

**MINUTES**  
**Buffalo Fiscal Stability Authority**  
**May 16, 2006**

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The regular meeting of the Buffalo Fiscal Stability Authority (BFSA) was called to order at 1:14 PM on May 16, 2006, at the Buffalo & Erie County Central Public Library by Mr. Brian J. Lipke, Chairman of the Board. The meeting was convened by a Notice of Meeting sent to the Directors by Chairman Lipke and announced to the public and press.

**Directors Present:** Brown, Giambra, Giardino, Lipke, Stenhouse, Townsend & Wilmers

**Directors Absent (excused):** Faso

**Staff Present:** Johnson, McPherson, Miller, Mitchell, Mulawka, Stefko and Tocker

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**Opening Remarks:**

After welcoming all attendees, Chairman Lipke began the meeting by welcoming John Giardino, who was recently appointed to the Board by the Governor upon the joint recommendation of the Assembly Speaker and Temporary President of the State Senate.

Reviewing the day's agenda, Chairman Lipke stated that the meeting would include a summary presentation by two graduate students from the University of Buffalo on BFSA's 2006 Public Forum. He also explained that the proposed financial plans of the City of Buffalo, School District and other covered entities would also be discussed.

Chairman Lipke noted that this meeting would likely be the last for the out-going Commissioner of Administration, Finance and Urban Affairs, James Milroy, PhD. He thanked Dr. Milroy for his years of tireless and passionate service to the City.

The Chair requested a roll call of the Directors. Secretary Stenhouse confirmed that there was a quorum present and the meeting commenced.

**Approval of Minutes**

The Directors voted to approve Resolution 06-33 to ratify the April 12, 2006 Board Meeting Minutes and to ratify resolutions numbered 06-23 through 06-32.

Motion by Giambra, second by Wilmers, Vote 7-0 to take effect immediately

**RESOLUTION NO. 06 - 33**

APPROVING MINUTES AND RESOLUTIONS FROM APRIL 12, 2006

BE IT RESOLVED that the Buffalo Fiscal Stability Authority approves the minutes of its meeting of April 12, 2006 and ratifies and affirms ten resolutions numbered 06-23 through 06-32 that were approved on April 12, 2006.

**Appointment of BFSA Treasurer & Deputy Treasurer**

The Board voted to appoint Director Stenhouse as Treasurer to fill the position vacated by former Director H. Carl McCall. Additionally, the Board voted to designate Director Giardino as Deputy Treasurer.

Motion by Wilmers, second by Giambra, Vote 7-0 to take effect immediately

**RESOLUTION NO. 06 - 34**

APPOINTMENT OF TREASURER AND DEPUTY TREASURER

WHEREAS, Chapter 122 of the Laws of 2003, as amended, that created the Buffalo Fiscal Stability Authority (“BFSA”) designates that the Authority shall appoint a treasurer and officers and agents as it may require; and

WHEREAS, upon the resignation of H. Carl McCall from the BFSA Board of Directors, it is necessary to appoint someone else as Treasurer; and

WHEREAS, a major duty of the Treasurer is to be a signatory on BFSA bank accounts and other official documents; and

WHEREAS, in the event of the temporary absence, unavailability or vacancy in the Treasurer position, it may be useful to designate a Deputy Treasurer who would be empowered to sign in the place of the Treasurer;

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority does hereby appoint Richard Stenhouse as Treasurer to serve until the earlier of the expiration of his term as a director, his resignation, removal or death; and

BE IT FURTHER RESOLVED, that the Buffalo Fiscal Stability Authority does hereby appoint John Giardino as Deputy Treasurer to serve until his resignation, removal or death, fully authorized to act for and in the absence of the Treasurer; and

BE IT FINALLY RESOLVED, that Richard Stenhouse is hereby authorized to sign on behalf of the Buffalo Fiscal Stability Authority on all bank accounts maintained by the Authority as authorized by prior banking resolutions.

**Public Forum Report**

Executive Director Dorothy A. Johnson explained that the BFSA Act requires that an annual forum be held within ten days of the release of the City’s budget in order to allow for public comment on the budget. Additionally, this forum must be convened by an outside entity.

Ms. Johnson stated that the 2006 forum was facilitated by two University at Buffalo graduate students, Mr. Joseph P. Borgese and Ms. Monique Emdin. Due to the volunteer efforts of the students and the use of Council Chambers in City Hall, the cost of holding

the forum was significantly reduced as compared to previous years. Ms. Johnson requested that Mr. Borgese address the Board and summarize the findings. Due to a conflict, Ms. Emdin was unable to join Mr. Borgese. Approximately 40 citizens attended the forum and 8 provided oral comments. There were 8 written comments submitted to BFSA in the process.

Following Mr. Borgese's brief presentation, Chairman Lipke thanked the students for the time and effort they contributed. Public comments and questions are highly valued and he encouraged citizens to continue to submit these to BFSA. Ms. Johnson made a point to thank BFSA Senior Analyst Robert M. Tocker for his invaluable work facilitating the forum.

### **City of Buffalo**

#### ***Proposed Budget Modification***

Ms. Johnson introduced a budget modification for the City's 2005-06 budget to increase appropriations to address larger than expected fire overtime (\$2.1 million), a prior year's claim (\$1.9 million) and a RAN payment (\$2 million).

There was a considerable discussion regarding the \$1.9 million prior year claim. The claim involved arrears due to National Grid for street light electricity supply/delivery. Director Robert Wilmers expressed great concern that the City could be delinquent for three years without knowledge of it. Mayor Byron Brown added that he was concerned as well and noted that National Grid had waived any late fees. The City's Accountant and Director of Cash Management addressed the role of the City Comptroller's Office in ensuring that all bills are paid in a timely fashion. Chairman Lipke agreed with Director Wilmers that the failure to pay a bill of this magnitude, and the implications of such a failure was a significant issue that needed to be fully explored. Mayor Brown agreed that complete information on the issue should be provided to BFSA in advance of the next scheduled Board meeting.

Motion by Giambra, second by Brown, Vote 7-0 to take effect immediately.

### **RESOLUTION NO. 06 - 35**

#### **APPROVAL OF A MODIFICATION TO THE 2005-2006 BUDGET TO INCREASE THE CITY'S APPROPRIATION AND REVENUE AND EXPENDITURE ESTIMATES**

WHEREAS, on April 28, 2006 the Mayor of the City of Buffalo submitted a request for BFSA approval for modifications to the 2005-2006 fiscal year budget, and

WHEREAS, the 2005-2006 budget requires increased appropriations to address fire overtime by \$2.1 million, prior year claims by \$1.9 million and a RAN payment of \$2 million, and

WHEREAS, the modification that the Mayor requests will increase the City's revenue and expenditure estimates by \$6 million, and

WHEREAS, the additional funding will come from State spin-up aid that will be received in June 2006, and

NOW THEREFORE BE IT RESOLVED THAT, the Buffalo Fiscal Stability Authority approves the modification of the 2005-2006 Four-Year Financial Plan to increase the City's revenue and expenditure estimates by \$6 million as detailed in the Mayor's letter to BFSA dated April 28, 2006.

***City Budget/ Four-Year Plan Analysis***

Utilizing a Power-Point presentation, Ms. Johnson provided an overview of the City's 2006-07 proposed budget, and 2006-09 four-year plan. She made the following points:

- The City's proposed 2006-07 budget totals \$310.7 million (excluding transfers out of \$70 million to the School District and approximately \$30 million to capital debt service). The City is overwhelming dependant on State revenues; 53% of the proposed budget.
- State Aid for the City has tended to increase in recent years and while it may be reasonable to assume that the current level of aid will continue in the near future, there is no guarantee. The Financial Plan closes the baseline gaps with a series of initiatives and assumed new revenues (includes assumed increased State Aid).
- The City's major spending areas continue to be fringe benefits (includes health insurance and employee pensions), police and fire. Fringe benefits account for nearly 1/3 of the City's spending.
- Workforce costs account for 80% of the budget despite reductions in the number of City employees
- Excluding transfers, the proposed budget increases by nearly \$26 million or 9%. Excluding the Audit & Control Department, spending is up in every department. Much of this increase is embedded in areas that City is less able to control directly, specifically fringe benefits.
- Analysis of the proposed Four-Year Plan shows that baseline budget gaps continue to grow, up to nearly \$70 million in the fourth year of the plan (2009-10). The gap widens due to stagnant revenue projections and continually growing costs. It is projected assuming no additional state aid and a continued wage-freeze.
- The following are areas of concern with the proposed Budget and Financial Plan:
  - The rate of growth in the budget,
  - The risk of certain out-year actions,
  - The number of management actions,
  - The proposed increase in fire overtime,
  - The number of vacant positions,
  - The level of available fund balance,
  - A retiree health insurance initiative, and
  - The projected employment levels.

Director Wilmers expressed concern with the 9.7% increase in spending, which is 3.5 times the rate of inflation in 2005. Further, there is very little in the proposed budget to reduce costs by reengineering.

Mayor Brown expressed his satisfaction with the budget. In his opinion, the budget addresses economic development issues, helps to stabilize the population and the property tax base, and allows the City to be more responsive to the needs of businesses. Mayor Brown took on an optimistic tone, seeking to encourage economic development, hope and prosperity.

County Executive Joel Giambra felt financial conditions within the State threatened any growth in State Aid for the future. He sought greater operational efficiencies between the two largest local governments.

Mayor Brown invited Richard Tobe, Commissioner of Economic Development, Permits and Inspection Services, to speak about numerous economic development projects occurring or expect to occur in the City. Commissioner Tobe distributed a list of Development Projects in the City. He indicated that, while not all of these projects would proceed to completion, it was his belief that many of them would. It is based on this knowledge, that the City felt comfortable assuming a growth of property tax revenues in the final years of the financial plan.

Commissioner Milroy and Commissioner Lombardo spoke on the efforts to address and reduce IOD cases in the Fire Department. Vice-Chair Townsend expressed concern over the level of increased spending in firefighter overtime. Fire Commissioner Mike Lombardo addressed the Board briefly discussing minimum manning issues, and the need to fix the injured-on-duty (IOD) problems within the department. He indicated that the number of firefighters on IOD had declined from the 89 on January 1<sup>st</sup> of this year to 74 in May 2006; he continued that there were 55 on long-term disability in January, but 44 in May. Commissioner Lombardo indicated that he would work to lower these numbers even further but to do that he needed State law reform and changes in the current employee contracts. While he was developing a program to look at the current number of vacant buildings in the City, he felt that the staffing levels of the department were as low as the City could safely go.

Vice Chair Townsend stated that Fire Department IODs and overtimes are issues that BFSAs would like to study and discuss further. She recalled previous BFSAs studies had indicated that the other large New York upstate cities kept their IODs in the single digits and that the numbers in Buffalo were both out-of-line and unconscionable.

Chairman Lipke summed up the Board's comments on the budget and financial plan proposal by stating that reinvestment and cost-cutting must go hand-in-hand. He indicated BFSAs support for the reinvestment in the City and excited about the prospect of new development. However, he expressed concern about the reliability of projected revenue increases in the future and his concern that the progress toward financial plan balance not be put at risk. Finally, he reiterated that the City had not achieved fiscal

stability, and that, with the challenge of mushrooming health insurance costs, the City would need to be very selective in choosing investments that would enhance financial balance in the future.

### **Buffalo School District**

#### ***District Budget/ Four-Year Plan Analysis***

Utilizing a PowerPoint presentation, Ms. Johnson provided analysis of the District's proposed 2006-07 spending plan. She provided the following information:

- The proposed spending plan would be \$746.4 million; 62% is State assistance.
- Major revenue categories are essentially flat from 2005-06, although the City is allocating an additional \$2 million from the property tax.
- The biggest general fund spending area (42%) is for employees, second is the grants budget (20%).
- The spending plan totals \$746 million, a 7% increase from 2005-06. This increase in spending is converse to enrollment which is expected to decline to 35,000, a reduction of 4.6% from the prior year.
- Employee costs are \$445.6 million (60 percent) of the entire budget. Roughly 85% of the Grant Fund expenditures also go toward staff and their benefits.
- Without increases in new State Aid, the proposed financial plan includes drastic staff reductions to close budget gaps in the next four years.
- The District's financial plan includes three steps:
  - Staff Cuts totaling 1,064 by 2009-10,
  - Building Closures – 12 by 2009-10, and
  - Additional State Aid – the District assumes 2% annual growth in State Aid, growing to \$25.3M by 2009-10.

Superintendent James Williams addressed the BFSAs Board and acknowledged that the current financial plan would mean a further deterioration of the School District. He expressed hope that employees would meet with him to agree to the single health insurance provider that could close the \$16 million 2006-07 budget gap without the layoff of 200 additional employees.

### **Other Covered Entities**

#### ***BURA Budget/ Four-Year Plan Analysis***

Utilizing a PowerPoint presentation, Ms. Johnson provided analysis on the Buffalo Urban Renewal Agency's financial plan. She provided the following information:

- Total revenues are projected to be \$27 million, 13% lower than the prior year,
- The current year is projected to be in balance,
- The prior years' deficit is approx. \$2.7 million, a reduction of \$2.3 million from last year's estimate,
- The budget provides for 63 positions totaling \$2.4 million. Seven positions are eliminated (six retirements, one layoff) to accommodate reduced HUD grant funding.

**BMHA Update**

Ms. Johnson explained that the Buffalo Municipal Housing Authority (BMHA) was in a difficult financial condition, which could only be rectified through staffing and service cuts. BMHA cannot raise its rents and is at risk of losing \$6 million if it fails to be certified as compliant with the new project-based management system. Interim Executive Director Gillian Brown explained the history of Marine Drive Apartments and the current difficulties with the present management company at the facility.

**Contracts**

It was decided to take action on City, School District and BMHA contracts together. The BFSA Board collectively voted to approve the contract resolutions 06-36 through 06-38. Ms. Johnson corrected the first contract listed in Resolution. 06-36 to read \$248,000. Motion by Giambra, second by Brown. Vote 7-0 to be effective immediately.

**RESOLUTION NO. 06-36**

**AUTHORIZE CITY OF BUFFALO TO ENTER INTO FIVE CONTRACTS AND/OR OBLIGATIONS**

WHEREAS, Chapter 122 of the Laws of 2003 as amended by Chapter 86 of the Laws of 2004 permits the Buffalo Fiscal Stability Authority (“BFSA”) to review and approve or disapprove contracts or other obligations binding or purporting to bind the City or any covered organization; and

WHEREAS, Chapter 122 of the Laws of 2003 as amended by Chapter 86 of the Laws of 2004 permits the BFSA to review and approve or disapprove the terms of any proposed settlement of claims against the City or any covered organization in excess of \$50,000.00; and

WHEREAS, in order to carry out the mission of the BFSA, the BFSA will review contracts or other obligations in excess of \$50,000, though the BFSA Act provides no limit on contracts or obligations; and

WHEREAS, the BFSA will review contracts or other obligations in excess of \$50,000, but will require approval by the full BFSA Board when the contract or other obligation is valued at \$200,000 or more; and

WHEREAS, the Mayor and other City officials have submitted the contract and other obligations for approval at the May 16, 2006 meeting, and have signed the BFSA Remittance Approval Request Form (“RARF”) in which they indicate that there are sufficient funds available for such items; and

WHEREAS, BFSA Staff have reviewed such items and the RARF and recommend approval of such contracts; and

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority approve and authorize the City of Buffalo to enter into five (5) contract and/or obligations as listed below:

- |  |                |
|--|----------------|
| 1. U.S. Dept. of Housing & Urban Development – Economic Development Initiative (EDI) Program Grant | \$248,000.00   |
| 2. Crane Hogan Structural Systems, Inc. – parking ramp repair                                      | \$1,718,074.00 |
| 3. Scott Lawn and Yard, Inc. – 2006 tree trimming  | \$428,175.00   |
| 4. Compudyne – software maintenance renewal  | \$76,637.00    |
| 5. Malcolm Pirnie, Inc. – security upgrades  | \$208,000.00   |

### **RESOLUTION NO. 06-37**

#### **AUTHORIZE THE BUFFALO SCHOOL DISTRICT TO ENTER INTO FIVE CONTRACTS**

WHEREAS, Chapter 122 of the Laws of 2003 as amended by Chapter 86 of the Laws of 2004 permits the Buffalo Fiscal Stability Authority (“BFSA”) to review and approve or disapprove contracts or other obligations binding or purporting to bind the City or any covered organization; and

WHEREAS, Chapter 122 of the Laws of 2003 as amended by Chapter 86 of the Laws of 2004 permits the BFSA to review and approve or disapprove the terms of any proposed settlement of claims against the City or any covered organization including the School District in excess of \$50,000.00; and

WHEREAS, in order to carry out the mission of the BFSA, the BFSA will review contracts or other obligations in excess of \$50,000, though the BFSA Act provides no limitation for such items; and

WHEREAS, the BFSA will review contracts or other obligations in excess of \$50,000, but will require approval by the full BFSA Board when the contract or obligation is valued at \$200,000 or more; and

WHEREAS, School District officials submitted correspondence to BFSA in which they seek the approval of contracts, together with signed BFSA Remittance Approval Request Forms (“RARF”) in which they indicate that there are sufficient funds available for such contracts; and

WHEREAS, BFSA Staff have reviewed all contracts and the RARF and recommend approval of five contracts; and

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority approve and authorize the Buffalo School District to enter into five (5) contracts as listed below:

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|--|--------------|
| 1. Allied Waste – waste disposal   | \$325,000.00 |
| 2. Voyager Expanded Learning – literacy programming                        | \$787,226.00 |
| 3. Xerox – copier lease  | \$231,100.00 |
| 4. Wireless Gen & Alternative Information Systems – computers & software   | \$300,000.00 |
| 5. Depew Milk, Upstate Farms, Wendt Dairy & Sysco – juice & dairy products | \$625,000.00 |

**RESOLUTION NO. 06-38**

**AUTHORIZE BUFFALO MUNICIPAL HOUSING AUTHORITY TO ENTER INTO ONE CONTRACT AND/OR OBLIGATION**

WHEREAS, Chapter 122 of the Laws of 2003 as amended by Chapter 86 of the Laws of 2004 permits the Buffalo Fiscal Stability Authority (“BFSA”) to review or approve or disapprove contracts or other obligations binding or purporting to bind the City of Buffalo or any covered organization; and

WHEREAS, Chapter 122 of the Laws of 2003 as amended by Chapter 86 of the Laws of 2004 permits the BFSA to review and approve or disapprove the terms of any proposed settlement of claims against the City or any covered organization including the Buffalo Municipal Housing Authority in excess of \$50,000.00; and

WHEREAS, in order to carry out the mission of the BFSA, the BFSA will review contracts or other obligations in excess of \$50,000.00; and

WHEREAS, the BFSA will review contracts or other obligations in excess of \$50,000, but will require approval by the full BFSA Board when the contract or obligation is valued at \$200,000 or more; and

WHEREAS, Gillian Brown, Interim Executive Director of the Buffalo Municipal Housing Authority seeks the approval of one contract; and

WHEREAS, BFSA staff have reviewed the terms and recommend approval of the contract,

NOW THEREFORE BE IT RESOLVED, that the BFSA authorize the Buffalo Municipal Housing Authority to enter the contract listed below:

1. All State Development, Inc. – renovation of various low-rise buildings \$417,000

**Closing Remarks**

Chairman Lipke thanked all who attended the meeting. Having no further business, Chairman Lipke made a motion to adjourn, which was duly seconded unanimously. The meeting adjourned at 4:22 PM.