

BUFFALO FISCAL STABILITY AUTHORITY

RESOLUTION NO. 04 - 111

CALLING FOR SWIFT ACTION ON THE SALE OF THE WATER SYSTEM

WHEREAS, The City of Buffalo is now considering a proposal by the Erie County Water Authority (“ECWA”) to purchase the City of Buffalo water system (“Water System”) currently owned by the Buffalo Water Board and operated under contract by American Water Services; and

WHEREAS, Under the ECWA proposal, the operation of the Water System would be taken over by ECWA and create efficiencies for both the County and the City systems; and

WHEREAS, the ECWA would assume approximately \$125 million in capital debt from the Buffalo Municipal Water Finance Authority, give the City \$31.5 million to make up for lost revenue in the short term and make annual repairs to the Water System worth at least \$15 million; and

WHEREAS, the Buffalo Water Board approved a Memorandum of Understanding memorializing the terms of the proposal; and

WHEREAS, swift action is needed by the Common Council to approve the transaction in order for it to be eligible for Environmental Facilities Corporation (“EFC”) financing before the impact of federal budget cuts can be felt; and

WHEREAS, a referendum on the sale must be scheduled and approved by the electors of the City early next year before the transaction can be finalized; and

WHEREAS, the Buffalo Fiscal Stability Authority (“BFSA”) understands that this is a major action for the Common Council, but finds the concept is worthy of consideration; and

WHEREAS, while the BFSA supports swift action on this measure to keep it financially viable, the BFSA reserves the right to give final approval or disapproval of the proposal if it should reach the BFSA for approval,

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority urges the City of Buffalo Common Council to promptly approve the sale of the Buffalo Water System from the Buffalo Water Board to the Erie County Water Authority.

This Resolution shall take effect immediately.

Approved November 17, 2004

/S/ Richard Tobe
Secretary