

**BUFFALO FISCAL STABILITY AUTHORITY**  
**Meeting Minutes**  
**December 17, 2020**

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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 Thursday, December 17, 2020. The Board met via teleconference in compliance with New York State Executive Order 202.1, as amended. The meeting was called to order at 1:02 P.M.

**Board Members Present**

Chair R. Nils Olsen, Jr.  
Interim Vice-Chair Jeanette Jurasek  
Director Frederick G. Floss  
Mayor Byron W. Brown (proxy Estrich)  
County Executive Mark C. Poloncarz (proxy Swanekamp)

**Board Members Excused**

Secretary George K. Arthur

**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  
Comptroller Claire A. Waldron

**Additionally Present**

Richard A. Grimm, III, Esq., Magavern Magavern & Grimm LLP  
James Magavern, Esq., Magavern Magavern & Grimm LLP

**Opening Remarks**

Chair Olsen welcomed everyone to the December Board meeting and reviewed the meeting agenda which included a review of final audited financial statements, first quarter reports and the 2021 City of Buffalo Capital Budget and related five-year capital improvements program. Chair Olsen stated the Governance Committee met earlier and recommended that the full Board approve several items. Additionally, on the meeting’s agenda was an item recommended by the ad hoc committee at the last full board meeting.

**Roll Call of the Directors**

Secretary Pro Tem Floss called the roll, a quorum being present, the meeting commenced.

Erie County Deputy Budget Director, Mr. Benjamin Swanekamp, represented County Executive Mark C. Poloncarz, in accordance with Subdivision 1 of §3853 of the BFSA Act.

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 BFSAs 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 introduced Resolution No. 20-25, "Approving Minutes and Resolutions from November 23, 2020."

Chair Olsen made a motion to approve.

Secretary Pro Tem Floss seconded the motion.

The Board voted 5-0 to approve Resolution No. 20-25.

**BFSAs Items**

Chair Olsen advanced the agenda and stated that the Governance Committee met earlier in the day and recommended the approval of the following items:

1. 2021 BFSAs Board Meeting Calendar
2. 2021-22 Minority and Women-Owned Business Enterprise ("MWBE") Goal Plan
3. 2021-22 Service-Disabled Veteran-Owned Business Development ("SDVOB") Goal Plan

Chair Olsen made a motion to approve Resolution No. 20-26, "Adoption of a BFSAs Board of Director Regular Meeting Schedule for Calendar Year 2021."

Secretary Pro Tem Floss seconded the motion.

The Board voted 5-0 to approve.

Chair Olsen made a motion to approve Resolution No. 20-27, "Approval of 2021-22 MWBE Master Goal Plan."

Secretary Pro Temp Floss seconded the motion.

The Board voted 5-0 to approve.

Chair Olsen made a motion to approve Resolution No. 20-28, "Approval of the 2021-22 SDVOB Enterprise Master Goal Plan."

Secretary Pro Tem Floss seconded the motion.

The Board voted 5-0 to approve.

Chair Olsen advanced the meeting to address a resolution from the ad hoc committee from the November 23, 2020 Board meeting noting on the intent to defer consideration of the City's financial plan to the next full Board meeting.

Chair Olsen asked if there was a motion to table, Secretary Pro Tem Floss motioned to table, and Chair Olsen seconded.

Secretary Pro Tem Floss stated the amount of federal funding that may be available to the City or New York State from the federal government is unknown and therefore relying on the financial plan as submitted would be problematic. The system is volatile, and it would be better to wait a few more weeks until more information is available. He noted the Comptroller's report that sales tax has come in better than expected, both locally and statewide. He recommended that this item to be tabled until more information is available. Chair Olsen concurred with Director Floss's statement and stated that it would be prudent to wait until the situation is clearer. Chair Olsen commended the administration for managing the finances so as not to alarm City employees because of the many uncertainties.

Ms. Donna Estrich, Commissioner of Administration and Finance, stated changes are happening daily and the future is improving.

Interim Vice Chair Jurasek asked if the Board had a deadline to report to New York State on the City of Buffalo's ("City's") financial plan. BFSA Executive Director Jeanette Robe stated a report was filed with New York State ("NYS") in July 2020 along with the request for approval for the ability to issue deficit bonds on behalf of the City. Interim Vice Chair Jurasek confirmed that the BFSA has sufficed in terms of BFSA's own compliance in regards to reporting deadlines.

Chair Olsen stated the close working relationship with the City is best served by continuing the informal consultations.

The Board voted 5-0 to table the resolution.

### **City of Buffalo**

#### *Audited City of Buffalo Financial Statements for FY ended June 30, 2020*

Chair Olsen advanced the agenda for BFSA Principal Analyst Bryce Link to review the City's audited financial statements as submitted by the Comptroller's Office on December 1, 2020.

Mr. Link gave the following overview:

- Total revenues reported were \$483.6M, or 95.1% of the total budget of \$508.7M, a negative variance of \$25.1M
  - Actual revenues compared to the adopted budget were a negative variance of \$47.1M
  - Other financing sources were a positive \$22.0M, reflecting the issuance of the \$25.0M in deficiency notes and a negative variance of \$3.0M from transfers in

- Total expenditures were \$487.1M, or 95.8% of the adopted budget. In addition, there were \$8.6M of encumbrances reported at year-end
  - Actual expenditures were a positive variance of \$19.6M
- The result was a deficit of \$3.4M and ending total fund balance of \$89.5M
  
- On a year-to-year basis total revenues and other financing sources decreased by \$8.0M
  - Total revenues decreased by \$29.4M
  - Other financing sources increased by \$21.4M
- Significant changes included
  - Intergovernmental revenue decreased \$29.1M
    - \$19.7M decrease in New York State Aid and Incentives to Municipalities (“AIM”)
    - \$7.5M in Tribal State Compact revenue
    - \$1.0M in decreased sales tax collections year-to-year
- Other financing sources increased by \$21.4M due to the following:
  - Transfers in decreased \$3.6M
    - \$3.9M decrease from Parking Enterprise Fund
  - \$25.0M due to issuance of deficiency notes in June 2020

Mr. Link gave a historical overview of the property tax levy between FY 2011 and FY 2020 which had a total increase of \$3.6M, with most of the growth occurring over the last three years. A review of historical sales tax revenue between FY 2009 and FY 2020 showed a total increase of \$16.5M. Internet sales tax collections from remote sellers was included during FY 2020. Historically State AIM has been held flat at \$161.3M since FY 2012 until FY 2020 when \$19.7M was held back by the state and State AIM totaled \$141.6M for FY 2020. It is noted that the last time NYS reduced State AIM in FY 2010-11, the reduction was made permanent.

Total expenditures and other financing uses decreased \$3.6M compared to the prior year:

- Expenditures decreased \$4.7M
  - Departmental expenditures decreased \$5.7M:
    - General government support decreased \$4.2M or 6.8%
    - Public safety decreased \$0.8M, or 0.5%
    - Streets and sanitation decreased \$0.8M, or 6.0%
    - No other significant fluctuations
  - General Charges decreased \$1.0M:
    - Other general charges category increased \$4.8M (143.4%)
      - Judgments & Claims \$3.5M
      - Increase for allowance on uncollectibles \$1.3M
    - Fringe benefits decreased \$3.8M (2.7%)
      - \$5.5M for decreased health insurance costs
      - \$1.8M increase for salary adjustment line
      - \$1.3M increase for pension contributions
      - \$1.4M decrease in all other fringe benefits
- Other financing sources or interfund transfers out increased \$1.0M:
  - \$1.0M increase for debt service

Historically, the City has had a negative variance between actual and budgeted revenues, specifically between FY 2016 and FY 2020 ranging between \$14.5M and \$25.0M. It was noted, that prior to FY 2016 three out of the four fiscal years had a positive variance when compared to the adopted budget amounts.

Budget vs. actual revenues:

- Total unfavorable variance of \$25.1M for revenues (\$47.1M) and other financing sources \$22.0M
- Unfavorable revenue variance of \$47.1M:
  - \$34.3M unfavorable variance in intergovernmental revenue
    - State AIM under budget by \$19.7M
    - Casino revenue under budget by \$11.0M
    - Sales tax under budget by \$2.4M
  - \$5.8M unfavorable variance in charges for services revenue
    - \$2.6M due to rental dwelling registration fees
    - \$1.0M due to on-street parking meter fees
    - \$0.8M due to entertainment surcharge fee
    - \$0.5M due to public utility inspection fee
    - \$0.9M all other service charges and fees
  - \$4.9M unfavorable variance in fines
    - \$2.5M unfavorable variance for parking fines
    - \$0.8M unfavorable variance for traffic violation fines
    - \$0.6M unfavorable variance for housing fines
    - \$1.0M net unfavorable variance for all other fines
- Other financing sources favorable variance of \$22.0M:
  - \$25.0M due to issuance of deficiency notes
  - \$2.9M unfavorable variance from transfers in from the parking enterprise fund

A historical snapshot of actual expenditures compared to budgeted expenditures between FY 2012 and FY 2020 noted that actual expenditures represented a positive variance when compared to budgeted amounts.

Significant variance points between General Fund total budgeted expenditures compared to actuals were discussed:

- FY 2019-20 favorable variance for budgeted appropriations of \$19.6M:
  - \$9.5M favorable variance in fringe benefits
  - \$5.2M unfavorable variance in fire department due to overtime
  - \$3.1M favorable variance in police department due to vacancies
  - \$12.8M favorable variance in the other 13 departments due to vacancies and decrease in expenditures for supplies and services

Fund balance levels between FY 2019 and FY 2020 were compared and it was found that fund balance decreased by \$3.4M year-to-year and were reported as follows:

- Nonspendable/restricted decreased by \$2.7M
  - Amount due from refuse fund was reduced by \$5.1M which was offset by a \$2.5M increase in capital outlay

- Committed or Rainy Day Fund decreased by \$0.4M
  - Subject to a purpose constraint imposed by Common Council
  - Balance of \$38.1M = Emergency Stabilization (“Rainy Day Fund”)
  - Equal to 30-days of prior fiscal year’s total General Fund operating expenditures
  - Intended for extraordinary operating or capital needs that could not be anticipated and cannot be funded with current budget resources
- Assigned decreased by \$0.3M
  - Funds that are segregated for a specific purpose
  - An increase of \$1.3M for encumbrances offset by a decrease in judgements and claims of \$1.6M. The City budgeted judgements and claims at \$3.3M for FY 2021, however, the City expects the range to be closer to \$8.3M

The City’s total fund balance and unrestricted fund balance between FY 2003 and FY 2020 was reviewed.

The City’s other postemployment benefits (“OPEB”) liability has decreased by 25% since its highest of \$1.6B in FY 2010. The liability at FY 2020 is \$1.2B.

The Solid Waste and Recycling Fund operated at a loss between FY 2008 and FY 2018. Positive gains have been realized over the past two years which benefits the long-term receivable for the General Fund. It is expected that the Refuse Fund will continue to operate with an annual surplus and will continue to pay off the long-term receivable in the General Fund.

Chair Olsen opened the floor for comments or questions from the Directors.

Ms. Estrich stated the City was not notified that the State AIM payment would be reduced by \$19.7M and anticipate receiving the deferred payment in the future. The OPEB (Other Post-Employment Benefit) liability is based on union negotiations and healthcare which the City continues to push for a reduction of OPEB liability. The user fee helped pay down the City’s fund balance liability.

Secretary Pro Tem Floss stated the OPEB calculations continue to be confusing and misleading as the interest rates are near zero.

Interim Vice Chair Jurasek asked how long it will take to retire the outstanding \$25.0M from the deficiency notes. Mr. Link replied it is a short term note and due December 31, 2021, or 18 months after issuance. Ms. Estrich stated the Mayor is in discussion with the Western New York delegation on extending the payment terms on the note to a five- or ten-year repayment. The County Executive’s proxy, Benjamin Swanekamp, asked if NYS legislation is required for extended terms. Ms. Estrich replied state legislation is required.

*First Quarter Report*

Chair Olsen advanced the agenda to review the City’s FY 2020-21 first quarter report. Mr. Link began his presentation. As of September 30, 2020, the City is expecting a fiscal year-end (“FYE”) surplus of \$0.8M. Revenues are projected to be under budget by \$11.4M and expenditures are projected to have a favorable variance of \$12.2M.

Total revenues projection is unfavorable by \$11.3M:

- \$6.0M projected to be under budget in fines
  - \$3.7M due to decrease parking fines
  - \$2.1M in relation to moving violation tickets
  - \$0.2M negative variance in all other fines
- \$1.6M projected to be under budget in intergovernmental
  - \$1.5M negative variance in parking surcharge refund
  - \$0.1M variance is attributed to all other intergovernmental revenues
  - \$65.1M in federal assistance is included as projected revenue
  - \$11.0M in Tribal State Compact casino revenue is also included as projected revenue
- \$1.2M projected to be under budget in service charges
  - \$0.4M due to decrease in parking meter fees
  - \$0.4M in relation to the mortgage default fee
  - \$0.3M in relation to foreclosure fees
- \$3.0M projected to be under budget for transfers in from the parking enterprise fund
- All Other revenue is projected at a net positive variance of \$0.4M, and includes taxes, licenses & permits, miscellaneous revenue and interest income

The City anticipates a negative variance for any of the service charges and/or fee funds that require residents to utilize parking or to be issued a ticket.

Total expenditures projection is \$12.2M below the adopted budget:

- \$7.3M total budgetary favorable variance in Departmental expenditures
  - Fire Department projected to exceed the adopted budget by \$1.2M mainly due to overtime
  - Remaining departments projected to have favorable budget variances of \$8.5M:
    - Administration & Finance - \$2.5M
    - Public Works - \$2.0M
    - Police department - \$1.1M
    - All other departments - \$2.9M
- \$4.8M total budgetary projected favorable variance in General Charges
  - \$2.9M favorable variance in utilities
  - \$2.1M favorable variance in fringe benefits
    - \$1.2M retiree health insurance
    - \$0.6M workers' compensation
    - \$0.2M dental insurance
  - \$0.2M unfavorable variance in all other general charges
- Transfers Out – no projected variance

At September 30, 2020, the vacancy rate for positions funded through the General Fund was 8.9%, or 244 vacant positions. The police department had a vacancy rate of 51 positions, or a 6.3%, and the fire department had a vacancy rate of 30 positions, or 3.0%. Mr. Link noted both fire and police departments have a significant number of new recruits.

### Recommendations and Considerations

The BFSA recommends the City continue to monitor the financial impact from the COVID-19 pandemic and be prepared to implement an alternate spending plan in the event revenues are insufficient to support expenditures.

The City has budgeted uncertain revenues of \$76.1M:

- \$65.1M in federal assistance revenue
- \$11.0M in Tribal State Compact casino revenue
- As of September 30, 2020, the City is projecting a year-end surplus of \$0.9 million
  - The projection assumes that both federal assistance of \$65.1 million and casino revenue of \$11.0 million will be received by year-end
- At the conclusion of fiscal year June 30, 2020, the City reported:
  - Unrestricted fund balance of \$50.8M
    - Rainy Day Fund = \$38.1M
    - Assigned fund balance = \$12.7M
    - Unassigned fund balance = \$0
      - Third consecutive year unassigned was reported \$0
  - Unfavorable results to what has been projected could result in further reductions to unrestricted fund balance

Chair Olsen gave the floor to Ms. Estrich to share information on certain budgeted items. Ms. Estrich stated the traffic unit of the Buffalo Police Department will be dissolved which means forty-one officers will be detailed throughout the City and a reduction in overtime will be realized. In addition, the forty-one officers add to the minimum personnel requirement. Therefore, a police class is not necessary for January 2021. Savings have also been realized as pools and senior centers were closed, and programs were held in online format. The Mayor summer youth program provided savings.

A submission for reimbursement from the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act of 2020 and the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 has been made for \$1.0M to cover computer needs for working from home staff. An agreement was established with BMHA for garbage pick-up which should generate \$0.6M per year. The parking amnesty program provided close to \$100,000. The revenue from parking is expected to be reduced by approximately \$3.0M due to parking having not been enforced through the meters or fines and a reduction in the collections from parking ramps.

Interim Vice Chair Jurasek questioned if City staffing levels have been frozen. Ms. Estrich replied all departments have been asked to defer hiring for positions that are not needed. When positions need to be contractually filled, the position will be filled from within. Positions that have become vacant due to retirement have remained unfilled.

Mr. Swanekamp stated Erie County sales tax receipts were only 3.86% behind 2019 year-to-date after the October 2020 sales tax reconciliation. Ms. Estrich stated the City is \$1.5M behind in sales tax as compared to last year. Chair Olsen commended the administration for not having significant cuts in services. Ms. Estrich stated all departments are assisting with a \$10.0M freeze.



Hearing no additional comments Chair Olsen advanced the agenda.

### Capital Budget

#### *Review of Capital Budget and related 2021-2025 Capital Improvements Program*

Mr. Link began his presentation stating the recommended capital budget totals \$47.2M with \$32.9M projects to be sold and \$14.3M in projects authorized but unissued.

Requested financing of \$32.9M is categorized as follows:

- City buildings \$12.1M, or 37%;
- Infrastructure \$10.8, or 33%;
- Vehicles \$3.2M, or 10%;
- Economic development and cultural \$4.2M, or 13%;
- Demolition and tree management \$1.5M, or 4%;
- Parks \$1.1M, or 3%.
- The Mayor's 2021 request of \$47.2M consists of \$32.9M in projects to be financed
- \$14.3M in projects to be authorized, but unissued

The Mayor's \$32.9M request of financing includes:

- \$15.1M 2021 Capital Plan (city-wide)
- \$17.8M previously authorized but unissued

The City Comptroller's limit for financing for the current year is \$32.9M. Total amount remaining of authorized but unissued projects of \$12.3M prior to the 2020-21 Capital Budget. Addition of new authorized but unissued of \$14.3M increases total of authorized but unissued to \$26.6M.

Total outstanding bond proceeds are \$22.3M, a decrease of \$1.0M as compared to 2019.

### Summary

- No projects included for the District
  - District is currently using savings from refundings of JSCB Debt
    - \$3.8 M is remaining for capital projects
- BFSA has recommended to minimize long-term financing for ongoing general operating expenses (i.e., demolitions and tree trimming)
  - Uses limited bonding capacity
    - \$1.5 M included in proposed 2021 borrowing, or 4.6% of total
    - \$5.0 M over the five-year Capital Improvements Program (3.8% of total)
  - Recognition of fiscal pressure such projects would place if funded on a pay-as-you-go basis
- There is \$26.6M in total authorized and unissued projects
  - Approximately \$5.6M are provided for in the out-years of the Capital Improvements Program
    - Remaining balance of \$21.0M to be provided for beyond the current plan
- There remains \$16.6M in budgeted and unauthorized projects

Common Council received the Capital Budget and it is being review in the Committee of the Whole. Common Council recessed on 12/15 to continue negotiations with the Administration and make amendments to the Capital Budget.

### **Buffalo City School District (“BCSD” or “District”)**

Hearing no additional comments Chair Olsen advanced the agenda to review several District items as presented by BFSA Senior Analyst II, Mr. Nathan Miller. Mr. Miller stated Governor Cuomo ordered all schools closed as of March 13, 2020 as a result of the Covid-19 pandemic.

### **Audited Financial Statement FY ended June 30, 2020**

Mr. Miller provided the following overview of the FY 2019-20 final budget as compared to the FYE actual:

- The 2019-20 original budget included \$917.4M in revenue and expenditures of \$931.1M. There was a planned deficit of \$13.7M. The actual revenue totaled \$913.5M with expenditures of \$871.2M resulting in a surplus of \$42.3M.
- Actual revenues were \$3.9M less than budgeted, or 99.6% of final budget. Contributing factors were:
  - Erie County sales tax receipts were favorable by \$1.5M
  - NYS Aid was unfavorable by \$5.1M
- General Fund expenditures were 93.6% of final budget, or \$59.9 M less than budget:
  - Significant variances include:
  - General Support: (\$7.1 M)
    - Central Services: (\$6.2 M)
  - Instruction – Regular School: (\$18.4 M)
    - Teaching – Regular School: (\$7.2 M)
    - Programs for Children with Handicapping Conditions: (\$5.0 M)
    - Pupil Services: (\$2.0 M)
  - Pupil Transportation: (\$19.2 M)
  - Employee Benefits: (\$14.1 M)
    - Active & Retiree Healthcare (\$17.0 M)

Fund balance summary for FYE 2019-20 as compared to FYE 2018-19:

- Total fund balance increased by \$42.3M
  - Nonspendable/restricted favorable by \$6.2M
  - Assigned (as determined by District management) favorable by \$37.2M
  - Unassigned unfavorable by \$1.1M

As of June 30, 2020, the OPEB liability was estimated at \$2.6B. Payments are budgeted annually without accrual and are based on a pay-as-you-go method which includes retiree health insurance.

Chair Olsen stated the inequitable access to internet services and computer hardware, along with the actual participation of students and decrease in spending on students with special needs is very alarming. It would be helpful to have someone from the District address the efficacy and financial concerns of the Board.

Secretary Pro Tem Floss commented on the importance of monitoring the actual impact of Covid-19 pandemic on the school system and its effectiveness and not merely its financial changes.

Interim Vice Chair Jurasek stated the budgetary windfall from a number of decreased expenditures including transportation primarily effects the students.

Chair Olsen stated it is the Board's responsibility to ensure that essential services are provided as a financial issue.

Secretary Pro Tem Floss asked the president of the school board and the District's superintendent be invited to an upcoming meeting. Chair Olsen asked that teachers be invited in order to explain the effect on instructional staff.

*BCSD Review of the First Quarter Report*

Hearing no additional comments Chair Olsen advanced the agenda.

Mr. Miller began his presentation with the following summary:

- On July 1, 2020, the FY 2020-21 Adopted Budget was modified to include \$4.7M of carryover encumbrances (Modified Budget)
- On September 8, 2020, the Buffalo Public Schools reopened to start the 2020-21 school year utilizing a 100% remote learning model
  - The model requires students to remain at home with teachers providing remote instruction in both synchronous and asynchronous formats.
  - The intent was to phase-in in-person learning beginning in mid-November. This has been delayed due to a recent uptick in area Covid-19 infections.
- On November 18, 2020, the Adopted Budget was modified to redesignate \$29.7M in both General Fund revenues and expenditures
  - The District's Adopted Budget includes "Federal Restoration" aid.
  - NYSED's final regulations dictated that this revenue will be recorded in the Grants Fund. The corresponding \$29.7M in total kindergarten through grade 3 teacher expenditures were redesignated to the Special Projects Fund.

Mr. Miller stated revenues are projected to be at budget as of September 30, 2020 and expenditures are expected to be \$15.0M favorable with an operating deficit of \$35.0M. Remote learning continues to have an impact on the current fiscal year.

General Fund revenues are at budget. Erie County Sales Tax receipts were budgeted at \$44.0M and projected to be slightly favorable at FYE.

General Fund expenditures are projected to be \$15.0M favorable at FYE. There is a \$1.5M favorable variance in total employee compensation due to vacancies. Transportation is projected with a favorable variance of \$15.0M at FYE due to the continuation of remote learning for BCSD students.

Mr. Miller stated the District created a new project code to track expenditures which could be COVID-19 related/reimbursed federally, most of which are in captured in the all other expenditures category.

As of September 30, 2020, there were 194 vacancies on an All Funds basis and 190 vacancies on a General Funds basis. This vacancy rate is consistent with past years.

Summary

- The District is currently forecasting a CFYE budgetary variance of \$15.0M
- The school year began with a fully remote reopening model
  - The intent was to phase-in in-person learning beginning in mid-November. This has been delayed due to a recent uptick in area Covid-19 infections.
  - The Adopted Budget assumed a traditional school year with 100% in-person instruction. Significant budgetary savings have occurred particularly within the Transportation expenditure as the District has provided bussing only for certain charter schools and non-private schools.
  - The District had an employee vacancy rate of 3.9% at September 30, 2020
    - The District has not forecast any significant budgetary variances within various Employee Compensation and Employee Benefit lines as the intent is to fill the vacant positions throughout the school year.
    - If a significant level of vacancy remains throughout the FY, significant budgetary variances will occur.
  - Overall, the District's CFYE projections are conservatively made with final operating results expected to be favorable

Chair Olsen stated the District plays a significant social role in the community with respect to meal distribution. Mr. Miller stated there are over forty sites throughout the City for meal pick-ups.

Interim Vice-Chair Jurasek asked when numbers would be available to document student population changes as compared to charter school enrollment. Mr. Miller replied the information will be distributed to board members to show the enrollment trends as requested.

Secretary Pro Tem Floss stated that there are a number of lost students that are not captured by BCSD or charter schools.

Mr. Swanekamp stated Governor Cuomo is pushing for the District to resume in-person learning as fast as possible. In addition, school relief will be included in the next COVID relief bill.

Hearing no additional comments or questions Chair Olsen advanced the agenda.

## **Buffalo Municipal Housing Authority (“BMHA”)**

### *First Quarter Review*

Mr. Miller began his presentation with the following summary:

- BMHA reported fiscal year-to-date revenues of \$11.6M and expenses of \$11.2M, each representing 23.8% of the FY 2020-21 Adopted Budget
  - Revenues exceeded expenses by \$0.4M at September 30, 2020
  - BMHA is not currently projecting an increase to estimated net income at FYE
- BMHA reported an unfavorable revenue budgetary variance of \$0.4M and a favorable expense budgetary variance of \$0.6M at September 30, 2020 as compared to the Adopted Budget-to-Date

Consolidated revenues consist of AMP (“Asset Management Programs”), COCC (“Central Office Cost Center”), Marine Drive and Section 8 budgets which were budgeted-to-date at \$12.0M. Actuals revenues-to-date were \$11.6M at September 30, 2020. Net dwelling income was unfavorable by \$200,000 as tenant payment delinquency is higher.

Consolidated expenditures were favorable by \$600,000 at September 30, 2020. There was a small level of employee vacancies that allowed for a savings. The vacancy rate reflected was lower than it has historically been. The majority of the vacancies were blue collar AMP positions.

### *Items of Significance*

- CARES Act funding received in FY 2019-20 - \$2.5M
- Marine Drive - \$0 budgeted income in FY 2020-21
  - Cash impact = (\$0.2M)
  - Losses would be funded by through COCC CFY operations or reserves to the extent available
  - Reserves totaled \$5.1M at June 30, 2020 (COCC = \$867,925)

### *Conclusions*

- At September 30, 2020, total revenues were less than the budget-to-date by \$0.4M
  - Includes \$0.2M in Net Dwelling/Non-Dwelling Income and \$0.7M in the HUD Subsidy
  - No unfavorable CFYE forecast has been made; both revenue areas require close watch
- At September 30, 2020, total expenses were less than the budget-to-date by \$0.6 M.
  - Most expense categories were less than or equivalent to the budget-to-date amounts.
  - A small level of staff vacancy allowed for favorable budgetary variances related to employee compensation and fringe benefits, primarily within AMP blue-collar positions.
  - Protective Services/Resident Service Costs were less than budget-to-date as BMHA discontinued an intergovernmental service contract with the City. The new agreement expands the number and level of service BMHA receives from the City.

### *Recommendation*

- BMHA has taken steps to address the Covid-19 pandemic, both the financially and operationally. BFSAs recommendation is that management continue to take the steps as necessary to manage the impact of the pandemic.

Secretary Pro Tem Floss asked how much of the delinquent rent is subject to COVID restrictions and what is management's position once the moratorium is lifted. Mr. Miller replied that tenants with reduced or no income due to the pandemic and proved to the management office that their income dropped have had a reduction to their rent. Management informs tenants their rent continues to be outstanding as necessary and will be collected by legal means if necessary. Chair Olsen expressed his desire for evictions to be avoided once the moratorium is lifted. Mr. Swanekamp stated his expectation that the moratorium will be extended and asked how many tenants have taken advantage of the county's rental assistance programs which will cover up to three months. Mr. Miller stated he did not have that information.

Hearing no additional comments Chair Olsen advanced the agenda.

### **Buffalo Urban Renewal Agency ("BURA")**

#### *2020 Financial Statements*

Mr. Link began his presentation with the following summary:

- BURA is a component unit of the City
- Fund balance at June 30, 2020:
  - Total fund balance = \$6.9M
  - General Fund = \$6.5M
    - \$3.1 million nonspendable
    - \$514,689 restricted
    - \$2.9M unassigned
    - Increase of \$0.9M
      - Due to increase in property sales
  - CDBG Fund = \$97,373 nonspendable
    - \$271,505 decrease year-to-year
      - Represents real estate acquired for resale
- 2020 Total Expenditures (fund level) = \$49.8M
  - Federal grant expenditures = \$46.7M (94%)
    - Majority is Section 8 Housing of \$37.7M (76%)
    - CDBG expenditures = \$6.9M (14%)
    - HOME Program = \$3.3M (7%)
- 2019 Total Expenditures (fund level) = \$46.5M
  - Federal grant expenditures = \$45.2M (97%)
    - Majority is Section 8 Housing of \$35.5 M (76%)
    - CDBG expenditures = \$6.8M (15%)
    - HOME Program = \$2.9M (6%)
- A year-to-year increase in Federal grants revenue of \$3.7M (8.6%)
  - CDBG increased \$258,935 or 4.7%
  - Section 8 Housing increased \$2.2M, or 6.2%
  - HOME program increased \$1.0M or 50.1%

- A year-to-year increase in collection of program loans of \$0.8 (76.1%)
  - CDBG increased \$74,000 (8.3%)
  - All other reflects a net increase of \$772,804
- A net increase of \$2.0 million in public service and human service programs (i.e., Section 8)
- A year-to-year increase of \$0.5 million in rehabilitation and preservation activities
  - HOME programs increased \$0.4 million, or 14.2%
  - CDBG and General Fund expenditures increased \$0.2 million, 4.9%
  - All other non-major funds decreased \$17,000 on a net basis
- A year-to-year increase of \$54,200, or 1.4%, for planning, management, and administration, and economic development activities
- BURA's OPEB liability is estimated as of FYE 2020 at \$23.3M, a 96.3% increase since FYE 2013.
- All prior year findings have been addressed
- Current year finding includes a material misstatement that was addressed through journal entries
- Recommendations of formalized written policies for BURA:
  - Formalized Loan Write-Off Procedures
  - Federal Cost Allowability Determination and Cash Management Policy
  - Human Resources – Compensated Absences
  - Financial Accounting System Capabilities
  - Disposition of Property
- Future GASB reporting requirements to be evaluated to determine impact on BURA in future years

Hearing no comments or questions from the Directors, Chair Olsen advanced the agenda to review BURA's First Quarter Report

*BURA Review of the First Quarter Report*

Mr. Link began his review of program year 46 HUD allocations as follows:

- CDBG \$14.0M:
  - BURA \$6.6M
  - City \$7.4M
- HOME \$3.3M
  - BURA \$3.3M
- ESG \$819,189:
  - City \$819,189
- HOPWA \$1.2M
  - City \$1.2M

As of September 30, 2020:

- Expenditures are projected to approximately equal revenue at year-end
- No significant variance in expenditures through first quarter
  - \$2.86 million expended through September 30, 2020
- Year 46 funds were released in Fall 2020
  - Prior year funds utilized to fund current year expenditures to date
- 31 out of 39 positions filled as of September 30, 2020
- Salaries and fringe benefits total \$0.8 million

- BURA’s operations are very dependent on HUD funding. Any future reductions will have a negative impact on BURA’s ability to deliver services.
- BURA continues to look for additional revenue sources:
  - Cities RISE
  - Local Initiatives Support Corporation
  - Evans Bank
- Actual revenues were ahead of budget by \$2.2M as a result of property sales
- Expenditures are ahead of budget by \$316,000 due to program costs
- On December 8, 2020 the Council approved an \$11.4M amendment to the 2019-20 Annual Plan, allocating the additional CDBG-Cares Act funding for the following categories:
  - \$4.7M Rental Assistance and Eviction Prevention
  - \$2.9M Renter and Owner Rehabilitation
  - \$1.9M Microenterprise grants
  - \$0.7M Administrative costs
  - \$0.7M Mortgage Assistance/Foreclosure Prevention
  - \$0.5M Fair Housing services

BURA can use up to \$2.0M towards administrative costs and have no intention on hiring additional staff. Affordable housing is considered a high need and therefore their department was not negatively impacted by changes due to the Covid-19 pandemic.

Hearing no comments or questions Chair Olsen advanced the agenda.

**New Business**

Secretary Pro Tem Floss made a motion for the authority to consider the feasibility to have the BFSAs issue bonds on behalf of the City in light of the City’s downgraded bond rating.

Chair Olsen seconded the motion.

The Board voted 5 to 0 to approve.

Interim Vice Chair Jurasek asked that the process for heightened monitoring of the monthly cash flow of the City be explained at the next board meeting. Is there a new mechanism for monitoring cash flow or are we more vigilant in monitoring cash flow?

**Privilege of the Floor**

Chair Olsen noted no members of the public were present for comment and asked for a motion to adjourn.

**Adjournment**

Secretary Pro Tem Floss made a motion to adjourn.

The Board adjourned by consensus.

The Board adjourned at 2:54 PM.