

**BUFFALO FISCAL STABILITY AUTHORITY**  
**Meeting Minutes**  
**September 23, 2019**

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The following are the minutes from the meeting of the Buffalo Fiscal Stability Authority (the “BFSA” or the “Authority”) held on Monday, September 23, 2019, in the first-floor conference room of the Buffalo Market Arcade Complex. The meeting was called to order at 1:11 P.M.

**Board Members Present**

Chair R. Nils Olsen, Jr.  
Secretary George K. Arthur  
Director Frederick G. Floss  
Director Dottie Gallagher  
Mayor Byron W. Brown (proxy Estrich)

**Board Member(s) Excused**

Interim Vice-Chair Jeanette T. Jurasek  
County Executive Mark C. Poloncarz

**Staff Present**

Executive Director Jeanette M. Robe  
Principal Analyst/Media Liaison Bryce E. Link  
Senior Analyst II/Manager of Technology Nathan D. Miller  
Administrative Assistant Nikita M. Fortune

**Additionally Present**

Mr. Richard A. Grimm, III, Esq., Magavern Magavern & Grimm LLP  
Ms. Sara Dayton, Audit Partner, Lumsden & McCormick, LLP  
Ms. Mary Scarpine, Director of Labor Relations, City of Buffalo

**Opening Remarks**

Chair Olsen welcomed everyone to the meeting and reviewed the agenda. The Audit, Finance and Budget Committee met earlier and recommended that the full Board approve the draft BFSA 2019 audited financial statements as prepared by Lumsden & McCormick, LLP as well as the 2019 BFSA Annual Report.

The Governance Committee also met and compiled a summary of the Directors’ self-evaluation to be forwarded to the New York State Authorities Budget Office. A copy of the final summary will be emailed to the Board.

Chair Olsen asked the Directors to review the proposed 2020 Board meeting calendar for any possible conflicts to avoid any quorum issues and to inform Executive Director Robe as necessary. The final schedule will be distributed at the December Board meeting.

**Roll Call**

Chair Olsen asked Secretary Arthur to call the roll; a quorum being present the meeting commenced.

City of Buffalo Commissioner of Finance, Administration, Policy and Urban Affairs, Ms. Donna Estrich, represented Mayor Byron W. Brown, in accordance with Subdivision 1 of §3853 of the BFSA Act.

Subdivision 1 of §3853 of the BFSA Act reads: "...The Mayor and the County Executive shall serve as ex officio members. Every director, who is otherwise an elected official of the City or County, shall be entitled to designate a single representative to attend, in his or her place, meetings of the Authority and to vote or otherwise act in his or her behalf. Such designees shall be residents of the City of Buffalo. Written notice of such designation shall be furnished prior to any participation by the signal designee...."

### **Approval of Minutes**

Chair Olsen advanced the agenda to introduce Resolution No. 19-22: "Approval of July 29, 2019 Meeting Minutes," and asked for a motion to approve.

Director Floss made a motion to approve the resolution.

Secretary Arthur seconded the motion.

The Board voted 5-0 to approve Resolution No. 19-22.

### **BFSA Business**

#### *BFSA Fiscal Year ("FY") 2019 Independent Audit and 2019 Annual Report*

Chair Olsen advanced the agenda and stated that the Audit, Finance and Budget Committee approved a motion to forward the FY 2018-19 Independent Audit to the full Board with a recommendation to approve. He introduced Resolution No. 19-24, "Approve Independent Audit Report & Annual Report for Fiscal Year 2018-19." The 2019 BFSA Annual Report was additionally reviewed during the Audit, Finance and Budget Committee. The Committee recommended Board approval of the item and delegated the Chair, Interim Vice-Chair, Executive Director, and Comptroller to make any necessary changes for accuracy and completion. Ms. Sara Dayton was present to answer questions of the Board. Chair Olsen thanked Ms. Dayton for staying and, hearing no questions, he requested a motion to approve the resolution.

Director Gallagher made a motion to approve the resolution.

Secretary Arthur seconded the motion.

The Board voted 5 to 0 to approve the motion.

Director Floss thanked the BFSA staff for their hard work and stated the annual reports aid the Board in being able to project future costs.

### **City of Buffalo ("City")**

#### *Proposed Labor Agreement with the American Federation of State, County and Municipal Employees ("AFSCME"), AFL-CIO, Local 650*

Chair Olsen advanced the agenda to review the proposed labor agreement with the City of Buffalo and AFSCME Local 650 (“Local 650”) representing white-collar employees. Chair Olsen noted that the BFSA report on the labor agreement was in the Board book under Tab 5. The City’s proposed modified financial plan was provided in the Board book, with the understanding that a final modified financial plan will be submitted for review and comment concurrently with the submission of the anticipated contract with the blue-collar union. Chair Olsen asked Mr. Bryce Link to review the contract.

Mr. Link thanked the Board for the opportunity to present and provided the following background information on the proposed labor agreement:

- The previous CBA expired June 30, 2019
- The current CBA covers a five-year period from July 1, 2019 through June 30, 2024
  - The Memorandum of Agreement (“MOA”) extends one year beyond the current 2020-2023 Financial Plan
- 463 budgeted positions in the General Fund & 39 budgeted in the Enterprise Funds
  - Covers multiple titles including: Clerks, Report Technicians, Accountants, Corporation Counsel and Engineers
  - In the General Fund the vacancy rate at July 1, 2019 is 12.1% = 56 Full-Time Equivalents (“FTE’s)
- Employees are funded in the General Fund, Water Enterprise Fund and the Solid Waste and Recycling Enterprise Fund
- Approved by membership on July 12, 2019 with a vote of 277 to 7
- MOA also impacts appointed exempted employees per the City Charter
  - 153 positions budgeted, excluding fire and police exempted employees
  - 147 positions filled at July 1, 2019 on an all funds basis
- New salary schedule effective July 1, 2019
  - Payments will be made to those who left service between July 1, 2019 and final ratification of the MOA

The following table provides a snapshot of the number of employees per pension tier on an all funds basis, including their average age and average years of service:

<u>Local 650</u> <u>Employees -</u> <u>General Fund &amp;</u> <u>Enterprise Funds</u>	<u>#</u> <u>Employees</u> <u>in Tier</u>	<u>% of Current</u> <u>Members</u>	<u>Average</u> <u>Age of</u> <u>Employees</u>	<u>Average</u> <u>Years of</u> <u>Service</u>	<u>Tier Years</u>
Tier 1	<u>3</u>	<u>0.7%</u>	<u>68.9</u>	<u>34.2</u>	<u>&gt; 7/31/1973</u>
Tier 2	<u>0</u>	<u>0.0%</u>	<u>0.0</u>	<u>0.0</u>	<u>7/31/1973 - 7/26/1976</u>
Tier 3	<u>17</u>	<u>3.9%</u>	<u>61.4</u>	<u>24.9</u>	<u>7/27/1976 - 8/31/1983</u>
Tier 4	<u>239</u>	<u>54.3%</u>	<u>52.3</u>	<u>18.7</u>	<u>9/1/83 - 12/31/09</u>
Tier 5	<u>33</u>	<u>7.5%</u>	<u>46.8</u>	<u>6.7</u>	<u>1/1/2010 - 3/31/2012</u>
Tier 6	<u>148</u>	<u>33.6%</u>	<u>39.9</u>	<u>3.1</u>	<u>4/1/2012 - ongoing</u>
<b><u>TOTAL</u></b>	<b><u>440</u></b>	<b><u>100.0%</u></b>	<b><u>44.9</u></b>	<b><u>14.6</u></b>	<b><u>Avg. age and years of service</u></b>

Membership in Tier 6 will increase with new hires as more people retire which will reduce the City’s long-term pension costs. To date, there are 29 employees eligible for retirement with at least thirty years of service and minimum age of fifty-five.

Wage & Benefits Agreement Changes:

- Annual 2.0% salary increases on July 1, 2019, 2020, 2021, and 2022
- 3.0% salary increase on July 1, 2023
- Total increase over five years = 11.5%
  - Average annual increase = 2.3%
  - Comprehensive average growth rate = 2.2%
- Longevity payments are increased by \$300
- Flexible spending 105(h) plan increased by \$250/year
- One additional personal leave day maintained
- Health insurance – generic mandate for prescription, similar to the firefighters’ most recent contract

The following selected salary increases will be effective between 7/1/19 and 7/1/23:

<i>Effective Date Increase</i>	<i>Acct.</i>	<b>Top Step</b>		<b>Average Salary</b>	
		<i>Clerk-Typist</i>	<i>Report Tech</i>	<i>Local 650</i>	<i>Exempt</i>
<b>Current Salary</b>	-	\$41,560	\$42,818	\$53,718	\$72,375
July 1, 2019-June 30, 2020	2%	\$42,391	\$43,674	\$54,792	\$73,823
July 1, 2020-June 30, 2021	2%	\$43,239	\$44,548	\$55,888	\$75,299
July 1, 2021-June 30, 2022	2%	\$44,104	\$45,439	\$57,006	\$76,805
July 1, 2022-June 30, 2023	2%	\$44,986	\$46,348	\$58,146	\$78,341
July 1, 2023-June 30, 2024	3%	\$46,335	\$47,738	\$59,890	\$80,691

The titles of account clerk-typist and report tech represent approximately 47% of Local 650 employees. It was noted there is an approximate \$10,000 difference between step 1 and top step.

Prescription Drug Coverage – Active Employees

- Prescription Drug Coverage – employees are required to utilize generic prescription drugs when available on all new prescriptions after January 1, 2020. Provision extends to employees who retire after January 1, 2020.
- Employees who select non-generic brand will pay the difference in retail cost and the name-brand co-pay
- Generic maintenance medication will be dispensed in 90-day supplies through the mail

Secretary Arthur asked if a 90-day mail supply is mandatory as it would take away from the local economy. Ms. Estrich stated this method does provide a cost savings for the City. She also stated an opportunity is provided to pick up the prescription from a local pharmacist if a delivery issue arises. Director Floss, Chair Olsen and Director Gallagher all agreed that this has become standard in contracts. Ms. Mary Scarpine, Director of Labor Relations, City of Buffalo, addressed the Director’s concerns stating prescription maintenance by mail is more convenient and precautions are taken to insure reliable delivery of medications.

- If no generic equivalent is available, members pay only the indicated co-pay
- Clarifying language added to this contract to define “newly prescribed” medication

Unchanged Health Insurance Terms – Active Employees

- Employees hired prior to July 1, 2008 contribute 0% if they select POS 204, POS 206 or Blue 7200
  - If they select either the POS 201 or POS 901 plan, they are required to pay the cost difference between the selected plan and POS 204 plan
- Employees hired after July 1, 2008 contribute 25% for a single plan or 15% for a family plan
  - Can choose only the POS 204, POS 206 or Blue 7200 plan

Director Floss stated his standard objection to the contribution rate for single plans being higher than family plans.

Mr. Link stated exempt employees only contribute if POS 201 or POS 901 is selected, otherwise there is no required contribution from exempt employees. Chair Olsen stated the best situation for the City is that every employee participates in funding their insurance coverage. Director Floss requested Ms. Robe draft a formal letter to the City Administration recommending an exempt employee contribution towards the cost of healthcare coverage.

Health insurance rates by plan type for FY 2019-20 were reviewed. Director Floss noted for the record the plan rates are very competitive as compared to the national average.

Employee contributions by plan for FY 2019-20 were reviewed. Director Floss asked how many employees are not paying anything towards their health coverage. Mr. Link stated the number of employees in the pool is decreasing. He will research the exact number.

Retiree Health Care Contributions:

Mr. Link stated that there have been no changes to the eligibility requirements to receive health insurance in retirement, with those changes being implemented under the previous MOA in 2015. Health insurance terms for retirees:

- Employees hired prior to 7/1/08:
  - 20+ years of service, 0% employee contribution for single or family coverage
  - Between 15 and 20 years of service, 10% employee contribution for single or family coverage
  - Between 10 and 15 years of service, 20% employee contribution for single or family coverage
- Employees hired between 7/1/08 and 3/1/15:
  - 20+ years of service, 15% employee contribution for family coverage, 25% contribution for single coverage
  - Between 15 and 20 years of service, 25% employee contribution for family coverage, 35% contribution for single coverage
  - Between 10 and 15 years of service, 35% employee contribution for family coverage, 45% contribution for single coverage
- Employees with less than 10 years service are ineligible
- Employees hired after 3/1/15 are not eligible for retiree health coverage.

Additional Provisions Modified by Proposed MOA

- Extended health insurance to surviving spouse and/or eligible dependents if death of active member during service, for up to 18-months
- Timekeeping System – The City has the right to implement a new timekeeping system and employees are required to sign in and out of work
- Discipline and Discharge – enhanced language:
  - For alleged criminal conduct arising out of employment
    - Determination at discretion of department head
  - No limitation on suspension without pay
  - Crime = misdemeanor or felony

Key Provisions Unmodified by Proposed MOA

- Paid Time-Off
  - Vacation time: 10-25 days/year depending on date of hire and years of service
  - Holidays: 13 days/year
  - Sick leave accrual and ability to sell back sick time at retirement
    - After one year of service = 15 days/year
    - Sell back – at retirement or death
    - 200 days at 2:5 ratio
    - Perfect attendance = 1.25 days for each 3-month credit
- Residency – There is no change to residency requirement

Financial Impact on General Fund for FY 2019-20 through FY 2023-24

	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>Total Four-Year</u>	<u>2023-24</u>	<u>5-Year Total</u>
	<u>2%</u>	<u>2%</u>	<u>2%</u>	<u>2%</u>	<u>Financial Plan</u>	<u>3%</u>	<u>Financial</u>
					<u>Impact</u>		<u>Impact</u>
<b>Local 650</b>							
Salary Increase	\$ 493,162	\$ 996,187	\$ 1,509,273	\$ 2,032,620	\$ 5,031,242	\$ 2,833,342	\$ 7,864,584
Longevity Increase	138,900	138,900	138,900	138,900	555,600	138,900	694,500
FICA - 7.65%	48,353	86,834	126,085	166,121	427,393	227,376	654,770
Pension - 14.6%	92,281	165,723	240,633	317,042	815,679	433,947	1,249,626
105(h) increase	99,500	99,500	99,500	99,500	398,000	99,500	497,500
<b>Subtotal</b>	<b>\$ 872,196</b>	<b>\$ 1,487,144</b>	<b>\$ 2,114,391</b>	<b>\$ 2,754,183</b>	<b>\$ 7,227,914</b>	<b>\$ 3,733,065</b>	<b>\$ 10,960,980</b>
<b>Exempted Employees</b>							
Salary Increase	\$ 216,752	\$ 437,839	\$ 663,348	\$ 893,368	\$ 2,211,307	\$ 1,245,297	\$ 3,456,604
Longevity Increase	45,000	45,000	45,000	45,000	180,000	45,000	225,000
FICA - 7.65%	20,024	36,937	54,189	71,785	182,935	98,708	281,643
Pension - 14.6%	38,216	70,495	103,419	137,002	349,131	188,383	537,514
105(h) increase	33,500	33,500	33,500	33,500	134,000	33,500	167,500
<b>Subtotal</b>	<b>\$ 353,492</b>	<b>\$ 623,771</b>	<b>\$ 899,456</b>	<b>\$ 1,180,654</b>	<b>\$ 3,057,373</b>	<b>\$ 1,610,888</b>	<b>\$ 4,668,261</b>
<b>Total</b>	<b>\$ 1,225,688</b>	<b>\$ 2,110,915</b>	<b>\$ 3,013,847</b>	<b>\$ 3,934,838</b>	<b>\$ 10,285,288</b>	<b>\$ 5,343,953</b>	<b>\$ 15,629,241</b>

Director Floss asked how the pension rate was determined. Mr. Link responded he used the long-term rate released by the State Comptroller in the beginning of September. He noted the rate should continually decrease with the influx of new employees entering the pension plan in Tier 6.

Mr. Link provided the following information regarding the funding of the MOA in the General Fund:

- Year 1 - \$1.1 M through the salary adjustment line
- Year 2 - \$1.8 M through the salary adjustment line, \$0.2 M through budgeted departmental increase
- Year 3 - \$1.4 M through the salary adjustment line, \$0.7 M through budgeted departmental increase, \$0.2 M through reallocation of assessment revaluation funds, and \$0.6 M from health care savings which is realized through the new prescription services plan
- Year 4 - \$1.3 M through the salary adjustment line, \$0.6 M through budgeted departmental increase, \$0.2 M through reallocation of assessment revaluation funds, and \$1.8 M from health care savings

*Financial Impact on Water Enterprise Fund for FY 2019-20 through 2023-24*

	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>Total Four-Year</u> <u>Financial Plan</u>	<u>2023-24</u>	<u>5-Year Total</u> <u>Financial</u>
	<u>2%</u>	<u>2%</u>	<u>2%</u>	<u>2%</u>	<u>Impact</u>	<u>3%</u>	<u>Impact</u>
<b>Local 650</b>							
Salary Increase	\$ 36,487	\$ 73,703	\$ 111,664	\$ 150,384	\$ 372,237	\$ 209,625	\$ 581,862
Longevity Increase	10,800	10,800	10,800	10,800	43,200	10,800	54,000
FICA - 7.65%	3,617	6,464	9,368	12,331	31,781	16,863	48,643
Pension - 14.6%	6,904	12,337	17,880	23,533	60,654	32,182	92,836
105(h) increase	9,000	9,000	9,000	9,000	36,000	9,000	45,000
<b>Total</b>	<b>\$ 66,808</b>	<b>\$ 112,305</b>	<b>\$ 158,712</b>	<b>\$ 206,047</b>	<b>\$ 543,871</b>	<b>\$ 278,470</b>	<b>\$ 822,341</b>

Mr. Link provided the following information regarding the funding of the MOA on the Water Enterprise Fund:

- Year 1 - \$67,000 through the salary adjustment line
- Year 2 - \$8,000 through the salary adjustment line, \$104,000 through budgeted increase
- Year 3 - \$159,000 through budgeted increase
- Year 4 - \$206,000 through budgeted increase
- If necessary, the City can increase rates to cover the increased costs of the MOA for the Water Enterprise Fund

*Financial Impact on Solid Waste Enterprise Fund for FY 2019-20 through 2023-24*

	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>Total Four-Year</u> <u>Financial Plan</u>	<u>2023-24</u>	<u>5-Year Total</u> <u>Financial</u> <u>Impact</u>
	<u>2%</u>	<u>2%</u>	<u>2%</u>	<u>2%</u>	<u>Impact</u>	<u>3%</u>	<u>Impact</u>
<b>Local 650</b>							
Salary Increase	\$ 3,766	\$ 7,607	\$ 11,525	\$ 15,521	\$ 38,419	\$ 21,635	\$ 60,054
Longevity Increase	900	900	900	900	3,600	900	4,500
FICA - 7.65%	357	651	951	1,256	3,214	1,724	4,938
Pension - 14.6%	681	1,242	1,814	2,397	6,135	3,290	9,425
105(h) increase	750	750	750	750	3,000	750	3,750
<b>Subtotal</b>	<b>\$ 6,454</b>	<b>\$ 11,150</b>	<b>\$ 15,939</b>	<b>\$ 20,825</b>	<b>\$ 54,368</b>	<b>\$ 28,300</b>	<b>\$ 82,668</b>
<b>Exempted Employees</b>							
Salary Increase	\$ 1,611	\$ 3,254	\$ 4,930	\$ 6,639	\$ 16,434	\$ 9,255	\$ 25,689
Longevity Increase	300	300	300	300	1,200	300	1,500
FICA - 7.65%	146	272	400	531	1,349	731	2,080
Pension - 14.6%	279	519	764	1,013	2,575	1,395	3,970
105(h) increase	250	250	250	250	1,000	250	1,250
<b>Subtotal</b>	<b>\$ 2,586</b>	<b>\$ 4,595</b>	<b>\$ 6,644</b>	<b>\$ 8,733</b>	<b>\$ 22,558</b>	<b>\$ 11,931</b>	<b>\$ 34,488</b>
<b>Total</b>	<b>\$ 9,040</b>	<b>\$ 15,744</b>	<b>\$ 22,583</b>	<b>\$ 29,558</b>	<b>\$ 76,925</b>	<b>\$ 40,230</b>	<b>\$ 117,156</b>

Mr. Link provided following information regarding the funding of the MOA on the Solid Waste Enterprise Fund:

- Year 1 - \$9,000 through the salary adjustment line
- Year 2 - \$15,700 through the salary adjustment line
- Year 3 - \$22,600 through the salary adjustment line
- Year 4 - \$29,600 through the salary adjustment line

Recommendations and Conclusions:

Ms. Robe thanked Mr. Link for his presentation and provided the following summary:

- The City's 2020-2023 Financial Plan as submitted this past June 2019 is balanced with the inclusion of uncertain revenues and additionally there are no reserves available for budgeting purposes.
- The Financial Plan does not include a provision for replenishing fund balance.
- While this contract appears to be affordable after consideration of the draft modified financial plan, the pressure on the City's ability to maintain a balanced budget must be emphasized.
- Additionally, if the increased rates that went into effect on July 1, 2019 for refuse services are not sufficient for the Solid Waste and Recycling Fund to be able to pay the incremental costs, these will ultimately be subsidized by the General Fund.
- The MOA provides predictability of white-collar and exempted employee costs through the end of the financial plan at June 30, 2023 and one additional year
- Incremental costs of this contract have been prospectively funded over the 2020-2023 Financial Plan through:
  - estimated wage increases of 2% annually
  - additional funding for the settlement of all labor contracts (i.e., salary adjustment line)
  - the identification of resources that will be redesignated in the out-years of the Financial Plan
- A final modified 2020-2023 Financial Plan will be submitted by the Mayor to Common Council upon finalization with plans to include the blue-collar contract which is currently being negotiated



- There are no significant changes to healthcare for active members outside of the generic mandate
- All employees hired prior to July 1, 2008 continue to not contribute towards health insurance
- The financial analysis excluded savings from the shift to the use of generic prescriptions as the estimate was difficult to predict but it is expected to provide savings to the City.

Director Floss commended the City and union for working together to consistently contain costs and noted eventually starting salary steps may be too low, especially in light of the increasing hourly wage rates, creating pressure on the City to reevaluate starting salaries to remain competitive with hourly wage industries.

Chair Olsen noted the receipt of funds from arbitration with the Seneca Nation of Indians will provide funds to replenish fund balance as there is a concern about the lack of additional reserves. The ability to increase taxes over time is now an option unlike in past years. Ms. Estrich stated the State has committed to provide \$7.5M of the outstanding \$17.0M leaving a balance of almost \$10.0M.

Hearing no additional comments from the Board, Chair Olsen asked for a motion to approve the report as final.

Secretary Arthur made the motion as requested.

Director Floss seconded the motion.

The Board voted 5 to 0 to approve.

Chair Olsen extended the floor to any union representatives that wished to address the Board. Mr. Rick Bartolotta, President, AFSCME Local 650 expressed his gratitude for the amicable negotiation process with the City.

### **BFSA Business**

Chair Olsen advanced the agenda to recognize the resignation of Director Gallagher effective September 24, 2019 and acknowledged her contributions to the Board. Director Gallagher thanked the Board for the opportunity to serve. Chair Olsen stressed the need for an appropriate replacement within a reasonable timeframe.

The resolution was approved by acclamation.

### **City of Buffalo**

#### *2019 Update to Analysis of Property Tax Exemptions*

Chair Olsen advanced the agenda to review the City's property tax exemptions as based on the final 2019-20 assessment roll to be presented by Mr. Link.

Mr. Link began his presentation with the following summary of exemptions, based on non-equalized values:

Summary of Exemptions							
Fiscal Year 2010-11 Compared to Fiscal Year 2019-20							
Exempt Property Category	2019-20 Assesment (Non-Equalized)		2010-11 Assesment (Non-Equalized)		Change		
	\$	%	\$	%	\$	%	
<b>Government</b>	\$ 1,840,370,958	40.2%	\$ 1,601,963,916	34.8%	\$ 238,407,042	14.9%	
<b>Not-for-Profit</b>	\$ 1,147,697,913	25.1%	\$ 931,376,566	20.2%	\$ 216,321,347	23.2%	
<b>Residential</b>	\$ 645,822,812	14.1%	\$ 1,113,891,424	24.2%	\$ (468,068,612)	-42.0%	
<b>Economic Development</b>	\$ 706,481,420	15.4%	\$ 752,036,862	16.3%	\$ (45,555,442)	-6.1%	
<b>Housing and All Other</b>	\$ 236,936,570	5.2%	\$ 203,107,323	4.4%	\$ 33,829,247	16.7%	
<b>Total Exemptions</b>	<b>\$ 4,577,309,672</b>	<b>100.0%</b>	<b>\$ 4,602,376,091</b>	<b>100.0%</b>	<b>\$ (25,066,419)</b>	<b>-0.5%</b>	
<b>Total Assessed Value</b>	<b>\$ 10,707,253,000</b>		<b>\$ 10,064,558,090</b>		<b>\$ 642,694,910</b>	<b>6.4%</b>	
<b>% of Property Exempt</b>	<b>42.75%</b>		<b>45.73%</b>				

The percentage of exempt properties decreased by \$25.0M between FY 2010-11 and FY 2019-20. Government is the largest exempt category at \$1.8B, or 40.2% of total exemptions. Comparatively, 47.17% of property was exempt in FY 2005-06 and the number of exempt properties has steadily decreased over the past fourteen years. The School Tax Relief (“STAR”) program was modified in FY 2013-14 which reduced the number of qualified exemptions at the local level; however, if the City was still used as a passthrough for the STAR program, exemptions would be approximately 3% higher.

Statistics on total assessed value, equalized value, exemptions and payments-in-lieu-of taxes for the City of Buffalo as compared to the other large cities in New York State were discussed.

Ms. Estrich stated the City anticipates an equalization rate of approximately 90% at the conclusion of the 2019 reassessment.

Director Floss noted the size of the City of Buffalo and the cost of required City services as compared to the PILOTs received does not appear to be balanced and therefore places a burden on the City to subsidize surrounding governments that benefit from the provided City services. Director Gallagher stated fewer PILOTs indicate the City has given out fewer incentives and stated the City has been incredibly strategic in its use of incentives which in turn has caused property values in the City to increase. Ms. Estrich stated another method used to encourage development in the City is tax incremental financing to aid in paying for infrastructure costs. Chair Olsen noted the concern of the sprawl of the University of Buffalo Medical Campus which requires infrastructure and maintenance from the City. New York State needs to find ways to help alleviate the financial strain the City absorbs. The City needs to pursue reimbursement for the services it provides to exempt/governmental entities.

Chair Olsen asked that the property reevaluation, especially the negative aspects of it, be addressed at the next Board meeting. This request received consensus from other board members.

Director Gallagher exited the meeting at 2:15P.M.

Mr. Link discussed significant changes to property tax exemptions between FY 2011 and FY 2020.

- Total assessed property value for FY 2020 was \$10.7 billion, an increase of \$642.7 M or 6.4%, from \$10.1 billion in FY 2011
- Total property exemptions decreased by \$25.1 M over that same period. Significant changes include:
  - A decrease in residential exemptions in the amount of \$468.1 M
  - An increase in government exemptions in the amount of \$238.4 M
  - An increase in non-for-profit exemptions in the amount of \$216.3 M
- Residential exemptions decreased by \$468.1 M due to changes in the administration of the STAR program pursuant to NYS law. Property owners with property sales closed on or after December 1, 2014 register directly with NYS and basic and enhanced STAR credits are provided directly to qualified homeowners. Value of the impact of this change is a decrease in residential exemptions in the amount \$391.2 M
- All other residential exemptions decreased by \$76.9 M, and include decreases to veterans exemptions of \$30.4 M and senior citizen exemptions of \$44.2 M.
- Not-for-profit exemptions increased by \$216.3 M. Large fluctuations included an addition of \$135.0 M for charitable organizations primarily related to \$134.0 M for Fort Schulyer Management for the SolarCity property at 1207 South Park, an increase of \$85.4 M for hospital properties, an increase of \$26.4 M in education properties and a decrease of \$24.0 M in religious facilities.
- Economic development exemptions decreased by \$45.6 M. Within this category there was an increase of \$220.1 M for mixed-use properties; 5 properties qualified in 2011 compared to 93 in 2020. The property tax exemption is valid for first twelve years of the project with the majority of exemptions to expire between 2024 and 2029.

Chair Olsen asked for clarification on what qualifies as “mixed-use.” Ms. Estrich stated an apartment has to be included in the project. Chair Olsen stated his concern in the exemption being abused when only one housing unit is required to receive the exemption.

Mr. Link continued discussing fluctuations to the economic development exemptions category noting various fluctuations including a decrease of \$248.7M for Empire Zone property exemptions due to the expiration of program on June 30, 2010.

- There was an increase in government exemptions in the amount of \$238.4M. Fluctuations were discussed including an increase to New York State property exemptions of \$177.9M related to the five properties located on the Buffalo Medical Campus.
- Housing and all other exemptions increased by \$33.8M.

Mr. Link presented a summary of exemptions on a year-to-year basis for FY 2019 compared to FY 2020. Government exemptions remained the largest category and increased by \$183.7 million, or 11.1% year to year. Total assessed property value for FY 2020 was \$10.7 billion, an increase of \$72.3M compared to the prior-year. Total property exemptions increased by \$35.0M over that same period. Annual fluctuations were discussed. Significant changes include an increase in government exemptions in the amount of \$183.7M which is due to an increase of \$143.6M in New York State Property for properties associated with the Buffalo Medical Campus and \$38.6M for a NFTA facility on the Medical Campus. The increase in government exemptions was offset by a decrease in economic development exemptions of \$79.2 million and residential exemptions of \$51.9 million.

Chair Olsen noted the Medical Campus has created a number of problems including its financial impact as highlighted by this report. He also commended the City for its commitment to increase the development of affordable housing in the City especially for senior citizens as the housing stock continues to age.

Director Floss stated the cost of rehabilitating existing structures as opposed to building all new structures needs to be considered in the housing plan.

Mr. Link continued his presentation on the year-to-year changes noting the decrease in economic development exemptions of \$79.2M is due to a decrease of \$62.6M in Erie County Industrial Development Agency granted exemptions and a decrease of \$18.4M for Empire Zone exemptions.

Director Floss asked what happens when businesses lose their exemptions to understand if the exemptions are beneficial on a long-term basis: do the developers stay in the City, do they apply for a different exemption or do they sell the property and move on.

Mr. Link continued noting a decrease in residential exemptions in the amount of \$51.9M of which \$42.1M is due to a decrease in STAR exemptions, a decrease of \$12.0M in housing and all other exemptions largely due to a decrease of \$13.1M in railroad exemptions, and a decrease in not-for-profit exemptions in the amount of \$5.7M. A discussion on the underlying reasons for fluctuations was held.

Chair Olsen asked if the decrease in religious facility exemptions was due to school closures. Mr. Link replied it is a combination of schools and churches and noted there are sixty-six different exemptions.

Mr. Link concluded his presentation by noting the historical available tax levying margin increased from \$12.9M to \$90.8M, an increase of \$77.9 million, or 603.9% between FY 2003 and FY 2020.

### **New Business**

Chair Olsen would like to discuss the City property reevaluation at the next Board meeting in addition to the possibility of the BFSAs issuing debt on behalf of the City. Director Floss noted the desire to keep the lines of communication open with the City administration and the public.

**Privilege of the Floor**

Chair Olsen extended the Privilege of the Floor to any member of the attending public who wished to comment for the public record on any matters discussed during the meeting.

Hearing no comments Secretary Arthur made a motion to adjourn.

The Board adjourned by consensus at 2:34P.M.