

BUFFALO FISCAL STABILITY AUTHORITY
Meeting Minutes
June 16, 2020

The following are the minutes from the Special Buffalo Fiscal Stability Authority (the “BFSA”) June 16, 2020 Board meeting; this meeting was called for the sole and specific purpose of reviewing the City of Buffalo’s 2020-21 Adopted Budget and 2021-2024 Financial Plan. The Board met via teleconference in compliance with New York State (“NYS”) Executive Order 202.1. As required by such Executive Order, a transcript of the meeting has been prepared. The meeting was called to order at 2:03 PM.

Board Members Present

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

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

Mr. Richard A. Grimm, III, Esq., Magavern Magavern & Grimm LLP
Mr. James Magavern, Esq., Magavern Magavern & Grimm LLP
Mr. Delano Dowell, Deputy Comptroller, City of Buffalo
Mr. William Ferguson, City Accountant, City of Buffalo
Mr. Geoff Pritchard, Chief Financial Officer, Buffalo City School District

Opening Remarks

Chair Olsen welcomed everyone to the meeting and thanked all that were in attendance. Chair Olsen asked BFSA Administrative Assistant Nikita Fortune to announce who was on the call. Ms. Fortune announced callers as identified.

Roll Call of Directors

Secretary Arthur called the roll.

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

Erie County Deputy Budget Director, Benjamin Swanekamp, represented County Executive Mark C. Poloncarz, 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 [of Buffalo] or County [of Erie], 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...."

With a quorum present, the meeting commenced.

City of Buffalo ("City")

FY 2021-2024 Financial Plan

Chair Olsen advanced the agenda to review the City of Buffalo's 2020-21 Budget and the 2021-2024 Financial Plan as submitted to the BFSAs on May 1, 2020, and as modified and approved by Common Council on June 4, 2020. A letter was submitted to Mayor Brown on May 11, 2020, following the initial review, requesting a revised financial plan to address the budget shortfall that would be created if federal stimulus funding is not approved and casino revenues are not received as included in the 2021 budget. The Mayor submitted his alternative spending model on May 22, 2020.

Chair Olsen provided Mayor Brown an opportunity to address the Board. Mayor Brown thanked Chair Olsen and advised he would not be able to attend the full meeting. Ms. Donna Estrich, City Commissioner of Finance, would then join the meeting as his proxy. Mayor Brown thanked the BFSAs and the Buffalo Common Council for their review of the City's 2020-21 budget while dealing with dual pandemics: the COVID-19 Pandemic as well as the social unrest which has deeply impacted the City of Buffalo. Mayor Brown stated that the City will stand by the inclusion of the \$65M of anticipated federal disaster relief and it will remain in the budget. A contingency plan of deficit borrowing is anticipated if the federal funding does not materialize. Mayor Brown noted that although the BFSAs has a more favorable credit rating than the City, the savings provided by a BFSAs bond issuance in lieu of a City bond issuance would be minimal. If the City is not able to borrow the full amount needed, massive layoffs would be necessary and City services would be reduced. Mayor Brown stated he has not laid off any workers and is not in favor of this action. The submitted financial plan is the best plan to ensure the delivery of needed services for the City. Chair Olsen thanked Mayor Brown for his opening comments. Secretary Arthur recommended that the Mayor abstain from voting on the BFSAs resolution regarding the City Financial Plan. Mayor Brown agreed with Secretary Arthur's recommendation to abstain from the vote.

Mayor Brown exited the meeting and Ms. Estrich joined the meeting as the Mayor's proxy at 2:18 PM.

Chair Olsen turned the meeting over to BFSAs Executive Director Jeanette M. Robe and BFSAs Principal Analyst Bryce E. Link to begin the review of the FY 2021-2024 Financial Plan. Ms. Robe began the presentation extending her gratitude to the Mayor's Office, particularly the Commission of Finance and Administration Donna Estrich, and also Bryce Link, for all the work that has been conducted in reviewing these plans in a less-than-ideal environment. A ten-year summary of actual operating results was reviewed:

- Total revenues average over the past ten years: \$458.3M
- Revenues increased \$32M, or 7.0%
- The most recent three-year revenue average: 2017-19 \$460M
- The majority of revenue is NYS aid, real property taxes and Erie County sales tax
- Revenue, as adjusted for inflation from 2010 to 2019, would be \$523M
- Total expenditures have increased by \$45M, or 11%; adjusted for inflation from 2010 to 2019 expenditures would be \$489M, which is higher than were the City ended FY 2019
- The recent three-year average for expenditures 2017-2019 \$464M
- The City has used \$46M of fund balance over 2010-2019; \$56.5M used within the last three years

Budget-to-actual revenues were unfavorable by \$20M over the last eight years. Over the last three years, the difference was \$55.5M and was the main contributor to the cumulative use of fund balance. On average, New York State aid, real property taxes and Erie County sales tax comprised 79% of budgeted revenues and 81% of actual revenues over the past five years. Over the last several years the property tax levy has averaged between 28%-29% of total budgeted revenues, it was as high as 32% of total estimated revenue in the earlier years from 2010 to 2012. Property taxes have been held relatively flat over the past decade, which resulted in an increased reliance on other sources of revenue. The amount of \$147.9M represents the levy as adopted by the Common Council on June 4th. Adjusted for inflation, the tax levy would be \$167M today.

New York State Aid to Municipalities (“AIM”) has been held flat at \$161.3M since 2011-12 and has decreased since 2009-10. Adjusted for inflation, the amount received in 2008-09 of \$165.6M would be equivalent to \$198M. NYS implemented a real property tax cap in 2011 which limited the growth in the property tax levy. State AIM is the single largest source of revenue within the City budget. Prior to the 2007-2008 recession, annual State AIM increases ranged widely between 3% and 15% annually. Over the last several years State AIM has represented 32% to 34% of total estimated revenues.

Erie County sales tax revenue has increased over the last ten years from \$69.8M in 2009 to \$87.5M in 2018, an increase of \$18M, or 25%. Adjusted for inflation, 2019 sales tax would be \$81.8M; the difference of \$5.7M, or 8.2%, is attributed to overall economic growth. Sales tax is equal to approximately 16% to 17% of budgeted and actual revenues over the last five years.

General Fund expenditures over the past ten years grew by \$24.4M, or 5% which is significantly under the inflation. The inflationary increase from \$466.3M in 2009-10 would be \$530M in 2018-19.

Total Fund Balance as of June 30, 2019 totaled \$92.9M:

- Nonspendable/restricted \$41.4M
- Committed (Rainy Day Fund) \$38.5M
- Assigned \$13.0M
- Unassigned \$ -0-

Hearing no questions Ms. Robe asked Mr. Link to begin his portion of the presentation.

Mr. Link began his presentation stating the City’s proposed Financial Plan does not project a deficit and totals \$2.1B over the four years:

	2020-21	2021-22	2022-23	2023-24	Total
Revenues	\$519.6M	\$517.6M	\$523.1M	\$530.7M	\$2,091.0B
Expenditures	\$519.6M	\$517.6M	\$523.1M	\$530.7M	\$2,091.0B
Surplus/(Deficit)	\$0	\$0	\$0	\$0	\$0
Use of Fund Balance	\$0	\$0	\$0	\$0	\$0

The 2019-20 Adopted Budget estimated revenues and expenditures totaled \$508.7M. The year-end projection at the third quarter projected an unfavorable variance to revenues of approximately \$30M, a favorable variance of \$14.3M for expenditures, for an estimated net year-end deficit of \$15.7M. The 2020-21 Proposed Budget estimates \$519.6M, an increase of \$10.9M for both revenues and expenditures. When compared to the year-end estimates, that is an increase of \$40.9M in revenues and \$25.2M for expenditures.

The 2020-21 operating revenue of \$519.7M budgeted on a governmental level:

- City \$218.3M, or 42%
- NYS \$143.4M, or 27.6%
- Erie County \$70.9M, or 13.6%
- Federal \$68.4M, or 13.2% (includes an anticipated stimulus aid)
- Transfers In \$14.3M, or 2.7%
- Other \$4.3M, or 0.8%

FY 2019-20 operating revenue totaled \$508.7M on a governmental basis. The most significant changes between FY 2019-20 and FY 2020-21 are a reduction in NYS aid which is reduced by 25.2% from \$191.7M down to \$143.4M, and federal aid which is increased from \$4.0M to \$68.4M year-to-year.

Real Property Tax receipts are projected to increase from \$157.2M in FY 2020-21 to \$168.7M in FY 2023-24, or 7.3%. Real Property Tax receipts are anticipated to increase annually while the remaining taxes from the New York State School Tax Relief (“STAR”) program, mortgage tax, payments in lieu of Taxes (“PILOTs”) and all other taxes are expected to remain flat. Taxes total \$157.2M and represent 30.3% of total revenues in FY 2020-21. The City completed a full reassessment in 2018. The revised assessments are effective in FY 2020-21. The City is currently utilizing 57.5% of the available taxing levy, or \$147.9M. Approximately \$109.2M, or 42.8% of the levy is available.

Real property taxes are budgeted at \$140.0M in FY 2020-21 and are budgeted to increase by

- \$5.6M, or 4.0%, to \$145.6M in FY 2021-22
- \$2.9M, or 2% to \$148.5M in FY 2022-23
- \$3.0M, or 2% to \$151.5M in FY 2023-24

A breakout of the total tax levy summary for 2020-21 was provided, including the rates for homestead and non-homestead tax rates. The total tax levy is \$147.865 million. Of the total tax levy amount, the City retains \$77.0 million and transfers \$70.8 million to the District. The homestead rate is \$9.99 per \$1,000 of assessed property and the non-homestead rate is \$16.75 per \$1,000 of assessed property. Total property taxes from homestead properties total \$72.6 million, and the non-homestead portion totals \$75.2 million.

Intergovernmental revenues over the Financial Plan:

	2020-21 Recommended Budget	2021-22 Projection	2022-23 Projection	2023-24 Projection
Intergovernmental	Financial Plan			
State AIM	\$ 129,028,186	\$ 139,028,186	\$ 149,028,186	\$ 161,285,233
Sales Tax	70,440,000	90,201,000	92,005,020	93,845,120
TSC - Casino Revenue	11,000,000	35,000,000	11,000,000	11,055,000
Federal Stimulus	65,082,569	-	-	-
FEMA Reimbursement	1,500,000	1,500,000	1,500,000	1,500,000
All Other	7,228,213	7,281,828	7,311,512	7,341,493
Total Intergovernmental	284,278,968	273,011,014	260,844,718	275,026,846

Intergovernmental revenues include NYS AIM, sales tax, Tribal State Compact (i.e., casino) Revenue, federal stimulus assistance, FEMA reimbursement, and several other intergovernmental revenues.

- \$284.3M budgeted in FY 2020-21 represents 54.7% of total revenues
- Intergovernmental revenue category fluctuates over the financial plan:
 - Decreases by \$11.3M, or 4.0% to \$273.0M in FY 2021-22
 - Reduced \$12.2M, or 4.4% in FY 2022-23 to \$260.8M
 - Budgeted to increase by \$14.2M, or 5.4% to \$275.0M in FY 2023-24

Per the proposed Financial Plan, State AIM was budgeted at \$129.0 million in 2020-21, increasing to \$139.0 million in 2021-22, to \$149.0 million in 2022-23, and \$161.3 million in 2023-24. As a point of reference, SFY 2012 was the last time New York State reduced State AIM to municipalities, and that amount of \$161.3 million has been maintained since then. There is no guarantee that the state would increase State AIM in the near future.

- Federal stimulus – The City included \$65.1M in federal stimulus aid in FY 2020-21 and represents a non-recurring revenue
 - The Health and Economic Recovery Omnibus Emergency Solutions Act (“HEROES Act”) has passed the U.S. House of Representatives; U.S. Senate has not taken up the legislation at this time
 - Unknown if the legislation will be passed or the amount to be provided to the City of Buffalo
 - Federal stimulus amount of \$65.1M reflects the assumed reduction of \$32.3M in AIM, \$19.5M in sales tax, and a remaining amount of \$13.3M

- The Seneca Nation of Indians – New York State (“Tribal-State”) Compact casino revenue – the City included \$68.1M in total of casino revenue over the financial plan
 - Increases from \$11.0M in FY 2020-21 to \$35.0M in FY 2021-22, and then reduced back to \$11.0M in FY 2022-23 and FY 2023-24
 - \$35.0M in FY 2021-22 represents the estimated cumulative outstanding balance of \$24.0M from previous years.
 - Continuation of payments is not known
- Erie County Sales Tax – estimated at \$70.4M in FY 2020-21 and increasing by \$23.4M, or 33.2%, to \$93.8M in year FY 2023-24.
 - It is unknown when or if sales tax collections will resume to pre-pandemic levels in the near-term.
 - Reduced by \$19.4M, or 21.6%, between FY 2019-20 and FY 2020-21 due to COVID-19 Pandemic.
 - Estimated to rebound in FY 2021-22 and increase by \$19.8M, or 28.1% to \$90.2M.
 - An increase of \$1.8M to \$92.0M, or 2% in FY 2022-23.
 - Followed by an additional \$1.8M, or 2%, increase in FY 2023-24 to \$93.8M.

Fines over the Financial Plan:

	2020-21 Recommended Budget	2021-22 Projection	2022-23 Projection	2023-24 Projection
Fines	Financial Plan			
Parking Tags Fines & Penalties	\$ 7,900,000	\$ 7,979,000	\$ 8,058,790	\$ 8,139,378
Traffic Violations Fines	5,500,000	5,527,500	5,555,138	5,582,913
School Zone Cameras	2,300,000	5,100,000	5,100,000	5,100,000
Court Fines	275,000	275,000	275,000	275,000
All Other Fines	506,925	507,175	507,430	507,690
Total Fines	16,481,925	19,388,675	19,496,358	19,604,981

- Fines total \$16.5M, or 3.2% of FY 2020-21 budgeted revenues
- Fines increase by \$3.1M, or 18.9% over the financial plan to \$19.6M in FY 2023-24
- School zone camera violations are budgeted at \$2.3M in year one and increases to \$5.1M over the remaining three years of the financial plan
- A new school bus camera program is being implemented, \$2.5M annually and is included in traffic violations

Miscellaneous revenues over the Financial Plan include grant reimbursement, sale of capital assets, settlement of legal claims and all other.

- Miscellaneous revenues are budgeted at \$14.0M in FY 2020-21 and represent 2.7% of budgeted revenues
- Sale of capital assets budgeted at \$3.5M in FY 2020-21 and FY 2021-22
 - Increases to \$17.3M in FY 2022-23
 - Estimated at \$3.5M in FY 2023-24
 - \$3.5M is budgeted annually for property foreclosure sales
 - \$13.8M increase in FY 2022-23 represents the anticipated sale of the Fernbach ramp
 - It is difficult to accurately predict from a timing perspective if and when this sale will occur
- Settlement of legal claims increases \$3.4M in FY 2023-24, attributed to litigation involving the opioid crisis

All Other revenues over the Financial Plan:

	2020-21 Recommended Budget	2021-22 Projection	2022-23 Projection	2023-24 Projection
Remaining Revenues	Financial Plan			
Service Charges	\$ 15,243,848	\$ 15,501,339	\$ 15,755,607	\$ 15,966,948
Non-property Taxes	11,630,000	11,630,000	11,630,000	11,630,000
Licenses & Permits	5,434,464	5,488,809	5,543,697	5,571,415
Interest	1,000,000	1,000,000	1,000,000	1,000,000
Transfers In	14,283,560	14,664,084	15,063,634	15,515,543
Total	47,591,872	48,284,232	48,992,938	49,683,906

- All other revenues total \$47.6M, or 9.1%, of budgeted revenues in FY 2020-21
- Minimal variance in revenues across the financial plan, increasing \$0.9M, or 2.6%, to \$49.7 million in FY 2024
 - Service charges are budgeted to increase \$0.7M
 - Licenses & permits are budgeted to increase \$0.1M

Expenditures for FY 2020-21:

- General Fund expenditures are budgeted to increase from \$508.7M in FY 2019-20 to \$519.6M for FY 2020-21; an increase of \$10.9M, or 2.1%
 - Significant expenditures include Fringe Benefits, budgeted at \$160.3M or 31%, followed by transfers out at \$100.6M, or 19%, the Police department at \$86.1M or 17%, fire department at \$63.1M, or 12%, public works budgeted at \$30.6M, or 6%, utilities at \$16.6M or 3%, and all other expenditures budgeted at \$62.3M, or 12%.
 - There is not much variance year-to-year in regards to how the expenditures are divided between departmental costs and general charges. Fringe benefits is the largest expenditure, followed by Transfers out, police, fire and public works.
 - Year-to-year there are minor variations in the departmental costs, but those are attributed to negotiated salary increases and number of employees at different pay steps.

- Total departmental spending of \$237.5M:
 - Includes projected amounts for step and wage increases
 - Estimated amounts included for future labor contract settlements budgeted in fringe benefits
 - Police Department is decreasing by \$3.5M to \$86.1M, or 17% of the budget
 - Fire Department is increasing by \$4.6M to \$63.1M, or 12% of the budget
 - Public Works is decreasing by \$0.5M, \$30.6M, or 6% of the budget
 - All other departments net increase of \$2.3M, \$62.3M, or 12% of the budget

- Total general charges spending of \$181.5M:
 - General charges assumptions:
 - The City will continue to benefit from self-insured health insurance
 - Increase for active employees is \$0.5M
 - Increase for retirees is \$7.3M
 - Pension contributions are budgeted to increase by \$0.5M
 - Increase for PFRS is \$0.5M
 - ERS is budgeted flat year-to-year
 - Salary adjustment line is included at \$4.9M
 - Decreased annually over the Financial Plan
 - Utilities decrease by \$0.5M year-to-year
 - Debt Service decrease of \$0.2M
 - Transfers Out are increasing by \$0.4M
 - Increase of \$0.4M for principal and interest on outstanding debt
 - No planned transfer to the Solid Waste and Recycling Enterprise Fund

Expenditures over the Financial Plan:

- Expenditures are projected to increase \$11.3M, or 2.2%:
 - Departmental expenditures are projected to increase by \$9.4M, or 3.9%:
 - Fire Department is the majority of the projected increase and is estimated to increase by \$4.2M, or 6.7%
 - Police Department is increasing \$1.9M, or 2.2%
 - Public Works is increasing \$1.5M, or 4.9%
 - All other departments net increase of \$1.7M
 - General charges are projected to increase by \$2.2M, or 1.2%:
 - Fringe benefits are increasing \$2.8M, or 1.8%
 - Health insurance increasing by \$7.8M, or 8.4%
 - Pension payments are increasing by \$2.5M, or 5.9%
 - Freeze line is included at \$(6.0M) annually for a cumulative \$(18.0M) over the three out-years of the financial plan. It is a way for the City manage employee costs over the out-years of the Financial Plan
 - Utilities are decreasing \$0.7M, or 4.0%

- Interfund transfers out total \$100.6M in FY 2020-21 and decreases to \$100.3M in FY 2023-23
 - Transfer to the School District is flat at \$70.8M
 - Transfer to Capital Debt Service Fund at \$29.8M decreasing to \$29.5M in FY 2024
 - Transfer to Capital Projects Fund is flat at \$400,000
- This is the third year that an interfund transfer out to Solid Waste and Recycling Fund is not included
 - Transfer averaged between \$3.2-\$3.5M annually
 - Currently \$18.4M due to the General Fund as an outstanding receivable

Staffing Plan over the Financial Plan for FTEs and includes FY 2019-20 as a point of reference.

	2019-20 Adopted	2020-21 Projected	2021-22 Projected	2022-23 Projected	2023-24 Projected
Police (uniform)	798	798	798	798	798
Fire (uniform)	742	742	742	742	742
Other	1,142	1,134	1,134	1,134	1,134
Citywide	2,682	2,674	2,674	2,674	2,674
Net Increase/(Decrease)	-	(8)	0	0	0

Total positions included in the 2020-21 proposed budget total 2,674 FTE's, which is a decrease of 8 FTES compared to the adopted budget amount of 2,682 in 2020-21.

Review of Contingency Plan submitted on May 22, 2020

Revenue Adjustments:

Within the Mayor's alternative spending model, Federal disaster relief of \$65.1M was eliminated and is offset by the inclusion of a \$52.0M deficit bond for total revenue of \$506.5M for FY 2020-21. In the three out-years State Aid was adjusted to reflect a cumulative reduction of \$50.0M and sales tax was adjusted to reflect a cumulative reduction of \$8.3M. School zone camera fines were increased to \$2.8M for each of the out-years.

Departmental Adjustments

Non-essential overtime was reduced by \$4.0M annually. The potential closure of one firehouse will reduce costs by \$2.3M annually. Cultural contributions would be reduced by \$2.0M annually. Departmental reductions total \$45.5M cumulatively over the alternative spending model.

General charges adjustments:

	2020-21 Recommended Budget	2021-22 Projection	2022-23 Projection	2023-24 Projection
General Charges Adjustments	Financial Plan			
Total General Charges	\$ 181,482,664	\$ 176,938,443	\$ 180,236,258	\$ 183,701,808
Deficit BAN - 2019-20	225,000	15,225,000	-	-
Deficit Bond - 2020-21	-	867,926	6,292,926	6,292,518
Reduction of Miscellaneous expenses	-	(744,910)	(2,261,318)	(1,069,074)
Reduction of Capital Outlay	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Total General Charges	\$ 180,707,664	\$ 191,286,459	\$ 183,267,866	\$ 187,925,252
Subtotal Expenditures	\$ 405,882,815	\$ 407,083,945	\$ 408,995,647	\$ 410,450,947
Transfers Out	100,585,160	100,585,160	100,291,536	100,262,467
Total Expenditures	506,467,975	507,669,105	509,287,183	510,713,414

A deficit bond anticipation note (“BAN”) closes the gap for FY 2019-20 and the deficit bond closes the remaining gap for the out-years.

- Common Council adopted the FY 2020-21 budget with the following amendments:
 - Revenue – reduction of \$1.0M in traffic violations and fines, offset by an increase of \$1.0M in sales tax estimates
 - Expenditures – reduction of \$101,214 from retiree health insurance, an increase of \$94,944 for Common Council neighborhood initiatives and \$6,270 in salary adjustments
- Memorandum of Understanding between the Mayor and Common Council concerning budget modifications and potential federal stimulus revenue

Ms. Robe thanked Mr. Link for his presentation. Chair Olsen opened the floor for questions from the Directors. Director Floss asked for the timing of the deficit bonds. Ms. Robe replied a 10-year term was assumed in the alternative spending model if the City obtains special legislation to permit deficit bonding. Ms. Estrich stated legislation is being prepared which may extend the term to 15-years. Director Floss asked if a discussion has been had with the other big five regions of the state regarding the extension. Ms. Estrich stated discussion has been had with the other regions which are considering the same extension.

Recommendations

Hearing no additional comments Ms. Robe began her presentation of the following BFSA recommendations:

BFSA recommends the Mayor and Council consider submitting a financial plan and budget modification to BFSA no later than June 24, 2020 based on consideration of the Mayor's May 22 letter and BFSA's report and the following findings:

- BFSA finds the Revised Plan and the budget adopted on June 4, 2020 incomplete and not compliant with the BFSA Act
- Failure to contain projections of revenues that are based on reasonable and appropriate assumptions and methods of estimations and are not balanced

BFSA recommends a modified budget and financial plan be adopted as indicated in Resolution No. 20-05:

1. Omit FY 2020-21 federal disaster relief of \$65,082,569 unless and until passed by U.S. Senate
2. Omit revenue pursuant to Tribal-State Compact Agreement. Although there is an arbitration award in favor of NYS, NYS has not enforced payment
 - FY 2020-21 estimate of \$11M
 - A further budget modification would be necessary
 - Could include an increase in real property taxes which would reduce budget gaps in future years and the impact on essential services
3. Monitor closely revenue estimates for Sales Tax and School Zone Camera Violations
 - Difficult to predict; school zone camera violations is a new revenue stream
 - Modify the financial plan as necessary
4. Alternative spending model proposes \$15M in deficit notes in FY 2019-20
 - BFSA recommends consultation is conducted between the City and BFSA to evaluate the advantage of a BFSA issue on behalf of the City. An analysis conducted indicated a 15 basis point advantage.
5. Alternative spending model proposes to issue deficit bonds if its revenue estimate for Federal Disaster Relief is not realized
 - Pursuant to Local Finance Law Section §10.10
 - Would require a special act of the State Legislature
 - BFSA recommends consultation among the Director of Finance and Administration, the City Comptroller and the BFSA to determine whether a BFSA issuance would result in preferred access to the credit market and savings in interest
6. It is recommended the City disaggregate the reductions shown in the alternative spending model and show the proposed reductions in full-time equivalent positions for each department including police and fire
 - Enable both BFSA and Common Council to assess if adequate reserves are provided to maintain essential programs in the event revenues have been overestimated or expenditures underestimated
 - Supports a request for State legislation to authorize deficit bonding

7. BFSFA recommends that the City consider increasing its tax levy in annual phases each year of the plan to maintain essential services and to further support a request for NYS legislation to authorize deficit bonding

BFSFA stands ready to exert every effort to assist the City and its covered organizations to mitigate the severe fiscal impact of the epidemic and to maintain essential services for the people of the City of Buffalo

Chair Olsen stated the amount of financial uncertainty is impossible to predict and the best solution would be federal assistance to mitigate the expenses as the result of the two pandemics. Chair Olsen stressed the BFSFA support of the most cost-effective method of bonding while recognizing that property taxes being held flat aided in the real estate and business boom in the City and therefore measured tax increases can offset a deficit which may occur if federal funding is not received.

Ms. Estrich stated Mayor Brown's commitment to keeping federal aid and Tribal-State Compact Agreement funds as forms of revenue over the Financial Plan. Ms. Estrich also emphasized the reduction of NYS aid in the revised plan although a determination has not been received from the state. The tax levy was held flat for FY 2020-21 out of concern for the citizens, to ensure that people were not being priced out of their homes based on the recent revaluation. It was also noted the City anticipated a surplus for the current fiscal year prior to the pandemic.

Director Floss stated the City's ability to be able to raise property taxes is to be commended. The ability for seniors and lower-income residents to pay should be discussed with City Administration, the Buffalo Common Council, the Buffalo Comptroller's office and the BFSFA. Budgetary cuts need to be monitored as they affect the quality of life for residents and once cut are not likely to return to the budget in the future.

Secretary Arthur made a motion to approve Resolution No. 20-05, "Declaration of Incomplete Financial Plan with Respect to the City's Revised Financial Plan Dated May 22, 2020 and Budget Adopted June 4, 2020".

Director Floss seconded the motion.

Secretary Arthur called the roll:

Chair Olsen – aye

Interim Vice-Chair Jurasek – aye

Secretary Arthur – aye

Director Floss – aye

Mayor Brown (Proxy Estrich) - abstain

County Executive Poloncarz (Proxy Swanekamp) - Requested more time to review the resolution prior to casting a vote.

Secretary Arthur asked for the meeting to be recessed until Wednesday, June 17, 2020 at 2:30 PM.

Chair Olsen seconded the motion and the Board voted unanimously to approve.

Chair Olsen stated the BFSA bylaws should be amended to reduce the margin of approval by one as the lack of filled vacancies is problematic with respect to quorum and voting. Secretary Arthur asked for the amended bylaws to be drafted and ready for approval at the next scheduled meeting on June 24, 2020.

The meeting recessed by consensus at 2:28 PM.

The board meeting reconvened on Wednesday, June 17, 2020 at 2:34 PM.

Chair Olsen asked Secretary Arthur to call the roll, with the same Directors in attendance for the prior day's meeting, a quorum was present, the meeting began.

Chair Olsen stated the meeting was recessed on June 16, 2020 to allow County Executive Poloncarz an opportunity to review the revised resolution and express any comments. Proxy Swanekamp stated County Executive Poloncarz reviewed and supports the resolution. Secretary Arthur called the roll for votes.

Chair Olsen – aye

Interim Vice-Chair Jurasek – aye

Secretary Arthur – aye

Director Floss – aye

County Executive Poloncarz (Proxy Swanekamp) – aye

Mayor Brown (Proxy Estrich) – abstain

The resolution passed with a vote of 5-0.

Ms. Estrich thanked the Board for meeting and passing the resolution.

New Business

Chair Olsen asked if there was any new business for the Board to consider. Hearing none he asked for a motion to adjourn.

Adjournment

Secretary Arthur made a motion to adjourn.

The meeting was adjourned by consensus.

The meeting ended at 2:38PM.