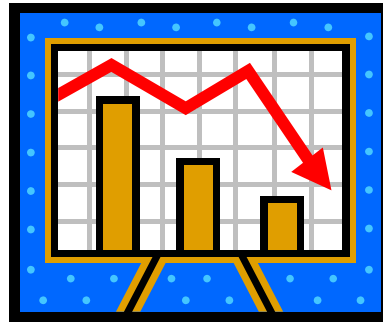
The BUDC was awarded a \$5.6 million grant under the Empire State Economic Development Fund program for construction of infrastructure improvements near the inner harbor area. However, they assigned all rights, claims, and interests under this grant to the ESDC (Empire State Development Corporation).

Land and Improvements Held for Sale: The City of Buffalo gave the BUDC the deed to 104 acres of remedial property for \$1. This property is part of the Buffalo Lakeside Commerce Park. 2.1 million and 1 million (2007 and 2006 respectively) were capitalized as land improvements to this land for the redevelopment and sale of this property. An additional 74 acres of adjacent property were acquired in 2006 for \$75,000 cash consideration and \$675,000 in promissory notes with a commitment from the BUDC to redevelop this portion of the property. In 2007 and additional 58 acres of adjacent property were acquired for \$890,000, which has been reimbursed through the State Dormitory grant.

Notes Payable: \$525,000

Related Party Transactions: 149,383 (2007) and \$118,560 (2006) to ECIDA for providing personnel for administrative and managerial functions on behalf of BUDC.

Net Assets at the end of 2007: \$3.46 million. ³



2008 Adopted Budget

Total Revenue for 2008:	\$10,593,254
Total Expenses for 2008:	\$5,235,000
Less Costs Capitalized:	<u>\$5,145,000</u>
	\$90,000
Net Profit for 2008:	\$9,872,270 ⁴

How is the budget funded?

The adopted Budget for 2008 shows a grant income of over \$9.8 million.

✚ The BUDC received a \$5 million grant from the **Dormitory Authority of the State of New York (DASNY)**. ⁵ There is not any information on the DASNY

website regarding its grant to the BUDC. The Nuveen New York Municipal Value Fund (6/31/08) SEC quarterly holdings filing listed NFTA airport bonds, ECIDA Buffalo school district bonds, did report any information on the BUDC.⁶

They also received funding from the Buffalo Brownfield Fund, proceeds from their land sales, interest on loans and investments, and management fees.

✚ **The Buffalo Brownfield Redevelopment Fund (BRF)**- created by ECIDA in 2004, that uses funds generated by the tenants in the Buffalo Lakeside Commerce Park to pay for road work and other improvements at the industrial park. The BRF uses money from payment-in-lieu-of-taxes agreements with the park's tenants – PVC fencing maker CertainTeed is currently the only tenant - to pay for installing roads and other infrastructure in the northern half of the industrial park, which means that in the first two years of the arrangement, \$8 of every \$10 that CertainTeed pays on the PILOT will go to the brownfields fund. IDA officials predicted that the fund would raise \$5 million within the first two years.⁷

✚ **The Environmental Protection Agency's Brownfields Economic Redevelopment Initiative** awarded the City of Buffalo supplemental assistance for its Brownfields Assessment Demonstration Pilot. The Pilot is guided by the Buffalo Brownfields Task Force, comprising county and city department officials; regional state regulatory agency officials; a member of the Interagency Working Group on Environmental Justice; representatives from the city's official Buffalo Environmental Management Commission; members of the banking, legal, real estate, business, and university communities; and the general public.

The total revenue in the 2008 Budget was adopted at over \$10.6 million.³

How is the budget spent?

The budget is spent on acquiring land, planning for the development of the land, road construction, electrical lines, sewage upgrades, environmental remediation, insurance, etc.³

What type of subsidies does the agency give?

The BUDC makes various loans to assist the private sector in city development.²

What other services does the agency provide?

- Serving as a real estate holding company for public-sector development projects.
- Serving as a conduit for public funding for urban projects of regional significance.
- Serving as a liaison among public and private development entities.

- Providing a vehicle (through acquisition, ownership, site preparation and/or public financial incentives) to stimulate private investment in regionally strategic development areas.
- Administering the proposed Regional Redevelopment Fund, Downtown Redevelopment Fund and other funds to be established for development of regionally significant projects in the County of Erie.⁸

What are some examples of the agency's projects?



1. The Buffalo Lakeside Commerce Park: is referred to as a newly-developed "smart growth" urban commerce park, on reclaimed waterfront land off of Route 5 and centered around the former Union Ship Canal, with multi-modal transportation opportunities and access to the interstate. Utilizing the distinct waterfront feature of the historic Union Ship Canal, this "showcase" brownfield redevelopment project in the City of Buffalo has already reclaimed formerly fallow land for an urban office and light industrial commerce park, featuring a mix of low-profile "flex" buildings near the canal and high-bay light manufacturing buildings on the outer perimeter of the site. In 2004 Phase I and II, roads and utilities, were completed. Phase III of the infrastructure plan has been completed this year, which included securing funding and land under acquired. The BUDC has acquired property on Tift Street and Fuhrman Boulevard to expand the size of the Commerce Park, which is now a 200-acre parcel of redeveloped Brownfield. They are working with the ECIDA and ECSD No.6 to upgrade the sewer pump station on Commerce Drive. The BUDC obtained a State Wireless Communities grant for WiFi availability. The Buffalo Lakeside Commerce Park is one of the Buffalo Waterfront Projects.
2. Waterfront/Downtown Urban Renewal Plan: On-going transformations: Freight terminals to luxury housing, Steel mills to business parks, trash dumps to nature preserves.
3. Shovel Ready Land Acquisitions & Property Development
4. The Brownfield Redevelopment Fund- The BUDC identifies and collects data for shovel ready sites. The BUDC, along with several other agencies recently hosted the National Brownfield Development Conference at the Adams Mark Hotel. Participants came from the Northeastern United States, and Southern Ontario on September 11 and 12 to learn how Buffalo is leading the way in New York State Brownfield development.⁹



5. Erie Canal Harbor Project- administered ESDC and National grid grants, assisted the city of Buffalo and Erie County in obtaining \$7.4 million in state funds for the canal open space project and park amenities.
6. Canal Side Development Project- Obtained ECHDC funding to start project. Obtained State Wireless Communities grant for WiFi availability.¹⁰ The BUDC also provided consulting services to the ECHDC relating to required Canal District archeological surveys. Additionally, \$310,890 was allocated by the ECHDC to BUDC in May 2007 for completion of the required Canal Side site environmental review.¹¹



The Canal Harbor

7. Steelfields Redevelopment Project: The BUDC provided technical assistance, and is negotiating acquisition of the former Republic Steel property.
8. Tours of Waterfront Progress to area organizations.
9. HydroAir Components- regional development project. The BUDC provided technical assistance.
10. Downtown Urban Design Plan (aka Statler redevelopment and BSC Tower): The BUDC provided technical assistance.¹²

What properties does the BUDC own?

80 Ship Canal Park, 134 Ship Canal Park, 158 Ship Canal Park, 193 Ship Canal Park, 200 Ship Canal Park, 255 Ship Canal Park, 1750 Fuhrmann Blvd, 99 Tift Street, and the former CSX Rail Property, 200 Yard. The BUDC intends to dispose of all of these properties.¹³

How does the BUDC report to the public?

The BUDC makes their audited financial statements, and annual reports available to the public on its website.

What Controversial Issues has this agency been involved in?



The Hyatt Regency Buffalo will not have to pay back \$8 million in city-backed construction loans that date back to the early 1980s. The Buffalo Urban Development Corp. board of directors voted in December 2007 to "forgive" the debt in exchange for a cash payment of \$400,000 from the hotel group, along with a note for an additional \$300,000 to be paid over the next two to five years. Mayor Byron Brown, said writing down the two loans, is preferable to seeing the downtown hotel close. West Genesee Hotel Associates, whose principal is Paul L. Snyder Sr., requested the debt be set aside as part of an overall hotel refinancing effort.

Snyder said that the money was used by the city as an enticement to get Hyatt to come to downtown and be the city's convention hotel, and that it was structured as more of a grant than a loan, with no pay back unless Hyatt turned a profit. Snyder has been negotiating with several private financial institutions and governmental agencies over the past three years to clear the Hyatt's books so it can embark on a \$13.3 million renovation blitz under streamlined ownership. In May, the hotel received a \$5.1 million state grant to aid revitalization efforts. The BUDC and the Buffalo Economic Renaissance Corp. will split the proceeds of the Hyatt's upcoming \$700,000 in payments, with the urban development agency getting 75 percent of the funds.¹⁴

Can I attend the agency's meetings?

The meetings are public meetings, and are held at the ECIDA offices at 275 Oak St. (enter on Genesee). The schedule for the meeting is posted on the BUDC website.¹⁵

How do I learn more about this agency?

Visit their website at: <http://budc.ecidany.com>

Attend a meeting at: 275 Oak Street, Suite 150, Buffalo, NY 14203

Call or email the BUDC at: (716) 856-6525



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- ¹ Buffalo Urban Development Corporation, By-Laws.
- ² Buffalo Urban Development Corporation, 2007 Annual Report (For purposes of Section 2800(2) of the Public Authorities Law), p.3.
- ³ Buffalo Urban Development Corporation, Notes to 2007-2006 Financial Statements.
- ⁴ Buffalo Urban Development Corporation, 2008 Adopted Budget.
- ⁵ Buffalo Urban Development Corporation, Notes to 2007-2006 Financial Statements.
- ⁶ SEC Info website, <http://www.secinfo.com/dr6sj.t2Kg.htm>
- ⁷ Buffalo News, November 16, 2004
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- ⁸ Buffalo Economic Renaissance Corporation, Website- Partners and affiliations.
- ⁹ Buffalo Economic Renaissance Corporation, Website
- ¹⁰ Buffalo Urban Development Corporation, 2006 Annual Report.
- ¹¹ Erie Canal Harbor Development Corporation 3/25/2008 Press Office (716) 856-8123, ext. 258
- ¹² Buffalo Urban Development Corporation, Annual Report Powerpoint Presentation, June 2007.
- ¹³ Attachment "B", List of Corporation Properties- Buffalo Urban Development Corporation, 2007 Annual Report (For purposes of Section 2800(2) of the Public Authorities Law).
- ¹⁴ Buffalo News, December 5, 2007 Wednesday Central Edition.
- ¹⁵ Anderson, Heather, Email from Peter Camarata, September 16, 2008.