



Management Report

On behalf of Douglas Elliman Property Management, Managing Agent, we are proud to present the community the Board approved/adopted Fiscal Year 25/26 and Fiscal Year 26/27 Comprehensive Operating and Capital Budget for Riverbay Corporation. This process was truly a concerted effort. Management appreciated the opportunity to partner with Shareholders, Board Directors, and the Building & Townhouse Associations to estimate the Comprehensive Operations and Capital Budget for the Corporation. This budget charts the pathway to sustaining this important affordable house stock for generations to come.

Budget Preparation Overview

- Kickoff for Budget planning begin in July 2024.
- Management instituted “Zero-Based Budgeting” concept for estimating budgets for 25 internal departments.
- Finance Department conducted Budget hearing with internal departments.
- Management convened six (6) Budget meetings with Board Directors (*September 2024 – January 2025*).
- Management held five (5) Capital prioritization meetings with the building & townhouse associations leadership (*September 2024*).
- Comprehensive Operating & Capital Budget approved/adopted by Board Directors on Wednesday, February 26, 2025. (*See page 13.*)
- Budget submitted to DHCR on Friday, February 28, 2025.

Budget Summary

In sum, the Comprehensive Operating and Capital Budget (*see page 13*) is estimated at **\$315,071,999** for Fiscal Year 25/26 and **\$324,436,452** Fiscal Year 26/27 and is inclusive of the following two (2) expense categories:

- **The Operation Budget** in the amount of **\$293,851,800** for Fiscal Year 25/26 and **\$293,508,700** for Fiscal Year 26/27; funding for the Operating Budget will provide direct and indirect services to the shareholders of the Corporation.
- **The Capital Budget** in the amount of **\$23,205,199** for Fiscal Year 25/26 and **\$30,927,579** for Fiscal Year 26/27; funding for the Capital Budget will provide necessary infrastructure (*including the Power Plant*) repairs throughout the Co-op City community.

Riverbay Corporation operations are projected to have a surplus for each of the two (2) fiscal years. The amount of the surplus for FY25/26 is projected at **\$9,637,600** and FY26/27, the surplus is projected at **\$2,185,800**. The surpluses are added/absorbed in the Corporate Expense functional expense category in order to yield a balanced budget for the two-year budget cycle. Use of surplus funds will require approval from the Board Directors.

The budgets were estimated based on the following assumptions:

- No carrying charge increases projected for the two-year budget cycle.
- Grant funds from NYSDHCR and proceeds from mortgage re-financing allocated for capital spending.

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Marvin L. Walton

Riverbay Executive General Manager



- No new initiatives/programs funded for the two-year budget cycle.
- Major investments allocated to Power Plant to address aging equipment.
- Compliance Department was created.
- Surplus revenue projected for both budget years (*Y1-\$9,637,600 & Y2-\$2,185,800*).
- Six positions/headcounts eliminated from the budget.

Budget Comparative Analysis

The overall estimated Operating Budget for **Fiscal Year 25/26** in the amount of **\$293,851,800** is an increase of **5.2% or \$14,582,400** over the budget for the current Fiscal Year 24/25, which is **\$279,269,400**. The overall estimated Operating budget for **Fiscal Year 26/27** in the amount of **\$293,508,700** is an increase of **5.1% or \$14,239,300** over the budget for the current Fiscal Year 24/25. The year over year increases is largely due to major investments in the Power Plant to address aging equipment, projected increases in water & sewer costs and an increase in the cost of labor for the Corporation.

Riverbay Corporation consists of 25 departments, of which nine (9) departmental budgets decreased for Fiscal Year 25/26 over the current Fiscal Year 24/25 budget and ten (10) departmental budgets decreased for Fiscal Year 26/27 over the current Fiscal Year 25/26 budget. The reductions were primarily due to less than planned expenses from the current Fiscal Year 24/25 as well as the positive outcomes of implementing the **Zero-Based Budgeting** concept for estimating departmental budgets for the two-year budget cycle.

Corporation Income

There are two (2) primary sources of Income for the Operations Budget; Carrying Charges and Other Income. A summary of these income sources is as follows:

- **Carrying Charges** – monthly charges billed to shareholders for maintenance fees.
- **Other Income** includes all other income received by the Corporation (*e.g., garage space rentals, storage room rentals, commercial & professional space leases, fines—community complaints, community center rentals, sales of electric power to ConEdison, etc.*).

There are two (2) primary sources of Income for the Capital Budget, Reserves and NYS DHCR funding. A summary of these sources is as follows:

- Dominion/Reserve funds are proceeds (*approximately \$124 Million*) derived from the refinancing of Riverbay's Mortgage in April 2022.
- Riverbay Corporation was allocated \$50.0 Million from the NYS DHCR budget (*restricted for Capital projects*).

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Corporation Expenses

Expenses for the Corporation are organized into three (3) functional expense categories, and they are as follows:

- **Department Expenses** – costs associated with operating 25 departments within the Corporation. These departments provide direct and indirect services to the shareholders.

- **Corporate Expenses** – costs associated with Corporate-wide expenditures such as Insurance, Real Estate Taxes, Utilities, Water, and other operating expenses.

- **Debt Services and Fees** – costs associated with the mortgage refinancing inclusive of reserves replacements, Mortgage Insurance Premiums and Debt Services.

Please Note: The following section provides a variance analysis comparing Fiscal Year 25/26 and Fiscal Year 26/27 to the prior Fiscal Year 24/25.

Departmental Expense Variance Analysis

Audit Department – (-3.2%) decrease and (-0.9%) decrease over the current year budget to FY25/26 and FY26/27. No proposed expenditure for the Audit Software in both fiscal years resulting in a decrease in FY2025/26.

Automotive Services – 27.2% increase and (-4.4%) decrease over the current year budget to FY25/26 and FY26/27 proposed budget. Changes due to increases in payroll and fringe benefits. Increase in lease costs for 25 new vehicles in the Enterprise lease program in FY25/26 but a decrease in lease and maintenance costs in Year 2. Purchase of a garbage truck and backhoe in FY25/26.

Board of Directors – 16.7% increase and 17.8% increase over the current year budget to FY25/26 and FY26/27 proposed budget. Changes are due mainly to increased Board of Directors election costs.

Budget & Finance – 3.5% increase and 4.7% increase over the current year budget to FY25/26 and FY 26/27 proposed budget. Changes due to fees for the YARDI Consultant now included in the Finance Budget, support services for the digital income affidavit, printing and filing costs for the tax returns and increases in legal costs for landlord tenant matters in Year 2.

Building Janitorial Services – 2.7% increase and 5.8% increase over the current year budget to FY25/26 and FY26/27 proposed budget. Increase in purchase of garbage bags (\$12,000) and equipment maintenance. Additionally, changes are due to an increase in payroll and fringe benefits, (union increases) and a reduction in overtime.

Call Center – 0.3% increase and 2.8% increase over the current year budget to FY25/26 and FY26/27 proposed budget. Changes due to increase in payroll and fringe benefits, (union increases) and overtime during the AC season. Increase in training for call center staff.

Communications (CC Times) – 3.7% increase and 2.8% increase over the current year budget to FY25/26 and FY26/27 proposed budget. Changes are

due mainly to increased staffing and increase in distribution costs. There is a decrease in licensing software in Year 2.

Compliance – 0% increase over the current year budget to FY25/26 and FY 26/27 proposed budget. The Compliance Department was recently created. Proposed expenditure for one additional staff and other operating expenses in both years.

Construction – 8.4% increase and 9.1% increase over the current year budget to FY25/26 and FY26/27 proposed budget. Changes due to increases in payroll and fringe benefits, (union increases) and a reduction in overtime. Increase in funding for roof repairs, tools, construction repair and consultants A&E services.

Cooperator Services Office (CSO) – (-3.3%) decrease and (-0.9%) decrease over the current year budget to FY25/26 and FY26/27. Projected decrease in payroll and fringe benefits.

Corporate Administration Services – (-12.7%) decrease and (-9.1%) decrease over the current year budget to FY25/26 and FY26/27. Overall decreases in all expenditure lines. Projected decrease in payroll and fringe benefits in FY25/26.

Extermination – 21.5% increase and 19.1% increase over the current year budget to FY25/26 and FY 26/27 proposed budget. Changes are due to increase in payroll, fringe benefits and overtime because of increased extermination and proactive pest control services. Exterminating supplies are anticipated to increase because of the increase in services. There is no equipment expense

Department	Capital Project Title
Construction	Town House Brick or Concrete Block -Masonry and Technical Pointing
Construction	Parking Garages Concrete Repairs & Waterproofing
Construction	Concrete Work and Waterproofing - Einstein Shopping Center
Construction	High Rise Building Lobby Modernization (Common Area)
Construction	Bathroom Upgrades - Einstein Community Center
Construction	Sustainability Project - Solar Panel Power Plant Rooftop
Construction	Local Law 11 A&E for Brick Façade & Balconies (Highrise Buildings 1-35)
Elevator	Elevator - Bartow Community Center
Elevator	Hydraulic passenger elevators 3,000-lb (Up to 4-Story) Dreiser Auditorium
Information Technology	Wi-Fi Connectivity In Buildings
Maintenance	Town House A-Apartment Doorbells Replacements & Upgrade B-Apartment Doorbells
Power Plant	P83 New Pump/Motor Retrofit
Power Plant	T3000 Integration and Improvements
Power Plant	Boiler Controls
Power Plant	7X25 Change to Pipe and Wire
Power Plant	Boiler 1 Economizer Replacement
Power Plant	Emergency Lighting Pump Room
Power Plant	Chiller Controls
Power Plant	Building Electrical Transformers - (Owned By Site)
Power Plant	Domestic Water Pumps - Residential Buildings
Power Plant	Ejector Pump (Basement)
Power Plant	Hydronic Pumps - up to 50 HP
Power Plant	Mixing Valves

Riverbay Corporation Comprehensive Operations & Capital Budget							
OPERATIONS	BUDGET F24/25	BUDGET F25/26	BUDGET F26/27	+/- \$	+/- %	+/- \$	+/- %
INCOME							
Net Carrying Charges	\$222,401,800	\$240,445,500	\$240,445,500	\$18,043,700	8.1%	\$18,043,700	8.1%
Other Income	\$52,552,100	\$53,406,300	\$53,063,200	\$854,200	1.6%	\$511,100	1.0%
GRAND TOTAL INCOME	\$274,953,900	\$293,851,800	\$293,508,700	\$18,897,900	6.9%	\$18,554,800	6.7%
DEPARTMENTAL EXPENSE							
Audit Department	\$618,300	\$598,400	\$612,500	(\$19,900)	-3.2%	(\$5,800)	-0.9%
Automotive Services	\$1,397,600	\$1,777,400	\$1,335,600	\$379,800	27.2%	(\$62,000)	-4.4%
Board of Directors	\$461,700	\$538,600	\$544,000	\$76,900	16.7%	\$82,300	17.8%
Budget & Finance	\$3,595,400	\$3,720,400	\$3,766,000	\$125,000	3.5%	\$170,600	4.7%
Building Janitorial Services	\$24,169,900	\$24,820,800	\$25,565,000	\$650,900	2.7%	\$1,395,100	5.8%
Call Center	\$2,402,400	\$2,409,100	\$2,468,700	\$6,700	0.3%	\$66,300	2.8%
Communications (CC Times)	\$1,092,200	\$1,132,600	\$1,123,100	\$40,400	3.7%	\$30,900	2.8%
Compliance	\$0	\$372,900	\$373,400	\$372,900	0.0%	\$373,400	0.0%
Construction	\$2,693,900	\$2,920,700	\$2,939,100	\$226,800	8.4%	\$245,200	9.1%
Cooperator Services Office (CSO)	\$1,544,400	\$1,494,200	\$1,530,600	(\$50,200)	-3.3%	(\$13,800)	-0.9%
Corporate Administration Services*	\$844,900	\$737,300	\$768,300	(\$107,600)	-12.7%	(\$76,600)	-9.1%
Extermination	\$690,300	\$839,000	\$822,400	\$148,700	21.5%	\$132,100	19.1%
General Management	\$1,821,400	\$1,474,700	\$1,489,000	(\$346,700)	-19.0%	(\$332,400)	-18.2%
Grounds	\$5,293,900	\$5,460,600	\$5,576,000	\$166,700	3.1%	\$282,100	5.3%
Human Resources	\$1,325,300	\$1,325,800	\$1,302,200	\$500	0.0%	(\$23,100)	-1.7%
Information Technology Services	\$3,711,900	\$3,311,900	\$3,811,400	(\$400,000)	-10.8%	\$99,500	2.7%
Maintenance	\$18,632,600	\$19,880,700	\$20,239,800	\$1,248,100	6.7%	\$1,607,200	8.6%
Parking & Commercial Ctr Leasing	\$6,044,200	\$6,159,000	\$6,112,100	\$114,800	1.9%	\$67,900	1.1%
Power Plant	\$19,696,900	\$27,632,300	\$27,786,200	\$7,935,400	40.3%	\$8,089,300	41.1%
Procurement	\$2,052,500	\$2,235,100	\$2,256,000	\$182,600	8.9%	\$203,500	9.9%
Public Safety	\$15,231,400	\$14,074,700	\$15,155,500	(\$1,156,700)	-7.6%	(\$75,900)	-0.5%
Residential Sales	\$1,580,400	\$1,488,000	\$1,516,300	(\$92,400)	-5.8%	(\$64,100)	-4.1%
Restorations	\$30,462,300	\$25,996,900	\$26,461,300	(\$4,465,400)	-14.7%	(\$4,001,000)	-13.1%
Risk Management	\$613,000	\$519,700	\$531,500	(\$93,300)	-15.2%	(\$81,500)	-13.3%
Safety	\$1,084,000	\$1,149,500	\$1,174,800	\$65,500	6.0%	\$90,800	8.4%
Technical Services*	\$933,300	\$1,235,100	\$1,253,400	\$301,800	32.3%	\$320,100	34.3%
TOTAL DEPARTMENTAL EXPENSE	\$147,994,100	\$153,305,400	\$156,514,200	\$5,311,300	3.6%	\$8,520,100	5.8%
CORPORATE EXPENSE							
Insurance	\$24,145,500	\$21,756,000	\$23,480,200	(\$2,389,500)	-9.9%	(\$665,300)	-2.8%
Utilities	\$30,062,700	\$24,637,100	\$25,691,300	(\$5,425,600)	-18.0%	(\$4,371,400)	-14.5%
Shelter Rent Tax	\$8,621,700	\$9,800,000	\$9,800,000	\$1,178,300	13.7%	\$1,178,300	13.7%
Commercial R/E Taxes	\$3,010,000	\$2,966,500	\$3,055,500	(\$43,500)	-1.4%	\$45,500	1.5%
Water & Sewer costs - Residential	\$18,314,300	\$23,500,000	\$24,557,500	\$5,185,700	28.3%	\$6,243,200	34.1%
Bad Debts	\$4,500,000	\$4,500,000	\$4,500,000	\$0	0.0%	\$0	0.0%
Other Corporate Operating	\$6,232,200	\$17,035,900	\$9,598,200	\$10,803,700	173.4%	\$3,366,000	54.0%
TOTAL CORPORATE EXPENSE	\$94,886,400	\$104,195,500	\$100,682,700	\$9,309,100	9.8%	\$5,796,300	6.1%
DEBT SERVICES, FEES, and RESERVES							
Gen'l/Repl Reserve Fees	\$4,919,000	\$4,919,000	\$4,919,000	\$0	0.0%	\$0	0.0%
HUD Mortgage Ins Premium	\$2,083,800	\$2,045,800	\$2,006,700	(\$38,000)	-1.8%	(\$77,100)	-3.7%
HDC/ SONYMA Fees	\$350,000	\$350,000	\$350,000	\$0	0.0%	\$0	0.0%
Debt Service	\$29,036,100	\$29,036,100	\$29,036,100	\$0	0.0%	\$0	0.0%
TOTAL DEBT SERVICE, FEES, and RESERVES	\$36,388,900	\$36,350,900	\$36,311,800	(\$38,000)	-0.1%	(\$77,100)	-0.2%
TOTAL OPERATIONS EXPENSES	\$279,269,400	\$293,851,800	\$293,508,700	\$14,582,400	5.2%	\$14,239,300	5.1%
NET SURPLUS (DEFICIT) FROM OPERATIONS	(\$4,315,500)	\$0	\$0				
*Denotes Departments to be eliminated and merged							
CAPITAL	BUDGET F24/25	BUDGET F25/26	BUDGET F26/27	+/- \$	+/- %	+/- \$	+/- %
Reserves (Mortgage Refinancing 2022)	\$7,100,828	\$14,830,199	\$5,347,927	\$7,729,371	108.9%	(\$1,752,901)	-24.7%
New York State Funds (\$50 Million - NYSHCR)	\$0	\$6,390,000	\$25,579,652	\$6,390,000	0.0%	\$25,579,652	0.0%
TOTAL CAPITAL EXPENSES	\$7,100,828	\$21,220,199	\$30,927,579	\$14,119,371	198.8%	\$23,826,751	335.5%
TOTAL COMPREHENSIVE OPERATIONS & CAPITAL							
GRAND TOTAL REVENUE	\$282,054,728	\$315,071,999	\$324,436,279	\$33,017,271	11.7%	\$42,381,551	15.0%
GRAND TOTAL EXPENSES	\$286,370,228	\$315,071,999	\$324,436,279	\$28,701,771	10.0%	\$38,066,051	13.3%
TOTAL SURPLUS/(DEFICIT) FROM OPERATIONS & CAPITAL	(\$4,315,500)	\$0	\$0	\$0	0%	\$0	0%