

BUFFALO FISCAL STABILITY AUTHORITY

RESOLUTION NO. 05 - 04

FUNDING FOR FIREHOUSE RECONSTRUCTION

WHEREAS, as part of the City of Buffalo's Four Year Financial Plan, the City of Buffalo intends to reengineer and enhance the provision of fire protection services within the City; and

WHEREAS, such reengineering involves the building of new firehouses and expansion of an existing firehouse in certain parts of the City; closing other firehouses currently in use; and reducing the current staffing level of the Buffalo Fire Department (collectively, the "Fire Initiative"); and

WHEREAS, the City's Fire Initiative is a result of a comprehensive study prepared by independent consultants (MMA), released in October 2003; and

WHEREAS, the City's Fire Initiative is essential to provide savings included in the City's BFSA-approved Four-Year Financial Plan; and

WHEREAS, in order to achieve the planned savings, funds must immediately be encumbered for contracts related to the firehouse construction process in order to ensure that the new and expanded firehouses are fully completed by September 2005, at which time three existing firehouses are scheduled to close and the number of fire personnel reduced; and

WHEREAS, the cost for the construction and expansion of firehouses is estimated to be \$6.53 million; and

WHEREAS, the State of New York, by action of the State Legislature and Governor, has appropriated and paid \$20 million in one-time resources ("spin-up" funds) to the City of Buffalo for use in re-engineering the delivery of its services; and

WHEREAS, the State Comptroller agreed with such use, in his *Budget Review – City of Buffalo*, delivered May 2003, stating, "The ["spin-up"] funds should be applied to re-engineering efforts and other initiatives to assist the City in bringing recurring expenses in line with recurring revenues"; and

WHEREAS, the spin-up funds provided by the State represent a one-time, non-recurring resource, the use of such funds for the one-time cost of firehouse construction represents a fiscally sound allocation of the City's resources; and

WHEREAS, the suggested alternative resource for building firehouses is a capital bond sale, which would be more costly and add to the tax burden of City residents; and

WHEREAS, fiscal prudence demands, and the goal of reengineering in the City of Buffalo should be, provision of essential services as cost effectively and efficiently as possible; and

WHEREAS, the Buffalo Fiscal Stability Authority ("BFSA") finds that the use of \$6.53 million of the remaining \$8.47 million in spin-up funds for the building of firehouses is appropriate as an immediate and necessary step to implement the Fire Initiative in the approved City financial plan; and

WHEREAS, the Common Council has approved a plan to use an interfund loan to be repaid by Bond Anticipation Notes to finance the Fire Initiative; and

WHEREAS, BFSA approval is required prior to the issuance of such Bond Anticipation Notes, and

WHEREAS, BFSA deems it imprudent to borrow for firehouse construction when an adequate reserve is available to fund the cost without the added taxpayer expense of interest costs; and

WHEREAS, failure to immediately encumber spin up funds for firehouse construction jeopardizes the City's ability to move forward with the Fire Initiative and threatens the integrity of the BFSA-approved Four Year Financial Plan,

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority urges the City of Buffalo Common Council to reconsider using re-engineering funds to finance the Fire Initiative, or in the alternative, calls upon the Mayor of the City of Buffalo to prepare a modification of the Four Year Financial Plan to adjust for the loss of savings attributed to the removal of the Fire Initiative from the current Four Year Financial Plan.

This Resolution shall take effect immediately.

Approved January 26, 2005

/S/ Richard Tobe
Richard Tobe
Secretary