

## **BUFFALO FISCAL STABILITY AUTHORITY**

### **Resolution No. 06 - 40**

#### **APPROVAL OF CITY OF BUFFALO REVISED FOUR YEAR FINANCIAL PLAN**

WHEREAS, Chapter 122 of the laws of 2003 as amended by Chapter 86 of the laws of 2004 requires the City of Buffalo to submit a four-year financial plan that includes the City of Buffalo, the Buffalo Public School District, the Buffalo Municipal Housing Authority (“BMHA”) and the Buffalo Urban Renewal Agency (“BURA”) and the Mayor’s proposed City budget to the Buffalo Fiscal Stability Authority (“BFSA”) not later than the date required for submission of the budget to the Common Council as set by the City Charter, and

WHEREAS, the City of Buffalo submitted a Four Year Financial Plan and proposed City budget on May 1, 2006 to the BFSA, and

WHEREAS, the BFSA engaged two University at Buffalo graduate students to seek public input and comment relating to the City’s and/or any covered entities financial plan, and.

WHEREAS, the students held an evening public comment session on Thursday, May 4, 2006, and

WHEREAS, the City of Buffalo, Buffalo Public Schools, the Buffalo Municipal Housing Authority and the Buffalo Urban Renewal Agency presented the Budget and Four Year Plan to the BFSA at a BFSA Board meeting on May 16, 2006, and

WHEREAS, the students presented a report to the BFSA at a Board meeting on May 16, 2006 reporting on the public comments received in connection with the public comment session held on May 4, 2006, and

WHEREAS, at the May 16 BFSA Board meeting, a number of questions were raised with respect to the role of increased expenditures in the Mayor’s Budget and the uncertainty of increased revenues in the Four-Year Financial Plan, and

WHEREAS, the Buffalo Common Council acted to modify and approve the proposed budget on May 18, 2006 and such modified and approved budget did not address the concerns raised by the BFSA on May 16, 2006, and

WHEREAS, in a submission dated May 24, 2006, the City of Buffalo revised its Four-Year Financial Plan (“Revised Buffalo Plan”) to reflect amendments made by the Common Council and to address issues raised by BFSA, and

WHEREAS, staff from the BFSA and the City of Buffalo have met to exchange views regarding the levels of risk for initiatives contained in the Revised Buffalo Plan and the increased spending level, and

WHEREAS, the Mayor's Revised Budget dated May 24, 2006 established freeze accounts under BFSA control for the following items to address the rate of increased expenditures in the adopted budget:

1. \$8.5 million in capital outlay spending
2. \$1.7 million in elimination of funded vacancies
3. \$1.3 million in utility savings
4. \$0.7 million in fire overtime savings and

WHEREAS, the Revised Four Year Plan for the City of Buffalo established a range of alternative actions and strategies, should anticipated revenues in the Four Year Plan fail to materialize, as follows:

1. Use of additional fund balance
2. Reduction of capital outlay spending
3. Workforce attrition
4. Not filling funded vacancies
5. A new firefighter class to generate overtime savings
6. A small increase in revenue assumptions due to new development and

WHEREAS BFSA has received a Certificate from the Mayor that indicates that the budget submitted with the Complete Plan is consistent with the City of Buffalo's Revised Four Year Financial Plan and that the City of Buffalo operations within that budget are feasible as required by Section 3857(2)(a) of the Public Authorities Law, and

WHEREAS, BFSA determined that the Buffalo School District and BURA had provided Plans that substantially comply with the BFSA Act, while BMHA's Plan will need to be revised once it receives additional information from the United States Department of Housing and Urban Development (HUD), and

WHEREAS, notwithstanding the risks and increases therein, the Revised Buffalo Plan was a balanced document; and

WHEREAS, BFSA staff has reviewed the Revised Budget and Four Year Plan for the City of Buffalo dated May 24, 2006 and reported that it complies with the requirements of the BFSA Act and recommends that the BFSA approve the plan, despite its ongoing concern with the rate of growth in expenditures,

NOW THEREFORE BE IT RESOLVED THAT, the Buffalo Fiscal Stability Authority determines that the City of Buffalo Four Year Financial Plan is complete, complies with the standards set forth in Sections 3857 and 3858 of the Buffalo Fiscal Stability Authority Act, and is hereby approved.

AND BE IT FURTHER RESOLVED THAT, the Buffalo Fiscal Stability Authority hereby certifies the revenue estimates in the Financial Plan Modification submitted to the BFSA by the

City on May 24, 2006 and those submitted separately by the School District and other Covered Organizations.

AND BE IT FURTHER RESOLVED THAT, funds set aside in the freeze adjustment accounts for utilities, fire overtime, capital outlay and personal services shall require written Buffalo Fiscal Stability Authority authorization prior to their use.

AND BE IT FURTHER RESOLVED THAT, the Buffalo Municipal Housing Authority budget and financial plan is approved conditionally as the BMHA Board of Commissioners has not yet approved the budget and financial plan that has been submitted to the United States Department of Housing and Urban Development, which, similarly, has not approved the plan. As a result, the amount of anticipated subsidy has not yet been determined by HUD. Therefore, the BMHA budget and financial plan, as hereby conditionally approved shall be reviewed for potential modification at the next Buffalo Fiscal Stability Authority meeting.

AND BE IT FURTHER RESOLVED THAT, the hiring freeze imposed on December 10, 2003 in Resolution No. 03-70 on the City and on January 21, 2005 in Resolution No. 05-08 on the Buffalo Municipal Housing Authority and the wage freeze imposed on April 21, 2004 in Resolution No. 04-35 are essential to the maintenance of a balanced budget and four-year financial plan as proposed, adopted and modified by the City, and as such, shall continue to be in effect.

AND BE IT FINALLY RESOLVED THAT, notwithstanding the dollar figures presented in the 2006-2007 Budget, no wage or salary adjustments shall be deemed authorized until acknowledged and approved separately by the Buffalo Fiscal Stability Authority.

This resolution shall take effect immediately.

Approved June 6, 2006

/S/ Rev. Richard A. Stenhouse.

Rev. Richard A. Stenhouse, Secretary